

CIRCULAR DATED 26 MARCH 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Magnus Energy Group Ltd. (the “Company”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company’s continuing sponsor, Stamford Corporate Services Pte Ltd (the “**Sponsor**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this document, including the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

An application has been made by the Sponsor, for and on behalf of the Company, for the approval of the listing and quotation of the Consolidated Shares (as defined herein) on the SGX-ST. As at the Latest Practicable Date (as defined herein), the Company has yet to receive the listing and quotation notice from the SGX-ST for the Consolidated Shares. The contact person for the Sponsor is Mr Bernard Lui, at telephone no. (65) 6389 3000; email address bernard.lui@stamfordlaw.com.sg.



MAGNUS ENERGY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198301375M)

CIRCULAR TO SHAREHOLDERS

in relation to

**PROPOSED CONSOLIDATION OF EVERY FIFTY (50) EXISTING ISSUED ORDINARY SHARES
INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY**

Important Dates and Times

Last date and time for lodgement of Proxy Form	:	8 April 2015 at 9.00 a.m.
Date and time of Extraordinary General Meeting	:	10 April 2015 at 9.00 a.m.
Place of Extraordinary General Meeting	:	Carlton Hall, Level 2 York Hotel Singapore 21 Mount Elizabeth Singapore 228516

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PROXY FORM

DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

Adjusted Floating Conversion Price	:	Has the meaning given in Section 3.1(b) of this Circular
Board	:	The board of Directors of the Company
Books Closure Date	:	Has the meaning given in Paragraph 2.2 of this Circular
Circular	:	This Shareholders' Circular dated 26 March 2015
Committee	:	The committee of Directors duly authorised and appointed by the Board to administer the Magnus Energy PSP
Company	:	Magnus Energy Group Ltd.
Companies Act	:	Companies Act, Chapter 50 of Singapore
Consolidated Shares	:	Shares in issue after completion of the Proposed Share Consolidation
Consolidation Ratio	:	Has the meaning given in Paragraph 2.2 of this Circular
Directors	:	Directors of the Company
EGM	:	The Extraordinary General Meeting to be held at Carlton Hall, Level 2, York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 10 April 2015 at 9.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM, which is set out on pages A-1 to A-2 of this Circular
Effective Trading Date	:	Has the meaning given in Paragraph 2.2 of this Circular
EPS	:	Earnings per Share
Existing Shares	:	Shares in issue prior to the Proposed Share Consolidation
Fixed Conversion Price	:	Means the fixed conversion price under the terms of the Notes
Floating Conversion Price	:	Means the floating conversion price under the terms of the Notes
FY2014	:	The financial year ended 30 June 2014
FY2014 Accounts	:	The audited financial statements of the Company for FY2014
Latest Practicable Date	:	17 March 2015, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The listing rules of the Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended or supplemented from time to time
Magnus Energy PSP	:	The Magnus Energy Performance Share Plan approved by Shareholders at an extraordinary general meeting held on 19 November 2007, as supplemented or modified from time to time
Market Day	:	A day on which the SGX-ST is open for trading in securities

DEFINITIONS

NAV	:	Net asset value attributable to Shareholders
Noteholder	:	A holder of the Notes
Notes	:	The redeemable convertible notes with an aggregate principal value of S\$35,000,000 comprising three (3) tranches approved by Shareholders at an extraordinary general meeting held on 29 October 2014
Ordinary resolution	:	Means a resolution proposed and passed as such by more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Shareholders
Performance Shares	:	The new Shares awarded to participants under the Magnus Energy PSP
Proposed Share Consolidation	:	The consolidation of every 50 Existing Shares held by Shareholders at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
Proposed Share Consolidation Effective Date	:	Has the meaning given in Paragraph 2.2 of this Circular
SGX-ST	:	Singapore Exchange Securities Trading Limited
Subscriber	:	Premier Equity Fund
Substantial Shareholder	:	A Shareholder with an interest in one or more Shares constituting not less than 5.0% of all Shares in issue
Share	:	A Share representing an undivided interest in the Company
Shareholders	:	Shareholders of the Company
Tranche 1 Notes	:	The first tranche of the Notes with a principal value of S\$10,000,000
VWAP	:	Volume Weighted Average Price
S\$ and cents	:	Singapore dollars and cents
%	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the respective meanings ascribed to them in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

LETTER TO SHAREHOLDERS

MAGNUS ENERGY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198301375M)

Directors of the Company

Mr Kushairi Bin Zaidel (Chairman and Independent Non-Executive Director)
Ms Seet Chor Hoon (Independent Non-Executive Director)
Mr Goh Boon Kok (Independent Non-Executive Director)

Registered Office

400 Orchard Road
#19-06 Orchard Towers
Singapore 238875

26 March 2015

To: The Shareholders of the Company

Dear Sir / Madam

THE PROPOSED SHARE CONSOLIDATION

1. INTRODUCTION

The Board is proposing to convene the EGM to seek the approval of Shareholders for the Proposed Share Consolidation.

The purpose of this Circular is to provide Shareholders with information relating to, and the rationale for, the Proposed Share Consolidation, and to seek Shareholders' approval for the same at the EGM to be held at Carlton Hall, Level 2, York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 10 April 2015 at 9.00 a.m..

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any persons (other than Shareholders to whom this Circular is despatched to) or for any other purpose.

2. THE PROPOSED SHARE CONSOLIDATION

2.1 Background

On 19 December 2014, the Directors announced the Proposed Share Consolidation, which is subject to:

- (a) the approval of the SGX-ST of the Proposed Share Consolidation and the listing and quotation of the Consolidated Shares on Catalist; and
- (b) the approval of Shareholders at an extraordinary general meeting of Shareholders to be convened.

In this regard, approval by ordinary resolution will be sought from Shareholders at the EGM.

Shareholders are advised to read this Circular in its entirety and any Shareholder who requires advice in the context of this Circular is advised to consult his legal, financial, tax, or other professional advisor.

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this Circular.

LETTER TO SHAREHOLDERS

2.2 Overview of the Proposed Share Consolidation

Pursuant to the Proposed Share Consolidation, the Company will consolidate every 50 Existing Shares into one (1) Consolidated Share (the “**Consolidation Ratio**”).

Subject to Shareholders’ approval for the implementation of the Proposed Share Consolidation having been obtained at the EGM, the Transfer Books and Register of Shareholders will be closed on a date currently expected to be 20 April 2015 (the “**Books Closure Date**”) to determine the entitlements of Shareholders to the Consolidated Shares. With effect from 9.00 a.m. on the Market Day immediately following the Books Closure Date (the “**Proposed Share Consolidation Effective Date**”), every 50 Existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share. However, notwithstanding that the Proposed Share Consolidation will become effective on the Proposed Share Consolidation Effective Date, trading in the Consolidated Shares will commence from 9.00 a.m. on the day falling three Market Days before the Proposed Share Consolidation Effective Date (the “**Effective Trading Date**”) as trades on the SGX-ST are settled on a “T+3” settlement cycle, which means that a purchase or sale of Shares on day T will be settled three Market Days later.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. No payment will be made to Shareholders in respect of any resulting fractional interests in the Consolidated Shares which are disregarded.

There were 2,661,390,537 Existing Shares in issue as at the Latest Practicable Date. For the purpose of this Circular, it is assumed that no new Existing Shares will be issued by the Company between the Latest Practicable Date and the Books Closure Date. Based on the foregoing assumptions and the Consolidation Ratio, there will be 53,227,810 Consolidated Shares in issue following the Proposed Share Consolidation, after disregarding fractional interests in the Consolidated Shares arising from the Proposed Share Consolidation. The Company will announce the number of Existing Shares which are expected to be subject to the Proposed Share Consolidation and the number of Consolidated Shares which are expected to be in issue following the Proposed Share Consolidation once they are determined.

Each Consolidated Share will rank *pari passu* in all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares except as provided in Paragraph 2.7.2 of this Circular.

For the avoidance of doubt, the Proposed Share Consolidation **will not**:

- Have an impact on the issued and paid-up share capital of the Company.
- Diminish any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company.
- Result in any return of capital to Shareholders.
- Have an effect on the shareholders’ funds of the Company and its subsidiaries.
- Require any payment from Shareholders.
- Dilute the holdings of Shareholders, other than minor changes due to rounding.

LETTER TO SHAREHOLDERS

2.3 Rationale for the Proposed Share Consolidation

The Company believes the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as explained below.

(a) Reduction of the magnitude of volatility of the Company's Share trading price

For the past six (6) calendar months prior to March 2015, the price of the Shares had traded in a range of between S\$0.002 and S\$0.015 per Share. The highest and lowest closing market prices for each month and the transacted volume of the Shares traded on Catalist for each month, for the period from 1 September 2014 to the Latest Practicable Date, are as follows:

Month/Year	Highest Price (S\$)	Lowest Price (S\$)	Volume of traded Shares
September 2014	0.015	0.010	56,463,000
October 2014	0.012	0.008	36,746,000
November 2014	0.013	0.008	116,166,000
December 2014	0.008	0.003	210,216,000
January 2015	0.005	0.003	169,917,100
February 2015	0.005	0.003	49,644,800
1 March to the Latest Practicable Date	0.004	0.002	271,321,800

Source: Bloomberg Finance LP.

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), low traded Share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, the low traded Share price may encourage speculation in the Shares, which may result in excessive Share price volatility.

The Company therefore believes that the Proposed Share Consolidation may serve to reduce the fluctuation in magnitude of the Company's market capitalisation, reduce the percentage transaction cost for trading in each board lot of Shares and reduce the bid/ask price spreads of Shares currently being observed between 6% to 50% to approximately 1%. Eventually, this will help to enhance trading liquidity of the Company's Shares.

(b) Increase in the Market Interest and Attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding resulting in a corresponding increase in the calculation of theoretical trading price per Consolidated Share and net tangible assets per Consolidated Share. The Proposed Share Consolidation may also increase the profile of the Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers. This may in turn increase market interest and activity in the Consolidated Shares.

Shareholders should note that there is no assurance that the Share Consolidation will achieve the desired results described above or benefit all Shareholders, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.4 Financial Effects

The pro forma financial effects of the Proposed Share Consolidation on the EPS and NAV per Share of the Company presented below are strictly for illustrative purposes and were prepared based on the FY2014 Accounts.

LETTER TO SHAREHOLDERS

Pro Forma EPS

The following table sets out the pro forma financial effects of the Proposed Share Consolidation on the Company's EPS for FY2014, assuming that the Proposed Share Consolidation was completed on 1 July 2013.

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
(Loss)/Earnings (S\$)	(8,146,748)	(8,146,748)
Total number of Shares in issue	2,048,678,060	40,973,561
EPS ⁽¹⁾ (cents)	(0.398)	(19.88)

Note:

⁽¹⁾ The pro forma EPS after the Proposed Share Consolidation is assumed to be the actual aggregate EPS of negative 0.398 cents for FY2014 multiplied by 50.

Shareholders should note that the Proposed Share Consolidation will not affect the total income of the Company.

Pro Forma NAV per Share

The following table sets out the pro forma financial effects of the Proposed Share Consolidation on the Company's NAV per Share for FY2014, assuming that the Proposed Share Consolidation was completed on 30 June 2014.

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
NAV (S\$)	33,308,520	33,308,520
Total number of Shares in issue	2,048,678,060	40,973,561
NAV per Share (cents)	1.63	81.29

Shareholders should note that the Proposed Share Consolidation will not affect the total NAV of the Company.

2.5 Conditions for the Proposed Share Consolidation

Pursuant to Article 50(1) of the Articles of Association of the Company, the Company may consolidate its share capital by ordinary resolution. The Company is thus seeking the approval of Shareholders for the Proposed Share Consolidation at the EGM.

An application has been made by the Sponsor, for and on behalf of the Company, for the approval of the listing and quotation of the Consolidated Shares on Catalist. As at the Latest Practicable Date, the Company has yet to receive the listing and quotation notice from the SGX-ST for the Consolidated Shares.

An announcement will also be made by the Company in due course to notify Shareholders of the Effective Trading Date, the Books Closure Date and the Proposed Share Consolidation Effective Date.

2.6 Updating of Register of Shareholders and Depository Register for the Consolidated Shares

If Shareholders approve the Proposed Share Consolidation at the EGM, Shareholders' entitlements to the Consolidated Shares will be determined on the Books Closure Date, based on their Shareholdings as at 5.00 p.m. on such date. The register of Shareholders and the Depository Register will then be updated to reflect the number of Consolidated Shares held by Shareholders, and the Proposed Share Consolidation will become effective at 9.00 a.m. on the Proposed Share Consolidation Effective Date. Shareholders should note that the Consolidated Shares will begin trading at 9.00 a.m. on the Effective Trading Date.

LETTER TO SHAREHOLDERS

2.7 Trading Arrangements for the Consolidated Shares and Odd Lots

2.7.1 Trading Arrangements for the Consolidated Shares

Subject to the approval for the Proposed Share Consolidation by Shareholders at the EGM, trading in the Existing Shares will cease at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date. Trading in the Consolidated Shares will commence with effect from 9.00 a.m. on the Effective Trading Date (see paragraph 2.8 of this Circular for details of the indicative timeline for the Proposed Share Consolidation). The Consolidated Shares shall be traded in board lots of 100 Consolidated Shares except as otherwise provided in Paragraph 2.7.2 of this Circular.

2.7.2 Trading Arrangements for Odd Lots

The Existing Shares are currently traded in board lots of 100 Existing Shares. Following the Proposed Share Consolidation, the securities accounts of Shareholders maintained with CDP may be credited with odd lots of Consolidated Shares (that is, Consolidated Shares numbering less than 100 Consolidated Shares or otherwise than in integral multiples of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid.

Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of 1 Consolidated Share.

2.8 Indicative Timeline

The table below sets out the indicative timeline for the Proposed Share Consolidation:

Expected Time and Date ⁽¹⁾	Event
26 March 2015	Issue of Notice of Extraordinary General Meeting
9.00 a.m. on 10 April 2015	Extraordinary General Meeting
If Shareholders' approval is obtained at the EGM for the Proposed Share Consolidation	
10 April 2015	Issue of notice of Books Closure Date for the Proposed Share Consolidation
5.00 p.m. on 15 April 2015	Cessation of trading of the Existing Shares
9.00 a.m. on 16 April 2015	Effective Trading Date (Commencement of trading of the Consolidated Shares)
5.00 p.m. on 20 April 2015	Books Closure Date for the Proposed Share Consolidation
9.00 a.m. on 21 April 2015	Proposed Share Consolidation Effective Date (Share Consolidation becomes effective)

Note:

⁽¹⁾ Times and dates stated are references to Singapore times and dates.

LETTER TO SHAREHOLDERS

Subject to the Proposed Share Consolidation being approved by the Shareholders at the EGM, the Company will give a notice of Books Closure Date for the Proposed Share Consolidation. The Proposed Share Consolidation will become effective at 9.00 a.m. on the Proposed Share Consolidation Effective Date, such date being the Market Day immediately following the Books Closure Date.

Notwithstanding that the Proposed Share Consolidation will become effective on the Proposed Share Consolidation Effective Date, the Shares will commence trading as Consolidated Shares earlier than the Proposed Share Consolidation Effective Date as trades on the SGX-ST are settled on a "T+3" settlement cycle, which means that a purchase or sale of Shares on day T will be settled three Market Days later.

Accordingly, for trading purposes:

- (a) trading in the Existing Shares will cease at 5.00 p.m. on the day falling four Market Days before the Proposed Share Consolidation Effective Date; and
- (b) trading in the Consolidated Shares will commence from 9.00 a.m. on the day falling three Market Days before the Proposed Share Consolidation Effective Date.

The above timeline is indicative and subject to change. Any change to the indicative timeline will be announced by the Company via SGXNET.

3. ADJUSTMENTS TO CONVERTIBLE SECURITIES AND PERFORMANCE SHARES

The Company agreed to issue the following securities and awards which may be subject to adjustment to take into account of the Proposed Share Consolidation:

- (a) up to S\$35,000,000 in principal amount of the Notes issued or to be issued to Premier Equity Fund, as announced on 3 September 2014; and
- (b) up to 70,122,000 new Shares awarded to certain directors and employees of the Company under the Company's performance share plan, as announced on 8 October 2014.

3.1 Adjustments due to the Notes

On 29 October 2014, Shareholders approved the issuance of the Notes to the Subscriber at an extraordinary general meeting. The Proposed Share Consolidation, if approved and completed, shall require an adjustment to the Fixed Conversion Price of the Notes pursuant to Condition 8.14 of the Notes.

- (a) Fixed Conversion Price

As at the Latest Practicable Date, the Company has issued the Tranche 1 Notes with a principal value of S\$2,500,000 to the Subscriber, of which S\$400,000 in principal value of the Notes are outstanding and pending conversion. The subsequent Tranches of the Notes have not been issued.

The Fixed Conversion Price of the outstanding Tranche 1 Notes prior to the Proposed Share Consolidation is S\$0.0234¹ per Conversion Share. Based on Condition 8.14 of the Notes, the Fixed Conversion Price shall be adjusted such that the Noteholder shall be entitled, on conversion, to receive the number of Conversion Shares it would have received if that Noteholder had converted the outstanding Notes prior to the Proposed Share Consolidation.

¹ Being the average VWAP for the 30 Trading Days preceding 3 September 2014, the date of the Subscription Agreement.

LETTER TO SHAREHOLDERS

If the outstanding Notes were to be converted at the Fixed Conversion Price of S\$0.0234 prior to the Proposed Share Consolidation, the Subscriber would have received 17,094,017 Conversion Shares. Following the Proposed Share Consolidation, these Conversion Shares would be consolidated on a 50:1 ratio, resulting in 341,880 consolidated Conversion Shares. Accordingly, the adjusted Fixed Conversion Price shall be S\$1.17 following the Proposed Share Consolidation.

(b) Floating Conversion Price

Following a share consolidation, historical trading data of quoted shares are consolidated on a theoretical basis. To illustrate, the closing price of the Shares on 17 March 2015 was S\$0.003. Following the Proposed Share Consolidation, the closing price of the Shares on 17 March 2015 would be recorded at S\$0.15, based on the 50:1 consolidation ratio.

The Floating Conversion Price is determined as the average VWAP of the Shares over any three consecutive Trading Days selected by the Subscriber during the period of 30 Trading Days preceding a conversion of Notes, less a discount of 10%.

Assuming completion of the Proposed Share Consolidation and that the Notes were converted on the Latest Practicable Date, the Floating Conversion Price would be S\$0.135 (“**Adjusted Floating Conversion Price**”). Based on the Adjusted Floating Conversion Price, the conversion of all the outstanding Notes would result in 2,962,962 Conversion Shares being issued to the Subscriber.

As the conversion prices (fixed and floating) of the subsequent Tranches of the Notes shall be determined with reference to the market prices of the Shares following the completion of the Proposed Share Consolidation, no adjustments are required as at the Latest Practicable Date.

3.2 Adjustments to outstanding Performance Share awards

On 8 October 2014, the Company announced the award of up to 105,183,000 Performance Shares (the “**Award**”) over a three (3) year period to directors and employees of the Company under the Magnus Energy PSP Plan. As at the Latest Practicable Date, up to 70,122,000 Performance Shares under the Award have yet to be allotted and issued.

Under the terms of the Magnus Energy PSP Plan, the number of Performance Shares awarded may be adjusted due to a share consolidation in such manner as the Committee deems appropriate.

The Committee has determined that following the Proposed Share Consolidation, all outstanding Awards shall be consolidated on a 50:1 ratio, as if the outstanding Performance Shares were consolidated under the Proposed Share Consolidation. Following the Proposed Share Consolidation and adjustment, up to 1,402,440 Performance Shares may be awarded to participants.

4. DIRECTORS’ RECOMMENDATION

The Directors have considered the relevant factors, including the rationale for the Proposed Share Consolidation as set out in Paragraph 2.3 above. The Directors believe that the Proposed Share Consolidation would be beneficial to, and is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Share Consolidation at the EGM.

LETTER TO SHAREHOLDERS

5. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Carlton Hall, Level 2, York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 10 April 2015 at 9.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the resolutions set out in the Notice of EGM, which is set out on pages A-1 to A-2 of this Circular. The purpose of this Circular is to provide Shareholders with relevant information on the resolutions in relation to the Proposed Share Consolidation. Approval by way of an Ordinary Resolution is required in respect of the Proposed Share Consolidation.

A Depositor shall not be regarded as a Shareholder entitled to attend and to speak and vote at the EGM unless he is shown to have Shares entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited as at 48 hours before the EGM.

6. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 400 Orchard Road, #19-06 Orchard Towers, Singapore 238875, not later than 9.00 a.m. on 8 April 2015, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Shareholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Share Consolidation and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

Yours faithfully

BY ORDER OF THE BOARD
Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

MAGNUS ENERGY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 198301375M)

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 26 March 2015 issued by the Company (the “Circular”).

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING (the “**EGM**”) of Magnus Energy Group Ltd. (the “**Company**”) will be held at Carlton Hall, Level 2, York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 10 April 2015 at 9.00 a.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION: THE PROPOSED SHARE CONSOLIDATION

That:

(a) approval be and is hereby given for:

- (i) all the Shares in the Company (“**Shares**”) in issue as at the Books Closure Date (as defined in the Shareholders’ circular (the “**Circular**”) issued to Shareholders of the Company in connection with the Proposed Share Consolidation (as defined herein)) to be consolidated by consolidating every 50 Shares held by each Shareholder as at the Books Closure Date into one (1) Share (“**Consolidated Share**”) with effect from the date to be determined by the directors of the Company (the “**Directors**”) and in the manner set out in the Circular (“**Proposed Share Consolidation**”); and
- (ii) any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation to be disregarded; and

(b) the Directors, the Chief Executive Officer and each of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as such Director and/or Chief Executive Officer may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Share Consolidation.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
26 March 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
2. *The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
3. *If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.*
4. *If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Meeting will act as your proxy.*
5. *The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the Company's business address at 400 Orchard Road, #19-06 Orchard Towers, Singapore 238875 not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.*
6. *For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the Directors have determined that it is more practicable for the depositor proxy form to be delivered to, collected, collated, reviewed and checked at the Company's business office at 400 Orchard Road, #19-06 Orchard Towers, Singapore 238875 and as such will be counted as valid in regards to this meeting pursuant to the Company's Articles of Association. The depositor proxy form, duly completed, must be deposited by the depositor(s) at the abovementioned office of the Company in Singapore not less than 48 hours before the commencement of the EGM.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

MAGNUS ENERGY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198301375M)

IMPORTANT:

1. For investors who have used their CPF money to buy Shares in Magnus Energy Group Ltd., this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 26 March 2015.

*I/We (Name) _____

of (Address) _____

being *a member/members of **MAGNUS ENERGY GROUP LTD.** (the “**Company**”), hereby appoint:

Name	Address	*NRIC / Passport Number	Proportion of shareholdings to be represented by proxy	
			Number of Shares	%
*and/or				

or failing *him/them the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on a poll, at the Extraordinary General Meeting of the Company to be held at Carlton Hall, Level 2, York Hotel Singapore, 21 Mount Elizabeth, Singapore 228516 on 10 April 2015 at 9.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the Extraordinary General Meeting as indicated with an “X” in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

Ordinary Resolution	To be used in the event of a poll	
	Number of votes for ⁽¹⁾	Number of votes against ⁽¹⁾
The Proposed Share Consolidation		

⁽¹⁾ If you wish to use all your votes “For” or “Against”, please indicate with an “X” within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2015

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

*Please delete accordingly

Important: Please read notes overleaf.



PROXY FORM

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Company's business office at 400 Orchard Road, #19-06 Orchard Towers, Singapore 238875 not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 48 hours (being two (2) Business Days) before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.