

MAGNUS ENERGY GROUP LTD.

(Company Registration No. 198301375M)

(Incorporated in Singapore)

PROPOSED PLACEMENT OF 1,310,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF MAGNUS ENERGY GROUP LTD. AT AN ISSUE PRICE OF S\$0.0009 PER SHARE FOR AN AGGREGATE OF S\$1,179,000

1. INTRODUCTION

1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of Magnus Energy Group Ltd. (the “**Company**”) wishes to announce that the Company has on 8 March 2018 entered into ten (10) placement agreements (each a “**Placement Agreement**” and collectively, the “**Placement Agreements**”) with each of the Placees (as defined below), pursuant to which the Placees will subscribe for, and the Company will allot and issue to the Placees, an aggregate of 1,310,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at the issue price of S\$0.0009 per Placement Share (“**Issue Price**”), in the following proportion:

Name of Placee	Number of Placement Shares Subscribed	As a percentage of existing issued share capital as at the date of this announcement ⁽¹⁾	As a percentage of enlarged issued share capital enlarged issued share capital of the Company ⁽²⁾
Ho Geok Bin	100,000,000	0.88%	0.79%
Molly Ang Siew Teng	100,000,000	0.88%	0.79%
Offshore Capital Solutions Limited	60,000,000	0.53%	0.47%
Lai Cher Foong	50,000,000	0.44%	0.40%
Chung See Mooi	200,000,000	1.77%	1.58%
Yeo Chee Seng	200,000,000	1.77%	1.58%
Ong Chin Yew	90,000,000	0.88%	0.79%
Blue Water Engineering Pte Ltd ⁽³⁾	250,000,000	2.21%	1.98%
Tan Bak Choon	50,000,000	0.44%	0.40%
Idola Cakrawala International Pte Ltd ⁽³⁾	200,000,000	1.77%	1.58%

Notes:-

(1) Based on existing issued share capital of 11,322,507,107 Shares of the Company

(2) Based on enlarged issued share capital of 12,632,507,107 Shares after the placement of 1,310,000,000 Placement Shares

(3) Mr Charles Madhavan’s total deemed interest will be 5.42% on the enlarged issued share capital from ordinary shares in the Company held by Blue Water Engineering Pte Ltd, Idola Cakrawala International Pte Ltd and his spouse’s current shareholdings in the Company.

(the “**Proposed Placement**”). The terms of all the Placement Agreements are similar.

- 1.2 The rationale for the placement is to bolster working capital position and injection of funds for the growth of the business.
- 1.3 The Proposed Placement will be undertaken by way of private placement in accordance with Section 272B of the Securities and Futures Act (Cap. 289). As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Placement.
- 1.4 The consideration for the subscription by the Placees, and the allotment and issue of the Placement Shares by the Company, shall be at the issue price of S\$0.0009 per Placement Share, forming an aggregate cash consideration of S\$1,179,000 (the “**Consideration**”) for all of the Placement Shares.
- 1.5 The Issue Price represents a discount of approximately 10% of the volume weighted average price of S\$0.001 for trades done on the ordinary shares in the capital (“**Shares**”) of the Company on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the full market day on 8 March 2018 (being the market day on which the Placement Agreement was signed).

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2. GENERAL MANDATE

- 2.1 The Placement Shares will be issued pursuant to the general mandate obtained from the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 30 October 2017 (“**2017 AGM**”) authorising the Directors of the Company to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) as at the date of the 2017 AGM, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders shall not exceed 50% of the Company’s total number of issued Shares (excluding treasury shares) (the “**Share Issue Mandate**”). As such, no circular will be issued by the Company in connection with the Proposed Placement.
- 2.2 The total number of issued Shares as at the date of the Share Issue Mandate was 11,322,507,107 Shares. As such, the total number of Shares which may be issued pursuant to the Share Issue Mandate is 5,661,253,553 Shares. As at the date of this announcement, no Shares had previously been issued pursuant to the Share Issue Mandate, and the proposed allotment and issuance of the Placement Shares will fall within the limit of the General Mandate.
- 2.3 The aggregate of 1,310,000,000 new Placement Shares, when allotted and issued in full, will represent: (i) approximately 11.57% of the Company’s existing and paid-up share capital of 11,322,507,107 Shares as at the date of this announcement, and (ii) approximately 10.37% of the enlarged issued and paid-up share capital of 12,632,507,107 Shares upon the completion of the Proposed Placement (assuming that no further Shares are issued on or prior to the completion of the Proposed Placement).
- 2.4 The Placement Shares, when allotted and issued, will rank *pari passu* in all respects with the existing issued Shares and be free from all pre-emption rights, charges, liens and other encumbrances and carry all rights and benefits attaching thereto, save that they will not rank for any dividends, rights, allotments or other distributions for which the date fixed for determination in relation thereto falls before the date of issue of the Placement Shares.
- 2.5 The Company confirms that the issue of the Placement Shares will not transfer a controlling interest without the prior approval of the Shareholders in a general meeting.

3. INFORMATION ON THE PLACEES

3.1 Individual Placees

The individual placees, namely Ho Geok Bin, Ang Siew Teng Molly, Lai Cher Foong, Chung See Mooi, Yeo Chee Seng, Tan Bak Choon and Ong Chin Yew are all private investors who have expressed their interest in taking up new shares in the Company for investment purposes and the Company has agreed to allot and issue new shares to them on the terms and conditions as set out in the respective Placement Agreements.

Corporate Placees

Offshore Capital Solutions Limited is a company incorporated in British Virgin Islands and is an investment holding company. Its legal and beneficial owner is Wai Meng Choo, who is a businesswoman active in Singapore. Offshore Capital Solutions Limited focuses on investing in equities in the Singapore and Hong Kong markets, and acts as an introducer for investors around the Asia-Pacific region.

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Blue Water Engineering Pte Ltd (“**BWE**”) is a company incorporated in Singapore that provides diving operations, technical consultancy, key personnel, and specialist project management to regional oil majors as well as leading service contractors. The legal and beneficial owners of BWE are Charles Madhavan and Anthony C. Reudavey.

Idola Cakrawala International Pte Ltd (“**ICI Pte Ltd**”) is a company incorporated in Singapore that provides institutional and/or personal investors worldwide with alternative investments solutions in real assets (mineral supply, real estate, agriculture and commercial, retail chain) and private markets (private funding as an alpha source) in Indonesia. The legal and beneficial owners of ICI Pte Ltd are Ishwara Danurdara, an Indonesian businessman and Charles Madhavan.

The Placees have expressed interest in investing in the Company for investment purposes and the Company has agreed to place the Placement Shares to the Placees. The Placees were introduced by the Directors and management of the Company.

No introducer fee or placement commission has been paid or will be payable by the Company for the Proposed Placement to any of the introducers.

- 3.2 To the best knowledge of the directors and the substantial shareholders, the Placees are independent and have no connection (including business relationships) with the Company, its directors and substantial shareholders, and is each not a person to whom the Company is prohibited from issuing shares to pursuant to Rule 812 of the SGX-ST Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).
- 3.3 None of the Placees will hold directly or indirectly 15% or more of the enlarged issued share capital of the Company upon completion of the Proposed Placement and the Proposed Placement will not cause a transfer of a controlling interest in the Company in contravention of Rule 803 of the Catalist Rules.

4. CONDITIONS PRECEDENT

- 4.1 Under the Placement Agreements, the completion of the Proposed Placement is subject to, *inter alia*, the followings conditions precedent: -
- 4.1.1 the listing and quotation notice from the SGX-ST for the listing and quotation of the Placement Shares (the “**Listing Approval**”) having been obtained (on terms and conditions acceptable to the Company and the Placees, each acting reasonably) and not being revoked or amended as at the completion date of the Proposed Placement (the “**Completion Date**”);
- 4.1.2 any conditions attached to the Listing Approval which is required to be fulfilled on or before the Completion Date, having been fulfilled on or before that date to the satisfaction of the SGX-ST unless waived by the SGX-ST;
- 4.1.3 there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any material respect any of the representations and warranties contained in each of the Placement Agreements as if they were repeated on and as of the Completion Date;
- 4.1.4 the Company or the Placees not being in breach of any of the undertakings and covenants given in each of the Placement Agreements as at the Completion Date, and if any of such undertakings and covenants are required to be fulfilled on or before the Completion Date, such undertakings and covenants shall have been fulfilled prior to the Completion Date; and

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- 4.1.5 the Proposed Placement not being prohibited by any statute, order, rule regulation or directive promulgated or issued after the date of each of the Placement Agreements by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to the Company or the Placees (including but not limited to the SGX-ST).
- 4.2 If any of the conditions precedent set out above are not satisfied or waived in whole or in part by the Company or the Placees on or before the date falling six weeks after the date of the Placement Agreement or such other date as the parties may agree, the parties shall be released and discharged from their respective obligations under the respective Placement Agreements, save for any rights and liabilities accrued on or prior to such termination.

5. COMPLETION

- 5.1 On the date falling seven (7) business days after the date the last of the conditions precedent in paragraph 4 above are satisfied (or, if that day is not a business day, on the next business day), or such other date as the Company and Placee may agree in writing, each of the Placees shall pay or procure to pay to the Company the Consideration to the Company's bank account, or in such other manner as may be acceptable to the Company.

6. PROCEEDS FROM THE PROPOSED PLACEMENT AND INTENDED USE

- 6.1 The estimated net proceeds from the Proposed Placement, after deducting estimated expenses of S\$10,000 pertaining to the Proposed Placement, will be approximately S\$1.17 million (the "**Net Proceeds**"). The Net Proceeds will be used for the following purposes:

General working capital	20%-50%
General working capital for the microalgae plant that is nearing its completion	50%-80%

- 6.2 Pending the deployment of the Net Proceeds, such Net Proceeds may be deposited with banks and/or financial institutions as the Directors may deem appropriate in the interests of the Company.
- 6.3 The Company will make periodic announcements on the utilisation of the proceeds from the Proposed Placement as and when the funds from the Proposed Placement are materially disbursed and whether such use is in accordance with the percentage allocated. The Company will also provide a status report on the use of the proceeds raised from the Proposed Placement in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the relevant announcements and status report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

7. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

For illustrative purposes only and based on the unaudited consolidated financial statements of the Company for the financial year ended 30 June 2017 ("**FY2017**"), the financial effects of the Proposed Placement on the Company are set out below. The financial effects of the Proposed Placement have been prepared based on the following assumptions:-

- (i) for the purpose of computing the effect of the Proposed Placement on the net tangible assets ("**NTA**") per Share, it is assumed that the Proposed Placement was completed on 30 June 2017; and

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- (ii) for the purpose of computing the effect of the Proposed Placement on the Company's consolidated loss per Share ("LPS"), it is assumed that the Proposed Placement was completed on 1 July 2017.

	Before the Proposed Placement	After the Proposed Placement
Share Capital		
- Issued and paid up share capital (S\$'000)	144,769	145,948
- Number of Shares ('000)	8,105,619	9,415,619
NTA (S\$'000)	30,755	31,934
NTA per Share (S\$ cents)	0.38	0.34
LPS (S\$ cents)⁽¹⁾	0.10	0.09
Loss attributable to equity holders of the Company (S\$'000)	7,708	7,708
Weighted average number of shares used to calculate losses per share ('000)	7,626,164	8,936,164

Note: (1) LPS is calculated by dividing the Company's consolidated net loss attributable to equity holders of the Company by the weighted average number of ordinary shares.

The financial effects of the Proposed Placement on the Company are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Company after the completion of the Proposed Placement.

8. ADDITIONAL LISTING APPLICATION

An application to the SGX-ST will be made through the Company's sponsor, Stamford Corporate Services Pte Ltd, for the listing of and quotation for the Placement Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement upon the receipt of the listing and quotation notice from the SGX-ST for the listing of and quotation for the Placement Shares.

9. CONFIRMATIONS BY DIRECTORS

The Directors are of the opinion as at the date of this Announcement, after taking into consideration the cash and cash equivalents, cash generated from operations and available banking facilities of the Group, that the working capital available to the Group is sufficient to meet its present requirements. Nonetheless, the Board is of the view that the Proposed Placement is beneficial to the Group as it will support future growth of the Group and further strengthen the financial position of the Group.

The Directors are further of the opinion that, after taking into consideration the cash and cash equivalents, cash generated from operations, available banking facilities of the Group and the Net Proceeds, that the working capital available to the Group is sufficient to meet its present requirements.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Placement, other than in their capacity as a Director or Shareholder of the Company. None of the Directors or substantial Shareholders of the Company or their respective associates has any connection (including business relationships) with the Placees.

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11. 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 Proposed Placement 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 announcement misleading. Where information in this 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.

12. TRADING CAUTION

Shareholders and potential investors should note that the Proposed Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above and accordingly should exercise caution when trading in the Shares of the Company. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Placement Agreements are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 76 Playfair Road, #02-02 LHK 2 Building, Singapore 367996 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
8 March 2018

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 ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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