

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

RESPONSE TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) (“SIAS”)

The Board of Directors (the “**Board**”) of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to inform that the Company has received a set of queries raised by SIAS on 21 April 2022 in respect of the annual report of the Company for the financial period between 1 July 2020 to 31 December 2021.

The Company sets out its responses to the relevant questions by SIAS as follows:

No.	SIAS’s questions	Responses
1	<p>Following a trading halt on 19 August 2019, the company requested for a suspension of the trading of the company’s shares on 22 August 2019. The external review report by Provenance Capital Pte. Ltd. (dated 21 August 2019) was published by the company on 23 August 2019.</p> <p>The 173-page report can be read here: https://links.sgx.com/FileOpen/1.%20PCPL%20Magnus%20Review%20Report%20-%20Final.ashx?App=Announcement&FileID=575836</p> <p>In addition, the company provided shareholders a general update on 31 March 2022.</p> <p>With the completion of the sale of the Loyang property, the company is preparing an extension of time application (“EOT application”) to SGX-ST in relation to the submission of a new resumption proposal.</p> <p>(i) What are the other milestones, if any, before the company can finalise and submit the EOT application to SGX-ST?</p>	<p>(i) As mentioned previously in the Company’s general update announcements dated 30 September 2021, 30 December 2021 and 31 March 2022 (collectively, the “Relevant Announcements”), the Company had previously asked for more time to demonstrate the viability of its new businesses to the Singapore Exchange Securities Trading Limited (“SGX-ST”) i.e. when it has (A) either definitively secured project(s) / contract(s) or entered into binding agreement(s) in relation to such project(s) / contract(s), as well as (B) obtained clarity as to the status / timeline for concluding the sale of the Loyang property and Suits 202 and/or 1075.</p> <p>Since then, the management of the Company (“Management”) has been in various stages of discussions, negotiations,</p>

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	<p>and submissions of bids in respect of certain potential new projects and business ventures and at the same time, the Management expects to receive the sale proceeds arising from the proposed disposal of the Loyang property in the Company’s bank account over the next couple of weeks.</p> <p>Based on the foregoing, the Company has submitted the extension of time application (the “EOT Application”) to submit a new resumption proposal (the “New Resumption Proposal”) to the SGX-ST. Please refer to the announcement dated 27 April 2022 for more details.</p>
<p>(ii) Is the company on track to submit the EOT application by April 2022?</p>	<p>(ii) Yes.</p>
<p>(iii) What additional information and/or milestones are required in the new resumption proposal?</p>	<p>(iii) As mentioned previously in the Relevant Announcements, the New Resumption Proposal would need to, among others, demonstrate that the Company has adequately addressed any issues pertaining to the business viability and going concern of the Group. In this regard, for the purpose of the New Resumption Proposal, the Company will ensure:</p> <p>(a) it has adequate funds (cash in hand) in place to undertake its business activities; and</p> <p>(b) it will acquire new projects and contracts sufficient to generate revenues for its sustainability and growth going forward.</p> <p>For (a), we are on track while for (b) the businesses we have targeted are fast taking shape, in various stages of due diligence being conducted to arrive at memorandum of understandings and signing of agreements.</p>
<p>(iv) What is the level of involvement by the independent directors in the EOT application and in the new resumption proposal?</p>	<p>(iv) The current independent directors of the Company had reviewed and provided their inputs to the EOT Application, which was submitted to the SGX-ST on 27 April 2022. The independent directors of the Company will also in due course, review and provide</p>

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	<p>(v) When is the earliest the trading of the company’s shares be resumed on SGX-ST?</p>	<p>their inputs to the New Resumption Proposal leading up to the submission.</p> <p>(v) As at the date of this announcement, the Company is unable to advise when will the SGX-ST lift the suspension of trading of the Company’s shares. The Company will make further announcement(s) to update shareholders as and when there are material developments relating to the above.</p>
<p>2.</p>	<p>The company filed a lawsuit, Suit HC/S 202/2020 (“Suit 202”), against its former directors and former chief executive officer on 3 March 2020.</p> <p>The company reached a full and final settlement on all claims which arise out of or in connection with Suit 202 and Suit 1075 with Luke Ho, Seet Chor Hoon, Kushairi bin Zaidel, Ong Sing Huat and Ong Chun Chuan and has entered into a Settlement Agreement dated 17 January 2022.</p> <p>The salient terms of the settlement agreement can be found on pages 136 and 137 of the annual report.</p> <p>(i) Has the company received the \$350,000 as part of the settlement?</p> <p>(ii) Have all the other conditions in the settlement agreement been met?</p> <p>(iii) Can the board help shareholders understand the reasons to file a Notice of Discontinuance of the third-party proceedings in Suit 1075 against Luke Ho when HC/S 1075/2020 (“Suit 1075”) is still outstanding? Suit 1075 is an action by Mr. Thong Soon Seng against the company for repayment of an alleged loan. The alleged loan of principal and contractual interest sums up to \$5,118,572.</p>	<p>(i) Yes.</p> <p>(ii) All conditions have been met per the Settlement Agreement dated 17 January 2022.</p> <p>(iii) The Company had filed a Notice of Discontinuance for several reasons: (a) the main objective of going against Luke Ho and the former directors then had served its strategic purpose with recoveries of some funds and substantial amount of the Company’s shares (b) Management wishes to focus on the positive (revenue-generating) businesses going forward and not be constantly badgered by legacy and time-consuming issues; and (c) the Company needs to conserve funds for growing the business instead of spending on legal fees, if not necessary. However, do note that the Company is strenuously continuing with Suit 1075.</p>

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	<p>(iv) Was the Pre-Trial Conference held on 1 April 2022? If so, please provide shareholders with an update.</p>	<p>(iv) The Pre-Trial Conference was held on 1 April 2022 wherein the trial date in respect of Suit 1075 was discussed but yet to be confirmed at this juncture, although the court registrar did mention a period of the last 2 weeks of September to be set aside for the trial.</p>
<p>3.</p>	<p>The company recognised revenue for \$16.6 million for the 18-month period from 1 July 2020 to 31 December 2021 as a result of the change in financial year end. Net asset value has decreased to \$2.06 million as at 31 December 2021.</p> <p>(i) For the benefit of shareholders, please clearly state the business model of the group, including its competitive advantage?</p> <p>(ii) How will the recovery in oil and gas prices benefit the group?</p> <p>It was also mentioned that the CEO had travelled to Indonesia to negotiate on new projects for the group's diversification efforts.</p> <p>(iii) What guidance has the board given to management in the group's diversification efforts?</p>	<p>(i) The realigned business strategy of the Group will focus on services and products in relation to the oil & gas and mining sectors in Indonesia, a country rich in natural resources, and where senior members of the Management of the Group have wide experience, business contacts and network with important players of those sectors based on their respective past professional lives. Management also recognizes that the Group needs to prioritize the business opportunities targeted by the Group, given the limitations in availability of working capital and financing options of the Group at this stage.</p> <p>(ii) The recent recovery in the oil and gas prices will add impetus to the growth of the upstream sector of this industry with development plans being resuscitated. As such, the Group can expect more opportunities to be involved in providing drilling and maintenance services relating to projects in Indonesia, our target market.</p> <p>(iii) The Board is much involved in the Group's business strategy discussions and do share their opinions and views. With regards to specific shortlisted projects/contracts, after Management has reviewed and considered their commercial viability, these are presented to the Board for their</p>

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	<p>(iv) What risk management framework and internal controls systems have been put in place to ensure that the interest of the company and its shareholders are safeguarded?</p>	<p>views/comments before a decision is taken.</p> <p>(iv) The Group has in place risk management measures and standard operating procedures to cover various types of risks like those related to credit, payments, regulatory, contract obligations, financial reporting, IT security, etc. As these risks are dynamic in nature and are work-in-progress, these are updated when necessary. Additionally, all prospective projects/contracts are subjected to a thorough due diligence process (including site visits) by senior Management and where necessary, the Company and the Board will also engage professional services such as legal firms and industry experts.</p>
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Shareholders are advised to exercise caution when dealing with the Company’s securities. Shareholders should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions that they should take.

BY ORDER OF THE BOARD

Charles Madhavan
Executive Director and Chief Executive Officer
28 April 2022

This announcement has been prepared by the Company and reviewed by the Company’s sponsor, Novus Corporate Finance Pte. Ltd. (the “Sponsor”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst.

This 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 Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.
