

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

INDEPENDENT AUDITOR'S QUALIFIED OPINION ON FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

Pursuant to Rule 704(4) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Directors**") of Magnus Energy Group Ltd. (the "**Company**") wishes to announce that the Company's independent auditor (the "**Independent Auditor**"), Moore Stephens LLP, has issued their report (the "**Independent Auditor's Report**") on the financial statements of the Company and its subsidiaries (the "**Group**") for the financial year ended 30 June 2017 ("**FY2017**").

The Board wishes to highlight that the Independent Auditor has expressed a qualified opinion on the financial statements for FY2017.

An extract of the Independent Auditor's Report in relation to the qualified opinion is annexed to this announcement.

The financial statements of the Group and of the Company for FY2017 and the Independent Auditor's Report will also be found in the Company's annual report for FY2017, which will be released via the SGXnet and uploaded to our website in due course.

By Order of the Board
Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
4 October 2017

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.

*The contact person for the Sponsor is Mr Bernard Lui.
Tel: 6389 3000 Email: bernard.lui@morganlewis.com*

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Extract of Independent Auditor's Report

Qualified Opinion

We have audited the financial statements of Magnus Energy Group Ltd. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

The Auditor's Report dated 7 October 2016 on the consolidated financial statements for the previous year ended 30 June 2016 contained a qualified opinion with regards to the opening balance of the Group's investment in Coal Concession Rights of S\$21.8 million and related deferred tax liability of S\$6.3 million and the consequential effects on the impairment loss of S\$15.0 million recognised for the Group's investment in the Coal Concession Rights in the Group's profit or loss for the year ended 30 June 2016. Accordingly, our opinion is modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.
