

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

THIRD APPLICATION TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED FOR AN EXTENSION OF TIME TO SUBMIT A NEW PROPOSAL FOR RESUMPTION OF TRADING

Unless otherwise specified, all capitalised terms shall have the same meaning ascribed to them in the Previous Announcements (as defined below).

1. INTRODUCTION

The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the announcements dated 27 April 2022, 5 May 2022, 8 July 2022, 17 August 2022 and 31 August 2022 (the “**Previous Announcements**”) on the Company’s submission of its resumption proposal to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

The Company had on 27 April 2022 announced that it had submitted an application (the “**First Application**”) through its sponsor to the SGX-ST for the extension of time of up to 30 September 2022 (the “**Extension of Time**”) to submit a new proposal for the resumption of trading (the “**New Resumption Proposal**”).

On 5 May 2022, the Company announced that it had elected to withdraw the First Application and intended to subsequently submit a revised application for an extension of time (the “**Second Application**”) which would include additional necessary information and details as requested by SGX-ST.

On 8 July 2022, the Company submitted the Second Application to seek an extension period of to 12 weeks or by 30 September 2022 (the “**Extension Deadline**”) to submit the New Resumption Proposal to provide sufficient time for Management time to make meaningful progress in respect of the extraction and supply of nickel mineral ore from mining sites located at Kolaka, Sulawesi (the “**Kolaka Nickel Project**”) and/or other potential new projects, contracts, and business ventures that Management is pursuing. The Company had received the no-objection letter from the SGX-ST on 15 August 2022 (the “**Waiver**”). The Company has been providing monthly updates on its progress in the submission of the New Resumption Proposal since the Waiver was granted.

2. APPLICATION AND REASONS FOR SEEKING FOR A THIRD EXTENSION OF TIME

2.1 On 30 September 2022, the Company made an application through its sponsor to seek a further extension period of up to 6 months (the “**Further Extension of Time**”) or by 31 March 2023 (the “**New Extension Deadline**”) to submit the New Resumption Proposal (the “**Third Application**”). The New Extension Deadline is being sought by the Company in view of the following reasons.

2.2 In line with the commencement of the Kolaka Nickel Project through the Company’s Indonesian subsidiary, PT MEG Harta Indonesia (“**MHI**”) and for the sake of good corporate governance, the Company had commissioned NLA Risk Consulting Pte. Ltd. (“**NLA**”), an independent third-party professional firm, to conduct an internal audit of certain key business processes of MHI, namely (a) general control environment and activities, (b) procurement to payment and (c) bank and cash

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management which was performed from 29 August 2022 to 2 September 2022 (the “**Internal Audit**”). On Saturday, 17 September 2022, the Company received the internal audit report from NLA, detailing its preliminary findings from the Internal Audit (the “**IA Report**”), which noted 13 findings, of which six (6) were high-risk issues pertaining to MHI’s procurement to payment as well as bank and cash management processes, and seven (7) were moderate-risk issues pertaining to MHI’s general control environment and activities as well as bank and cash management (collectively, the “**IA Findings**”).

- 2.3 In view of the IA Findings and the significance of the Kolaka Nickel Project as well as the Company’s intention to shift its focus to developing the new businesses in Indonesia which at present are envisioned to be conducted primarily through MHI, the Board is of the view that it would be prudent to fully address all issues in the IA Findings as soon as possible so as to facilitate the Board’s assessment of the Company’s internal control systems and risk management systems for the purposes of complying with the requisite Catalist Rules and in connection with the submission of the New Resumption Proposal. The Company is currently attending to the IA Findings and intends to implement all recommendations made by NLA in respect of the IA Findings, including commissioning NLA to conduct a follow-up review of the implementations made by the Company with regards to the IA Findings to validate that all the issues have been adequately addressed, before submitting the New Resumption Proposal.
- 2.4 Separately with regards to the action taken by Mr. Thong Soon Seng (“**Mr. Thong**”) against the Company, lawsuit HC/S 1075/2020 (the “**Suit 1075**”), the Company had been informed on 29 April 2022, through its solicitors, that the Singapore High Court (the “**Court**”) had set aside trial dates for a period of four (4) days from 20 September 2022 to 23 September 2022 (the “**Trial**”). Pursuant to the Trial, which ended on 22 September 2022, the Court ruled that both solicitors acting for Mr. Thong as the plaintiff and the Company as the defendant respectively will make their oral closing submissions to the Court on 21 November 2022. Given that the year-end Court vacation will commence on 5 December 2022 and end on 6 January 2023, it is likely that the judgment will be pronounced in early 2023. This may be followed by a filing of an appeal by either party. Further, given that any such further developments in respect of Suit 1075 would be a key consideration in the Board’s assessment of the Group’s ability to operate as a going concern in connection with the submission of the New Resumption Proposal, the Board is of the view that it would be prudent to allow time for the court hearing to run its legal course so as to obtain further clarity on the outcome and/or next course of action in respect of Suit 1075.
- 2.5 In view of the above, the revised indicative timeline in respect of the (a) Kolaka Nickel Project, (b) rectification of the IA Findings and (c) judgment of Suit 1075 leading up to the submission of the New Resumption Proposal is as follows:

No.	Event	Target Date (Indicative)
1	Cycle of revenue expected from 3 rd shipment	Early October 2022

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No.	Event	Target Date (Indicative)
2	Cycle of revenue expected from 4 th shipment	Mid October 2022
3	Completion of hiring of financial & accounting personnel	Mid October 2022
4	Cycle of revenue expected from 5 th shipment	End October 2022
5	Installation of accounting system (ACCURATE) including training	End October 2022
6	Cycle of revenue expected from 6 th shipment	Early November 2022
7	Suit 1075 – post Trial, closing submissions by solicitors to the Court	Mid November 2022
8	Cycle of revenue expected from 7 th shipment	End November 2022
9	Drafting of enterprise risk management (ERM), standard operating procedures (“SOPs”), policies and procedures akin to the Company but related to operations in Indonesia	Mid December 2022
10	Validation of SOPs, policies and procedures	Mid February 2023
11	Completion of implementation of all recommendations made by NLA in respect of the IA Findings	End February 2023
12	Suit 1075 – judgment (current estimation by the Company)	February / March 2023
13	Completion of follow-up review of IA Findings by NLA	Mid March 2023
14	Submission of New Resumption Proposal	31 March 2023

2.6 Given that the aforementioned dates are merely indicative and may be subject to further changes depending on, among others, external factors such as weather conditions, time taken for the barges to deliver the shipments which are beyond the Company’s control, the Company has disclosed the expected completion of the respective shipments set out above in the form of an indicative monthly timeline. The Company will make further updates on SGXNET if there are any material developments with regards to the aforementioned timeline.

2.7 Based on the foregoing reasons, the Board is of the view that it would be prudent to seek the Further Extension of Time and that the New Extension Deadline should provide sufficient time for Management to implement all the necessary actions regarding the IA Findings and obtain further clarity on the progress / development of Suit 1075 so as to adequately address any perceived issues pertaining to the internal controls, business viability and sustainability of the Group.

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3. FURTHER ANNOUNCEMENT(S)

The Board and Management will, in discussion with its sponsor, work towards addressing all the relevant matters needed for the submission of the New Resumption Proposal in a timely manner. The Board will make further updates if there are any further material developments regarding the New Resumption Proposal and / or the Extension of Time, or where necessary.

BY ORDER OF THE BOARD

Charles Madhavan
Executive Director and Chief Executive Officer
30 September 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.

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