

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

SGX QUERIES: CLARIFICATION OF ISSUES IN RELATION TO THE COMPANY'S QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2020

The Board of Directors (the "**Board**") of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the Company's quarterly financial statement and dividend announcement for second quarter and six months ended 31 December 2020, which was released on the SGXNet on 8 February 2021 (the "**Previous Announcement**").

Save as otherwise defined, all capitalised terms shall have the same meaning as the Previous Announcement.

The Company wishes to inform its shareholders that further to the Previous Announcement, it has received the following queries on 9 February 2021 from the Singapore Exchange Securities Trading Limited:

No.	SGX Queries	Responses
1.	We note that majority of the current liabilities of the Group comprise of trade and other payables of S\$1.8m. Please elaborate on the nature and details of the payables and when the Company anticipates that it will be repaid. Please elaborate and specify if these payables were accrued in respect of certain projects that the Company is currently working on.	<p>Trade payables amounted to approximately S\$0.51 million whereas the other payables amounted to approximately S\$1.30 million. The former pertains mainly to the existing oilfield and equipment supply and services segment while the latter is made up of accrued advisory fee, accrued audit fee, accrued rental, accrued sales commission, accrued tax fee, deferred income, deposits received, payroll-related expenses, sponsor-related fees and withholding tax payable.</p> <p>The Company will pay as and when the payables are duly verified as satisfactory and are due for payment. The normal credit terms for such payables are 30 – 90 days.</p> <p>Save for the trade payables which are incurred in relation to the Group's existing oil and gas equipment distribution business, none of the other payables were accrued in respect of projects that the Company is currently working on.</p>
2.	<p>Given the Group's current liabilities of S\$3.81m and cash and bank balance of only S\$1.27m, and noting that the Company incurred losses of S\$1.38m in 6MFY2021, please disclose the Board's assessment:</p> <p>(i) on whether the Company's current assets are adequate to meet the Company's short term liabilities of S\$3.81m, including its bases of assessment; and</p>	<p>The Board has considered the following:</p> <p>(i) The Group's total current assets amount to approximately S\$9.19 million which is in excess of its total current liabilities of approximately S\$3.81 million, resulting in a positive working capital position of approximately S\$5.38 million as at 31 December 2020;</p> <p>(ii) in addition to the Group's cash and bank balances of approximately S\$1.27 million, the Group has current trade and other receivables as at 31 December 2020 of approximately S\$1.26 million which are due within normal credit terms of 30 – 90 days.</p>

SGX QUERIES: CLARIFICATION OF ISSUES IN RELATION TO THE COMPANY'S QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2020

		<p>This would be sufficient to fulfil any short term obligations arising from the Group's trade and other payables of approximately S\$1.81 million; and</p> <p>(iii) the Group had, on 21 August 2020 and 4 December 2020, announced the proposed sale of the properties located at Loyang, Singapore and Queensland, Australia respectively. These properties are assets classified as held for sale and recorded under the Group's current assets amounting to approximately S\$4.4 million. As stated in the respective announcements, the Group's share of the net proceeds from the sale of the properties located at Loyang, Singapore and Queensland, Australia is expected to be approximately S\$3.40 million and S\$0.29 million respectively. As further stated in the Company's update announcement on 8 February 2021, the settlement date for the sale of the Queensland property has revised to 15 February 2021, and accordingly the Group expects to receive the share of proceeds from this sale in the same month.</p> <p>Based on the foregoing, the Board is of the view that the Group's current assets are adequate to meet its current liabilities.</p>
	<p>(ii) how the Company intends to fulfil its significant payment obligations in the next 12 months.</p>	<p>As disclosed above, the Company intends to fulfil its significant payment obligations in the next 12 months, which pertain mainly to the trade payables relating to the existing oilfield and equipment supply and services segment, using (a) its internal resources comprising the Group's cash and bank balances as well as collections from its trade and other receivables, and (b) the share of proceeds received from the sale of the two properties.</p>
	<p>Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.</p>	<p>For the avoidance of doubt, the Company does not have any outstanding debt obligations as it has nil borrowings and debt securities as at 31 December 2020. The current liabilities of the Group were incurred in the ordinary course of the Group's business and operations, and the Group has been fulfilling such obligations in a timely manner. The Group also largely has good working relationships with its suppliers and other trade / non-trade creditors.</p>

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.

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

SGX QUERIES: CLARIFICATION OF ISSUES IN RELATION TO THE COMPANY'S QUARTERLY FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR SECOND QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2020

BY ORDER OF THE BOARD

Magnus Energy Group Ltd

Charles Madhavan

Executive Director and Chief Executive Officer

10 February 2021

*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 Catalist.*

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 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
