

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

RESPONSE TO SGX-ST'S QUERIES

Capitalised terms used herein shall have the definitions ascribed to them in the Company's announcements dated 1st July 2016, 23 February 2017 and 12 September 2017 (the "Previous Announcements"), unless otherwise stated or the context otherwise requires.

Introduction

As announced on 12 September 2017, Magnus Energy Group Ltd. (the "**Company**" or "**Magnus**") has entered into a Deed of Settlement on 12 September 2017 (the "**Deed of Settlement**") with RUNG Capital International Limited ("**RUNG**") where the Company shall settle outstanding fees amounting to \$105,776.10 (AUD\$99,0000 at the exchange rate of SGD1.00 to AUD0.935939 as at July 2017) owed by the Company to RUNG by way of an issue and allotment of 105,776,100 new shares ("**New Shares**") at an issue price of S\$0.001 for each New Share (the "**Proposed Issue**"). The outstanding fees represent the sum advanced by RUNG to the Company's subsidiary, APAC, for the payment of professional fees and disbursements ("**Professional Fees**"), in relation to the acquisition of Goyes Agri-Food Investment Limited (the "**Goyes Acquisition**").

SGX-ST Query 1

Is such an arrangement with RUNG as consultant advancing monies to APAC for professional fees to acquire Goyes is common?

Company Response

The arrangement with RUNG as consultant advancing monies to APAC for the payment of Professional Fees in relation to the Goyes Acquisition was negotiated specifically with RUNG. In relation thereto, RUNG has provided an undertaking to APAC fund the Goyes Acquisition (the "**Proposed Reverse Take Over**"). This is beneficial to the Group as the Group was able to manage its cash flow in relation to such exercises. According to the agreement between RUNG and APAC, in the event the Proposed Reverse Take Over was successful, the Professional Fees would be payable to RUNG in discounted shares in the new entity (APAC) (the "**NewCo**") and RUNG would have enjoyed the upside of the NewCo shares. In the event that the Goyes Acquisition was not successful, RUNG shall not be entitled to any fees or charges in relation thereto.

SGX-ST Query 2

Please clarify why RUNG had advanced AUD 99,000 to APAC in the first place.

Company Response

The advance was provided by RUNG to APAC for the payment of Professional Fees incurred by APAC in relation to the Goyes Acquisition.

On 23 February 2017, APAC announced that it would not be proceeding with the Goyes Acquisition. As the Company has provided an undertaking to assume APAC's obligations, the repayment of the sum advanced by RUNG to APAC for the payment of the Professional Fees is to be borne by the Company.

A breakdown of the Professional Fees incurred is provided below:

Description	Amount (A\$)
Independent Expert Report	27,500
Independent Accountant's Report	38,500
Legal Services	33,000
Total	99,000

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SGX-ST Query 3

Is APAC still listed on the ASX?

Company Response

Yes, it is still listed on the Australian Securities Exchange (ASX).

SGX-ST Query 4

Please clarify why Magnus had undertaken to assume APAC's obligation to repay RUNG.

Company Response

Magnus had undertaken a general obligation as its major controlling shareholder to support APAC and this payment obligation is consistent with its general obligation. The general obligation/undertaking that is mentioned in the announcement refers to Magnus' continued undertaking to APAC Coal, as reiterated in APAC Coal's Financial Report 2016, Note 27 at page 31 which states that "the ultimate parent entity, Magnus Energy Group Ltd, has undertaken to provide on-going financial support to ensure the Group remains as a going concern entity". Please refer to an extract of APAC's latest available financial report.

The Board is of the view that as Magnus is the single majority 55.97% shareholder of APAC, the survivability of APAC is in the interest of Magnus. Further, as Magnus has reiterated that it is not in the interest of Magnus to issue APAC shares as payment as this shall cause Magnus to dilute its control on APAC and lose its the majority control. The undertaking to fund the working capital requirements of APAC has also been provided to APAC's auditor Moore Stephens Perth to ensure the going concern of APAC and this has been duly announced by APAC in all its quarterly announcements and annual reports.

The undertaking has been provided since APAC's listing in 2008, such that "Magnus has committed to provide low cost management and finance team in the initial phase of development of APAC". As announced on 28 July 2014 by APAC in relation to APAC's quarterly activities report, Magnus, being APAC's majority shareholder "has committed to fund the working capital requirements of APAC as required, until resolution of the aforesaid dispute". Please see the announcement attached.

SGX-ST Query 5

APAC has been involved in litigation since 2014 and Magnus has been providing financial support. In this regard, please provide the board's justification in continuing to view its 55.79% stake in APAC to be in the interest of minority shareholders of Magnus.

Company Response

As a single majority 55.79% shareholder of APAC, the Board is of the view that it is in the interest of Magnus and its shareholders to protect the investment in APAC which may provide an opportunity for Magnus to gain from a plausible successful acquisition of a new business by APAC, which is listed on the ASX. Further, it is important to maintain the going concern of APAC which may negatively affect Magnus if APAC becomes delisted.

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BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
29 September 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.

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APAC COAL LIMITED ABN: 16 126 296 295
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Note 25 Financial Risk Management (cont'd)

c. Market Risk (cont'd)

ii. Foreign Exchange Risk

The following table illustrates sensitivities to the Group's exposures to changes in exchange rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group Profit A\$	Equity A\$
Year ended 30 June 2016		
+/-5% in foreign exchange	-	-
Year ended 30 June 2015		
+/-5% in foreign exchange	(94,394)	(94,394)

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Note 26 Reserves

Foreign Currency Translation Reserve: The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Note 27 Going Concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The ultimate parent entity, Magnus Energy Group Ltd, has undertaken to provide on-going financial support to ensure the Group remains as a going concern entity.

The financial report therefore does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities which may be necessary should the Company and consolidated entity be unable to continue as going concern.

Note 28 Company Details

Registered Office	Principal Place of Business
APAC Coal Limited Suite 904, 37 Bligh St Sydney NSW 2000, Australia.	APAC Coal Limited c/- Magnus Energy Group Ltd 76 Playfair Road, #02-02 LHK2 Building, Singapore 367996.

APAC Coal Limited

A.C.N 126 296 295

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28 July 2014

APAC COAL LIMITED QUARTERLY ACTIVITIES REPORT

APAC Coal Limited ("APAC" or "the Company") (ASX: AAL) is pleased to provide the following quarterly activities report for the June 2014 Quarter.

Review of Operations

Exploration and Development of Coal Mining Activities

As announced on 26 June 2013, APAC Coal Limited ("APAC") and majority shareholder Magnus Energy Group Ltd ("Magnus"), Magnus wholly owned subsidiary Antig Investments Pte Ltd and APAC (collectively referred to as "Group") has issued a Notice of Intent to Resolve Investment dispute through Consultations and Negotiations to the Government of the Republic of Indonesia. The purpose of this action is to seek recourse under the Agreements between the Government of the Republic of Singapore and the Government of the Republic of Indonesia, and between the Government of Australia and the Government of the Republic of Indonesia on the Promotion and Protection of Investments ("PPI").

During this quarter, APAC has been in discussions with litigation funders and lawyers to strategize the best way forward to fund the full cost of the International Centre for Settlement of Investment Disputes (ICSID) arbitration through the Business Treaty on the PPI.

APAC is actively negotiating some potential acquisition targets to bring the company business forward.

The above developments may have a material impact and APAC will make further announcements as and when there are material developments in relation to the aforesaid matters.

Corporate

Cash Balance:

The Company had a cash balance of \$20,000 as at 30 June 2014.

APAC majority shareholder Magnus Energy has committed to fund the working capital requirements of APAC as required, until resolution of the aforesaid dispute.