

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

RESPONSE TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors (the “**Board**” or “**Directors**”) of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the questions raised by shareholders of the Company (“**Shareholders**”) in respect of the following:

- (a) the annual report of the Company for the financial period between 1 July 2020 to 31 December 2021 (“**FY2021**”); and
- (b) the Notice of annual general meeting (“**AGM**”) issued on 14 April 2022 informing Shareholders that the AGM will be convened and held by way of electronic means on 29 April 2022 at 2:00 p.m.

(collectively, the “**Previous Announcements**”).

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

The Company would like to thank Shareholders for their co-operation in submitting their queries in accordance with the deadline set out in the Previous Announcements. In respect of certain questions raised by Shareholders which are repetitive and/or similar in nature, the Company has elected to combine them and provide a single response only. In this regard, the Company sets out its responses to the relevant questions as follows:

No.	Shareholders' questions	Responses
	<u>AGM Ordinary Business Resolution 1:</u>	
1	Please refer to note 9 page 93 of the Annual Report 2022: please provide details BY INDIVIDUALS for S\$570,000	The item for Directors' wages, salaries and bonuses of \$570,000 incurred in FY2021 (18 months) relates to the remuneration of the C-Suite executive over a period of 18 months plus a 1-month annual wage supplement. The amount of \$172,174 incurred in the 12 months ended 30 June 2020 (FY2020) also relates to remuneration (not director's fee) paid to aforementioned executive over a period of almost 6 months.
2	Personnel Expenses- Director wages, why \$570k is paid to Directors of company vs \$172K for 12-month period. List out what constitutes this \$570k.	
3	Please refer to note 9 page 93 of the Annual Report 2022: please provide details BY SUBSIDIARIES for S\$708,310.	Please refer to the above response to Question 1 and 2. The Company would also like to clarify that the bulk of \$708,310 relates to the remuneration of the top executive of Mid-Continent Equipment, Inc., a subsidiary of the Company located in Texas, USA.
4	Explain - under Trade and other payables - \$825K of other payables. What constitutes this bulk?	The bulk of 'Other Payables' of \$825,088 as of 31 December 2021 relates to an invoice amount of \$670,435.68 raised by the previous continuing sponsor of the Company who was engaged by the previous management and board of directors of the Company.

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	<u>AGM Special Business Resolution 7:</u>	
5	How does Mr Chan Choo Onn will be able to contribute to the Company business as he does not have any working experience during the past 10 years and has been semi-retired from active banking since 1995?	Notwithstanding that Mr. Chan’s most recent work experience was in 1995, Mr. Chan still does consultancy work on an ad-hoc basis and is still actively in touch with many high level finance and banking personnel in his business network. Mr. Chan has also actively kept himself up to date with current developments in the banking and finance industry. The Board is of view that his network and contacts will be of great help to the Company.
6	Shareholders are unsure if Mr Chan can contribute meaningfully. He has not List Co experience. He was out of action and not working for past decade. Why would he be suitable as a director?	
	<u>Questions relating to the Company’s Businesses and Operations</u>	
7	Do the Board and management have any short term and long-term plans on how to turn around the business?	The Board and management of the Company (“ Management ”) have been addressing the Group’s business strategy and business plan in the short, medium and long term by evaluating and assessing each potential project based on growth, cashflow and profitability before deciding whether to undertake such a project, and at the same time, by reducing and managing operating costs. With a refreshed Management, the Company has been in serious discussions and negotiations with several prospective clients in the oil/gas and mining sectors in Indonesia which it firmly believes will yield positive results for the Group and its shareholders.
8	Are we expecting the Company will turn into profitable in coming financial year?	For this year, while the Group continues to experience headwinds due to the ongoing Covid-19 pandemic, the Company’s immediate focus is to get the Company’s trading status reinstated on the SGX-ST and to concentrate on sourcing for business opportunities, projects and/or contracts that will address its liquidity position as well as profitability. Based on the progress of negotiations with its business partners thus far, while it is much encouraged to aim for profitability, however, Management is also cognizant of the potential downside risks which may thwart the Company from achieving profitability based on the potential business opportunities, projects and/or contracts currently being pursued by the Company, or that they will be successfully secured and/or completed.

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9	<p>With >\$3M sales proceed of Loyang premise coming in -what are plans for MEG going forward?</p> <p>Where are the potential uses for this? In the chairman speech, focus is still on Oil and Gas, what have the Management done thus far and the plans going forward?</p>	<p>When the new CEO/Executive Director (“ED”) and other Directors were appointed on 9 January 2020 replacing the former CEO and Directors, the Company was left with a miniscule amount of working capital and this was an impediment to starting any new business activity, in addition to having to clear-out legacy business operations/activities that were not meaningful to the Company’s new strategy.</p> <p>One of the ways undertaken by the Company to raise working capital immediately was to dispose of certain commercial real estate in order to raise funds.</p> <p>Pursuant to the decision by Management to pursue a new business strategy related to support services of the oil & gas and mining sectors, in which it has abundant experience, network and contacts, the funds raised from the sales proceeds of the Loyang property are envisaged to be deployed to several projects in Indonesia which are now taking shape, following the opening-up of markets post the relaxation of Covid-19 regulations.</p>
10	<p>Investment in JV- Oriental Magnus - explain on the 376K losses within 2 years. There was no income generated, but losses.</p>	<p>The joint venture, Oriental Magnus EPC (S) Pte Ltd, (“Oriental Magnus”) was set up with an established engineering, procurement, and construction contractor from India to undertake oil & gas engineering contracts, in particular to undertake a mini refinery project in Indonesia which was identified and targeted earlier on.</p> <p>As a result of the Covid-19 pandemic which has severely impacted the global economy and delaying development plans of many countries, this project has been delayed but of late with the recovery from Covid-19 and opening-up of markets, the Company has received communications from the project owner that they are getting the relevant approvals from several local authorities to move ahead with the project. While the Company’s investment in the joint venture, Oriental Magnus, had recorded a loss of S\$376,266, it was due mainly to the costs which have been incurred such as the set-up costs, operating expenses over an extended period and a loss of about \$70,000 on</p>

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		a discontinued project Going forward, the Management is carefully managing them and expects to be in a strong position to recover these expenses when the mini refinery project comes on-stream.
11	What is the plan for lifting of trading suspension? Why is there no progress at all?	<p>The plan to reinstate the Company’s trading status is very much in the focus of the Directors and Management. The delay has been exacerbated by the prolonged stay of Covid-19 pandemic when business travel to our main market in Indonesia was being restricted in visiting oil/gas fields and mines in various parts of Indonesia.</p> <p>With the recent relaxation of restrictions, Management has paid several visits to resource-rich parts of Indonesia and is strongly of the view that the discussions/negotiations in respect of such potential transactions are shaping up for Management to prepare a strong case in due time for the submission of the Company’s resumption proposal to reinstate its trading status.</p>
12	List plans for Magnus shares to resume trading, 2 years back, Management had made a commitment for re-listing. What happened till now. Explain please. Thank you.	
13	Why does the Company need a new COO and continue to provide high compensation package for the top management when the existing management is unable to create a new sustainable income stream? In addition, the Company is persistently operating in continuous losses.	Given the realignment of the Group's business strategy and the CEO/ED’s vast experiences and contacts in the oil/gas and mining sectors especially in Indonesia, the CEO/ED will be soliciting for jobs, contracts and business opportunities relating to the Group's stated strategy.
14	<p>Explain the need to have a COO. What extra business or activities the Management are planning with a COO.</p> <p>List plans for New JVs: Magnus Energy (SEA) Pte Ltd (“MESEA”), Magnus DV Energy Services Pte Ltd (“MDV”) and PT Magnus Douglas Valley (“PTMDV”), how to mitigate they don't suffer same fate with Oriental JV?</p>	<p>It is envisaged that the COO, with his engineering qualification and many years of leadership and exposure in managing banking and finance businesses/institutions in Asia Pacific, will complement the CEO in various important aspects with his market contacts, experiences and network, including that of the Indonesian market.</p> <p>The various subsidiaries have been set up to target various opportunities i.e., providing EPC contracting, drilling services and sourcing/sales of resources relating to crude oil, gas nickel, bauxite and copper in Indonesia, a resource rich country.</p>

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15	Recent period saw many directors joined and departed without significant contributions, except disruption to business operation. Explain.	It is the Company's philosophy that every employee and/or representative of the Company, including Directors, needs to not only contribute to the Group with their respective experiences and know-how but also align with the strategy of the Group and its direction. Those who have left are Independent Directors and have elected to depart on their own accord for various reasons. They have since been replaced by equally competent and qualified persons. Like many companies, this is not uncommon when changes in business realignment takes place.
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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
23 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 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 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

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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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BY ORDER OF THE BOARD

Charles Madhavan
Executive Director and Chief Executive Officer
28 April 2022

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