

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

GENERAL UPDATE INCLUDING QUARTERLY UPDATE ON MICROALGAE PROJECT

The Board of Directors of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the announcements dated 6 August 2018, 12 October 2018, 12 November 2018, 6 March 2019 and 4 April 2019 (the "**Previous Announcements**") and wishes to provide a quarterly update on the microalgae project as well as a general update on the ongoing affairs of the Group.

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

MICROALGAE PROJECT

Ever since the last unsuccessful attempt to start production in 2018, the Group has been minimising expenditure on the project as effective solutions could not be found to resolve the contamination issues that directly affects the growth of the microalgae. Ongoing tests have been conducted and the growth rates remain unstable. Oil extraction tests have also been carried out that yielded inconsistent results. Due to the lack of appropriate funds, the Group is cautious on further commitments of the said project. As the said project has not yielded any returns since inception, discussions are ongoing with our auditors on the balance sheet value of this project, and a probable provision for impairment may be provided for the year ending 30 June 2019.

CAPITAL REDUCTION

As announced on 6 March 2019, the Company has elected to receive the excess capital due under the Capital Reduction Exercise partly in cash and partly in the form of fully paid-up and issued shares in Mid-Continent Equipment Inc. ("**MEI**"), and Mid-Continent Enterprises Limited Liability Company ("**MELLC**"). Both MEI and MELLC are wholly owned U.S. based subsidiaries of Mid-Continent. The distribution of excess capital will be made by Mid-Continent to the Company.

The legal transfer of the shares in MEI and MELLC has been completed, the Company now owns eighty percent (80%) and ninety-nine percent (99%) of MEI and MELLC respectively and both MEI and MELLC have become direct subsidiaries of the Company. The legal transfer of shares in MEI and MELLC is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 30 June 2019.

The Group is also in the process of realisation of our properties into cash. Out of the three properties in Australia, one sale has been completed. The other two properties in Australia and one in Singapore are in the marketing process. No firm offers have been received yet. The Company will provide updates to our shareholders when the cash distribution from the Capital Reduction exercise has been fully paid out to all shareholders of Mid-continent.

LOANS TO INDONESIAN CONTRACTOR, PT HANJUNGIN

The Group is in the process of obtaining a legal opinion from our Indonesian legal advisor on the existing legal case as referred to in the Previous Announcements. Our Indonesian legal advisor has advised the legal case has been struck out by the local court in Kupang, Indonesia however, the plaintiffs are in the process of appealing against the decision. The Group is also currently in the process of negotiation with PT Hanjungin for the settlement of their owing to the Group. The Company will provide further updates when there is a conclusion to the said negotiation.

EXTERNAL REVIEW

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The Company had, on 18 April 2019, appointed Provenance Capital Pte. Ltd. to undertake the external review. The Company wishes to update that the external review is ongoing. The Company will make further announcement(s) on any material updates in relation to the external review, including key findings of the external review, to update shareholders of the Company as and when appropriate.

In addition to the above, the Company will continue to make further announcement(s) on any material updates on the matters set out above, including providing quarterly updates on the microalgae project.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above, save for their interests arising by way of their respective shareholdings and/or directorships, as the case may be, in the Company (if any).

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the ongoing affairs of the Group, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Shareholders and potential investors should exercise caution when trading in the shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
28 June 2019

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 reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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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