

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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<p>9</p>	<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>
<p>10</p>	<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.
