

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

GENERAL UPDATE

The Board of Directors of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") refer to the announcements dated 6 August 2018, 12 October 2018, 12 November 2018, 6 March 2019, 4 April 2019, 28 June 2019, 23 August 2019 and all announcements released between 24 August 2019 to the date of this announcement (the "**Previous Announcements**") and wishes to provide 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.

EXTERNAL REVIEW

The full report of the External Review was published on 23 August 2019 (the "**External Review Report**"). The Board has identified a legal advisor to review the issues raised and recommendations made by the External Review Report and to provide a legal opinion on the subsequent legal action (if any) required to recover the investments made in the past transactions. Subsequently, the Board intends to oversee the implementation of the recommendations made by Provenance Capital, including the review of existing policies to strengthen the corporate governance, system of internal controls and risk management of the Group. The Company is also considering to engage an external professional firm to assist the Board in this. All these is expected to be carried out within a suitable timeframe after the conclusion of the extraordinary general meeting ("**EGM**") to be held on 9 January 2020.

CAPITAL REDUCTION

The Group is still in the process of realisation of our properties into cash.

Referring to the announcement dated 6 November 2019, the Company wishes to provide an update that a deposit has been paid for the property at 130 Mills Street, Perth, Australia ("**Perth Property**"), and the completion of the sale is subjected to the due diligence of the buyer and any requirements under the Catalist Rules. The Company has made assessment on based on current comparative sale offers in the industrial property market in Welshpool, Perth, Australia and is of the opinion that the offered price of approximately A\$1 million is fair. A formal valuation has not been performed. The Perth Property has a built up area of approximately 300 square metre and a land area of approximately 2,521 square metre. The Preliminary Relative Figures as announced on 6 November 2019 has been computed based on the sale price of A\$1 million and do not cross the threshold of 50% under Rule 1014 of the Catalist Rules. The Group will be consulting with the SGX-ST and the Sponsor on the applicability of Chapter 10 in relation to the disposal of the Perth Property pursuant to Rule 1007(1) of the Catalist Rules.

No firm offers have been received for 8 Industrial Road, Gatton, Queensland, Australia and 32 Loyang Crescent, Singapore as of the date of this announcement.

Out of the S\$5.589 million that the Company is to receive from the Capital Reduction exercise, the transfer of shares of MEI and MELLC of approximately S\$3.1 million have been completed as announced on 28 June 2019 and the balance of approximately S\$2.5 million is to be received in the form of cash. Due to the delays in the disposal of the said properties, approximately S\$0.8 million has been received to-date, approximately S\$1.1 million is expected to be received by the Company by end of January 2020 and the receipt of the balance expected cash distribution may be delayed till June 2020. 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 Equipment Group Pte Ltd.

MICROALGAE PROJECT

Referring to the last update on 30 September 2019, there has not been any material development for the microalgae project. The Company has received some proposals for the resolution of the contamination issues,

GENERAL UPDATE

however, as these are exploratory and require further funding, the Group continues to explore other options for the resolution of these issues.

UPDATE ON ACTIONS TAKEN TO RECOVER INVESTMENTS

Due to the matters which the Company has been handling in relation to, *inter alia*, the requisition notice as issued by the Requisitioning Shareholders, resulting in the issue of a joint circular dated 18 December 2019 and the calling of the EGM to be held on 9 January 2020 and the application under Section 216A by the Requisitioning Shareholders as announced on 30 December 2019, the Company is still in the midst of seeking legal advice to recover our investments in the following;

1. Thames Capital

Referring to Section 4 of the External Review Report (*Disposal of GCM Shares*), the Company has sent its written demands for the repayment of the outstanding balance of GBP1,195,000 owing to the Company in relation to the disposal of quoted equities in GCM Resources Limited.

2. Yangtze Investment Partners Limited

Referring to the Section 7 of the External Review Report (*Joint Investment Agreement with Yangtze Investment Partners*), the Company has sent its written demands for the repayment of the outstanding balance of US\$1.2 million owing to the Company in relation to the investment in the quoted equities in Solopower Systems Inc.

UPDATE ON LEGAL DISPUTES ON INDONESIAN CONTRACTOR, PT HANJUNGIN

The Company has identified Mr A. Setiadi from 36 Sovereign Chambers to advise on the litigation against PT Hanjungin as a measure to recover the loan to PT Hanjungin. A quote for the legal fees has been provided by Mr Setiadi and the Board has proposed to take immediate legal action against PT Hanjungin after the EGM to be held on 9 January 2020.

GENERAL

Due to the upcoming EGM to be held on 9 January 2020, the Board is of the view that all planned actions is expected to be taken only after the said meeting.

The Company will continue to provide further updates as appropriate.

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.

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

GENERAL UPDATE

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.

Lee Chong Ping
Independent Director
31 December 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 and gas equipment distribution, renewable energy and property and infrastructure development.

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.

Telephone: +65 6389 3000. Email: bernard.lui@morganlewis.com