

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

CAPITAL REDUCTION EXERCISE OF SUBSIDIARY

The Board of Directors (the “**Directors**”) of Magnus Energy Group Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wish to announce that a capital reduction exercise (the “**Capital Reduction Exercise**”) had been carried out by Mid-Continent Equipment Group Pte Ltd (“**Mid-Continent**”), a subsidiary in which the Company holds a 55.89% shareholding stake.

The Capital Reduction Exercise was being made pursuant to of Section 78A(1)(c) of the Companies Act (Cap. 50), that is, to return to its shareholders any surplus cash that is excess of what is required by Mid-Continent and was approved by the shareholders of Mid-Continent on 24 July 2018.

The Capital Reduction Exercise was completed on 18 September 2018, upon the fulfilment of the requisite publication period and lodged with the Accounting and Corporate Regulatory Authority. Following the completion of the Capital Reduction Exercise, the issued and paid-up capital of Mid-Continent was reduced from S\$12,096,000/- to S\$2,096,000/- and the excess capital will be distributed to its shareholders by way of multiple cash dividends and/or assets for amounts of up to S\$5.589 million to the Company and S\$4.411 million in aggregate to other shareholders of Mid-Continent.

For the avoidance of any doubt, no cash dividends and/or assets have been paid out as at the date of this announcement and the management of Mid-Continent expects to pay out said dividends either in cash or specie.

There will be no change to the percentage of shareholding stake of the Company of Mid-Continent upon the completion of the Capital Reduction Exercise. The Company remains a 55.89% shareholder of Mid-Continent.

The Capital Reduction Exercise is not expected to have any material impact on the earnings per share or net tangible assets of the Group for the financial year ending 30 June 2019.

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 Company will provide further updates as appropriate.

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 Capital Reduction Exercise and 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
12 November 2018

**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.

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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.

Tel: 6389 3000 Email: bernard.lui@morqanlewis.com
