

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

ENTRY INTO SHAREHOLDERS AGREEMENT

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Magnus Energy Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that a wholly owned subsidiary of the Company, Magnus Energy (SEA) Pte Ltd, had on 3 November 2020, entered into a shareholders’ agreement (the “**SHA**”) with H.E. Eng. Salah Salem Bin Omair Al Shamsi and Douglas Valley Limited.
- 1.2 Under the SHA, the parties intend to establish a joint venture vehicle under the name of “LIWA MAGNUS ENERGY SERVICES COMPANY PTE LTD” (the “**JV Company**”) to be incorporated as a private company limited by shares under the laws of Singapore.

2. INFORMATION ON THE JOINT VENTURE PARTNERS

- 2.1 H.E. ENG. Salah Salem Bin Omair Al Shamsi is the Chairman of Liwa Petroleum & Industrial Supplies LLC, a company in Abu Dhabi, specialising in engineering products, materials, chemicals and services to Oil & Gas, petrochemical industries, Hydro carbon Power/water sectors in the United Arab Emirates. More information on Liwa Petroleum & Industrial Supplies LLC can be found on their website at <http://www.groupliwa.com/>
- 2.2 Douglas Valley Limited is a company set up in the United Kingdom specialising in Oil & Gas Integrated Drilling Services & Consultancy.
- 2.3 As at the dates of entry into the SHA as of this announcement, neither of the abovementioned partners holds, directly or indirectly, any shares in the Company.

3. SALIENT TERMS OF THE SHA

3.1 Subscription of Shares

Pursuant to the SHA, the parties have agreed to subscribe for such new shares (the “**Subscription Shares**”) in the JV Company (the “**Subscription**”) such that upon completion of the Subscription, the shareholding proportion of the JV Company shall be as follows:

Party	Number of Shares	Shareholding Percentage
Magnus Energy (SEA) Pte Ltd	600	60%
H.E. Eng. Salah Salem Bin Omair Al Shamsi	200	20%
Douglas Valley Limited	200	20%
Total	1,000	100%

The incorporation of the JV Company is conditional upon, among others, the following being satisfied:

- (a) all necessary regulatory and governmental consents having been obtained;
- (b) all parties having passed the relevant resolutions at general/board meetings as appropriate approving this agreement;
- (c) any other third party consents (where required) having been obtained; and
- (d) no person having threatened or commenced any proceedings to prohibit or otherwise challenge the transaction.

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The consideration for each Subscription Share is S\$1 to be satisfied by the parties in cash. At the point of the Subscription, the JV Company will only be recently incorporated and will not have commenced operations nor own any asset. As such, the book value and net tangible asset value of the Subscription Shares will be zero.

Further issuance and allotment of shares may be carried out by the JV Company to the shareholders in due course depending on the funding requirements for the business of the JV Company.

3.2 Business of the JV Company

The JV Company shall carry on business activities as may be agreed by the parties ("**Business**"). Each party shall use its reasonable endeavours to promote and develop the Business to the best advantage of the JV Company.

3.3 Board of Directors of the JV Company

Pursuant to the SHA, the board of directors of the JV Company will comprise up to 5 directors, whereby the joint venture partners shall each be entitled, but not obliged, to nominate the Directors. Up to 3 directors may be nominated by Magnus Energy (SEA) Pte Ltd, 1 by Douglas Valley Limited, and 1 by H.E. Eng. Salah Salem Bin Omair Al Shamsi.

3.4 Reserved Matters

Under the SHA, certain customary matters require the unanimous approval of the shareholders of the JV Company prior to them being undertaken by the JV Company, including but not limited to, altering the constitution of the JV Company or the rights attaching to any of the shares in the JV Company, adopting or amending the business plan in respect of each financial year, changing the nature of the business or commencing any new business by the JV Company which is not ancillary or incidental to its business and making any acquisition or disposal of any material asset(s) otherwise than in the ordinary course of the JV Company's business.

4. RATIONALE FOR THE JOINT VENTURE

The Board believes that the joint venture presents opportunities to provide earnings and growth opportunities for the Group, and will deliver new revenue streams to improve the financial condition of the Group, which in turn will contribute positively to the Group's financial condition and enhance long term value for the shareholders of the Company. In addition, by leveraging on the strong network, experience and expertise of the partners, the joint venture provides a strategic platform for the Group to execute its business diversification plans presented to the shareholders as approved at the extraordinary general meeting held on 30 October 2020.

Accordingly, the Board believes that the entry into the joint venture is in the best interests of the Group.

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5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures computed on the relevant bases set out in Rule 1006 of the Catalist Rules in respect of the Subscription are as follows:

Catalist Rule	Relative Figures (%)
<u>Rule 1006(a)</u> The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable as the Subscription does not relate to an acquisition of an asset.
<u>Rule 1006(b)</u> The net profits attributable to the assets acquired, compared with Group's net profits*.	Not applicable as the JV Company has yet to commence operations.
<u>Rule 1006(c)</u> The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	N.M.*
<u>Rule 1006(d)</u> The number of equity securities issued by the Company as consideration for the Subscription Shares, compared with the number of equity securities previously in issue.	Not applicable as there are no equity securities issued as consideration for the Subscription Shares.
<u>Rule 1006(e)</u> The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable as the Subscription does not relate to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

Note:

* Not meaningful as the consideration given by the Company is only S\$600.

6. NON-DISCLOSEABLE TRANSACTION

As none of the relative figures computed on the bases pursuant to Rule 1006 exceeds 5%, the Subscription constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules. This announcement is being made pursuant to Rule 1008(2) of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE JOINT VENTURE

The Company's investment in the joint venture through Magnus Energy (SEA) Pte Ltd will be funded through internal resources, and at present, is not expected to have any material impact on the net tangible asset value and earnings per share of the Company for the current financial year as the initial subscription value into the JV Company is negligible.

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8. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

None of the directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the proposed joint venture (other than through their respective shareholdings in the Company).

9. RESPONSIBILITY STATEMENT

The Board accepts full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of the Board's knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the joint venture and the Company and its subsidiaries, 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.

10. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should note that there is no certainty or assurance that the joint venture will be completed or be proceeded with. As such, shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. When in doubt as to the action they should take, shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SHA will be available for inspection during normal business hours at the registered office of the Company at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 for a period of 3 months from the date of this announcement.

Shareholders who wish to inspect the SHA at the Company's registered office are required to send an email request to info@magnusenergy.com.sg to make an appointment in advance. The inspection of documents will be arranged with each Shareholder to limit the number of people who are present at the registered office at any one time and such arrangements are subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be implemented by the relevant authorities from time to time.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd

Charles Madhavan
Executive Director and Chief Executive Officer
9 November 2020

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 Catalyst.

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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 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
