

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

CLARIFICATION OF RESPONSES TO QUESTIONS FROM SHAREHOLDERS

The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the previous announcement dated 29 October 2020 on questions raised by shareholders of the Company (“**Shareholders**”).

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

The Board would like to clarify the responses for the following question raised by shareholders:

What is the collective independent directors' view on the IPTs that occurred during the 9 months, which appeared to have been paid out without approval?

The Company’s additional responses to the above question are as follow:

Rule 719(1) of the Catalist Rules requires an issuer to have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. In respect of the IPTs that occurred between January 2020 to June 2020, the current Independent Directors note that the Company was in breach of Rule 719(1) of the Catalist Rules as it did not have in place adequate and effective systems of internal controls and risk management systems to ensure that processes are in place to oversee the entry into IPTs. The Company’s lack of internal procedures had resulted in, *inter alia*, the following:

- (a) Mr. Charles Madhavan, as an interested person, did not abstain from the review and approval process of the Company’s transactions with his associates, Blue Water Engineering Pte. Ltd. and Blue Water Engineering (M) Sdn. Bhd.;
- (b) no review was performed to ensure that the IPTs were on normal commercial terms and on arm’s length basis; and
- (c) the IPTs were not updated in the IPT register in a timely fashion.

The SGX-ST had informed the Board of, among others, its views on the IPTs via a letter dated 29 October 2020 and the steps that the Board should be taking.

As stated in the Company’s annual report for FY2020, the Company had appointed Nexia TS Risk Advisory Pte Ltd (“**Nexia**”) to conduct the annual internal audit review and to assist in the review and implementation of recommendations highlighted in the External Review Report. Based on the reports of the internal auditor and the actions taken by management, the on-going review and continuing efforts in improving internal controls and processes and assurances by the management, the Board, with the concurrence of the Audit Committee, is of the opinion that the adequacy and effectiveness of the Company’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems can be improved. The recommendations by Nexia, in addressing, among others, issues in relation to the Company’s financial, operational, compliance, information technology controls and risk management systems throughout the financial year and up to the date of the annual report, are being implemented.

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The Board and Audit Committee will continue to review the internal controls so as to satisfy itself that the controls are in compliance with Rule 719(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Charles Madhavan
Executive Director and Chief Executive Officer
30 October 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 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 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
