

RESPONSE TO SGX-ST QUERIES – CLARIFICATION OF ISSUES IN RELATION TO THE COMPANY’S ANNOUNCEMENT DATED 9 NOVEMBER 2020

Unless otherwise specified, all capitalised terms shall have the same meaning ascribed to them in the Previous Announcement (as defined below).

The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the Company’s announcement dated 9 November 2020 (“**Previous Announcement**”) regarding the entry into a shareholders’ agreement (the “**SHA**”) between the Company’s wholly owned subsidiary, Magnus Energy (SEA) Pte Ltd, H.E. Eng. Salah Salem Bin Omair Al Shamsi and Douglas Valley Limited on 3 November 2020.

The Company wishes to inform its shareholders that further to the Previous Announcement, it has received the following queries dated 11 November 2020 from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”):

No.	SGX-ST Queries	Response from the Company										
<p>Clarification of issues in relation to the Company’s announcement dated 9 November 2020 regarding the entry into a shareholders’ agreement with H.E. Eng. Salah Salem Bin Omair Al Shamsi and Douglas Valley Limited.</p>												
<p>1</p>	<p>It was disclosed that Douglas Valley Limited is a company set up in the United Kingdom specialising in Oil & Gas Integrated Drilling Services & Consultancy.</p> <p>Who are the ultimate beneficiary owners, controlling shareholders, directors of Douglas Valley Limited? Please elaborate on the history and credentials of this company.</p>	<p><u>Shareholders of Douglas Valley Limited</u></p> <p>Douglas Valley Limited was incorporated as a private company limited by shares under the laws of England and Wales on 29 November 2018 and is the wholly owned subsidiary of Douglas Valley Holdings Pte. Ltd. (UEN: 201511174D) (“DVHPL”). Based on publicly available information, the shareholders of DVHPL are set out below:</p> <table border="1" data-bbox="784 1157 1390 1509"> <thead> <tr> <th data-bbox="784 1157 1167 1215">Name of Shareholder</th> <th data-bbox="1167 1157 1390 1215">Shareholding Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="784 1215 1167 1304">Mr Peter Joseph Keane (“Mr Peter Keane”)</td> <td data-bbox="1167 1215 1390 1304">42%</td> </tr> <tr> <td data-bbox="784 1304 1167 1392">Mr Joseph Edward Keane (“Mr Joseph Keane”)</td> <td data-bbox="1167 1304 1390 1392">33%</td> </tr> <tr> <td data-bbox="784 1392 1167 1451">Brodrick Charles Sutcliffe</td> <td data-bbox="1167 1392 1390 1451">18%</td> </tr> <tr> <td data-bbox="784 1451 1167 1509">Avery Bruce Gerard</td> <td data-bbox="1167 1451 1390 1509">7%</td> </tr> </tbody> </table> <p><u>Directors of Douglas Valley Limited</u></p> <p>The directors of Douglas Valley Limited are Mr Joseph Keane, Mr Peter Keane, and Mr John Howard Malins.</p> <p><u>History and Credentials</u></p> <p>While Douglas Valley Limited was only incorporated in 2018, the Douglas Valley group of companies have been in operation since 2015. The Douglas Valley group of companies has a highly experienced management team, led by Mr Peter Keane, and has operations in Singapore, Indonesia, the Arabian Gulf and the United Kingdom.</p>	Name of Shareholder	Shareholding Percentage	Mr Peter Joseph Keane (“ Mr Peter Keane ”)	42%	Mr Joseph Edward Keane (“ Mr Joseph Keane ”)	33%	Brodrick Charles Sutcliffe	18%	Avery Bruce Gerard	7%
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		<p>The Douglas Valley group of companies has been in the business of providing water resource consultancy, groundwater management design and implementation, project management, technical services (drilling, well servicing & work-over for water, geothermal and oil & gas). Their experience in drilling projects cover water resources exploration and production drilling, geothermal exploratory and product drilling, and on-shore drilling projects for conventional and unconventional oil & gas resources.</p> <p>Mr Peter Keane has a wide range of experience in the water resource, oil & gas, and renewable energy sectors, and has more than 30 years of industry experience. A copy of his CV is attached.</p> <p>More details on Douglas Valley Limited can be found at www.douglasvalley.com. Please also refer to the Company’s response to query 4 below.</p>
2	Who introduced H.E. Eng. Salah Salem Bin Omair Al Shamsi and Douglas Valley Limited to the Company?	The Company was introduced to H.E. Eng. Salah Salem Bin Omair Al Shamsi and Douglas Valley Limited through Mr Charles Madhavan, the CEO and Executive Director of the Company. In the course of his career, Mr Charles Madhavan became acquainted with Mr Peter Keane when the Douglas Valley group acted as the drilling contractor for one of the companies owned by Mr Charles Madhavan (unrelated to the Company). Mr Peter Keane subsequently introduced Mr Charles Madhavan to H.E. Eng. Salah Salem Bin Omair Al Shamsi.
3	<p>It was stated that 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.</p> <p>It was also stated that 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) <u>otherwise than in the ordinary course of the JV Company’s business.</u></p>	
	a. What is the ‘ordinary course of the JV Company’s business’?	<p>As set out in the Previous Announcement, the joint venture is to provide a platform for the Group to execute its business diversification plans presented to the shareholders as approved at the extraordinary general meeting of the Company held on 30 October 2020.</p> <p>As such, the joint venture parties currently intend for the JV Company’s business to include the provision of drilling services, the supply of drilling equipment and related consultancy services.</p>

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

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	<p>b. Would the funding for the Business be proportionately split amongst the JV parties? If not, why not.</p>	<p>It is intended that the funding for the Business will be proportionately split amongst the JV parties, and where the amount involved for any future project is too large to be borne in that manner by the JV parties, then the JV parties and/or the JV Company may consider obtaining external funding from third parties such as financial institutions for each specific project.</p>
	<p>c. It was stated that the Board believes that the joint venture presents opportunities to <u>provide earnings and growth opportunities for the Group</u>, and will <u>deliver new revenue streams</u> 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.</p> <p>Please elaborate on the earnings and growth opportunities that the Group has identified in the JV Company as well as the 'new revenue streams' anticipated to be able to improve the financial condition of the Group.</p>	<p>As set out in the Company's response to query 3a above, the drilling related activities will be new to the Group as part of its business diversification. Accordingly, any revenue earned by the JV Company from such activities will be a new revenue stream for the Group. As the other JV parties have strong experience and expertise in drilling activities, they will be actively involved in the business. The JV Company will be able to leverage on the JV parties' experience and expertise, as well as their respective business networks, which the JV Company will rely on to eventually build up its internal capabilities. As such, the Company expects these to be growth opportunities for the Group.</p>
	<p>d. What is the timeline expected of the development of business in the JV Company?</p>	<p>The JV parties expect the business of the JV Company to commence by first quarter of 2021 after which the JV parties intend to start exploring various business opportunities through the JV Company in the Middle East.</p> <p>In view of the COVID-19 global pandemic, the Board believes that it may not be realistic to set a specific timeline, although the Board targets for the JV Company to secure its initial mandate within 6-12 months.</p>
4	<p>It was stated that by leveraging on the <u>strong network, experience and expertise of the partners</u>, 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.</p> <p>Please elaborate on the strong network, experience and expertise of each of the partners and detail how each partner (including Magnus Energy (SEA) Pte Ltd) would contribute towards the business of the JV Company.</p>	<p>H.E. Eng. Salah Salem Bin Omair Al Shamsi is the Chairman of Liwa Petroleum & Industrial Supplies LLC ("LIWA"), a corporation based in Abu Dhabi, specialising in engineering products, materials, chemicals and services to oil & gas, petrochemical industries, hydro carbon power/water sectors. H.E. Eng. Salah Salem Bin Omair Al Shamsi has over 39 years of experience in petroleum, oil and industrial supplies. He has held various positions, including President of Abu Dhabi Chamber of Commerce and Industry, Chairman and Managing Director of Emirates Global Capital Corporation and Abu Dhabi National Oil. Amongst others, he is also a board member of Abu Dhabi Gas Industries and Abu Dhabi Liquefaction Company. H.E. Eng. Salah Salem Bin Omair Al Shamsi holds a BSc in civil engineering from the North Carolina State University and an Executive Masters in Business Administration.</p>

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		<p>As set out in the Company’s response to query 1, Douglas Valley Limited and its group of companies have been in the business of providing water resource consultancy, groundwater management design and implementation, project management, technical services (drilling, well servicing & work-over for water, geothermal and oil & gas). Its experience in drilling projects cover water resources exploration and production drilling, geothermal exploratory and product drilling, and on-shore drilling projects for conventional and unconventional oil & gas resources. It has operations in Singapore, Indonesia, the Arabian Gulf and the United Kingdom. Douglas Valley Limited has a highly experienced management team, led by Mr Peter Keane, who has a wide range of experience in the water resource, oil & gas, and renewable energy sectors. Mr Peter Keane has more than 30 years of industry experience. Please refer to the copy of his CV, as attached, for more information.</p> <p>Magnus Energy (SEA) Pte Ltd intends to contribute to the Joint Venture Company by leveraging on the experience, expertise and network connections of Mr Charles Madhavan, the CEO and Executive Director of the Company. Mr Charles Madhavan has extensive experience of over 40 years in engineering, procurement, construction and commissioning projects, and drilling projects.</p> <p>H.E. Eng. Salah Salem Bin Omair Al Shamsi, Mr Charles Madhavan and Mr Peter Keane will be directors of the JV Company, and will be involved in the business development of the JV Company by tapping on their respective business connections and networks, as well as provide the necessary guidance and oversight to the projects secured by the JV Company. Depending on the projects secured, the JV Company will assess if there is a need to hire additional suitable and qualified personnel(s) to manage the projects. The JV Company also intends to tap on the resources and manpower of Douglas Valley Limited and leverage on the wealth of experience of the management team of Douglas Valley Limited in connection with drilling projects.</p>
5	What due diligence has the Board performed and what are the results of such due diligence?	<p>The Company has conducted profile and insolvency searches on Douglas Valley Limited based on publicly available information in the United Kingdom. Mr Charles Madhavan has had face-to-face meetings with Mr Peter Keane and H.E. Eng. Salah Salem Bin Omair Al Shamsi in the course of his previous dealings with them. Mr Charles Madhavan was further involved with a project with Mr Peter Keane who had acted as the drilling contractor for one of the companies owned by Mr Charles Madhavan (unrelated to the Company).</p>

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		In respect of future projects to be carried out by the JV Company, the board of directors of the JV Company will arrange for the necessary due diligence to be conducted prior to entering into contracts with the customer, and engage qualified lawyers in the relevant jurisdictions to prepare the legal documentation and advise on any relevant issues arising from any due diligence or in connection with the relevant project to be undertaken by the JV Company.

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

Magnus Energy Group Ltd

Charles Madhavan
Executive Director and Chief Executive Officer
12 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 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.
