

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

**SGX QUERIES: CLARIFICATION OF ISSUES IN RELATION TO THE COMPANY'S ANNOUNCEMENT DATED 25 NOVEMBER 2020 ON THE ENTRY INTO A COOPERATION AGREEMENT WITH A STATE-OWNED ENTERPRISE IN INDONESIA ("SOE").**

The Board of Directors ("Board") of Magnus Energy Group Ltd (the "Company" and, together with its subsidiaries, the "Group") refers to the announcements dated 20 July 2020, 22 July 2020 and 30 September 2020 and 25 November 2020 (the "**Previous Announcements**").

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

The Company wishes to inform its shareholders that further to the Previous Announcement, it has received the following queries dated 28 November 2020 from the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

<b>No.</b>	<b>SGX Queries</b>	<b>Responses</b>
<b>Clarification of issues in relation to the Company's announcement dated 25 November 2020 on its entry into a cooperation agreement with a state-owned enterprise in Indonesia ("SOE").</b>		
1	<p>It was stated that "<i>The Company is unable to disclose the identity of the SOE as the Company does not have the relevant consent from the SOE. Furthermore, the Company is of the view that such information is commercially sensitive and should not be made available to the Group's competitors or third parties.</i>".</p> <p>In the Company's response to our queries published on 22 Jul 2020 as to the identity of the Indonesian Chemical Plant Operator/Client, it was stated that "<i>The Company is unable to disclose the Client's name and details at this point of time due to concerns over potential competition in the event the Client's identity is revealed before a formal contract is made. Other potential competitors could possibly approach the Client with competing bids, which may result in the Client withdrawing its offer to the Company and Oriental EPC in respect of the Project. The Company is in the midst of appointing a legal representative to conduct its due diligence as well as negotiating and drafting of the formal EPC contract agreement. As stated in the announcement on 15 July 2020, further details on the Project and the Client will be provided in due course upon the execution of the formal EPC contract agreement with all parties.</i>"</p>	
	a. Please provide the identity of the SOE. Now that the CA has been entered into between OMEI and the SOE, why is the identity of the SOE undisclosed?	The Company is unable to disclose the identity of the SOE as it is subject to terms of confidentiality under the CA. While the Company has permission from the SOE to disclose certain details of the CA, which the SOE understands and is aware that, as a listed company, the Company is required to make public announcements on the Company's agreements and contracts which are deemed to be material, the SOE did not give explicit permission for the Company to disclose its name to public.
	b. What due diligence has been performed by the Listco prior to entry into the CA?	Due diligence has been conducted by the Company's appointed Indonesian law firm, Soemadipradja & Taher, on published or otherwise publicly available sources such as but not limited to the Ministry of Law and Human Rights online database, and the SOE's company website. As this is a SOE, their annual reports and audited financial reports are published on their website and the Company has also gone through it. The Company also engaged the law firm to prepare the CA and to advise on any relevant issues arising in connection with the CA.

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2	<p>It was stated that under the CA, OMEI and the SOE will cooperate by utilising the potential and expertise of each party for the purpose of accelerating completion of the following projects, which the SOE is currently engaged in for its clients:-</p> <p>a) Construction work of a power plant in Luwak, Indonesia and b) Construction work of the LPG Tanks in several locations (collectively as the "Work").</p> <p>The scope of cooperation set out in the CA is <u>completion of implementation of procurement of goods in respect of the Work</u>.</p> <p>The SOE and OMEI will jointly collaborate in completing the Work appropriately and managing the costs efficiently which cooperation will be for a maximum value of Rp.45,000,000,000 (Forty Five Billion Rupiah) excluding Cost of Money and Profit.</p> <p>As the party in charge of the scope of financial management, the SOE agrees to provide OMEI the following compensation:</p> <p>a) A percentage of the money expended by OMEI to pay the SOE's subcontractors and vendors in the Work as "Cost of Money". b) A percentage of the money expended by OMEI to pay the SOE's subcontractors and vendors in in the work mentioned above as Profit from the work completion. c) The parties agree that the outcome of the negotiation with the SOE's subcontractors and vendors will become OMEI's rights.</p>	
	(i) Please elaborate on what are the roles and responsibilities of OMEI and the Listco in respect of the CA? What does " <i>completion of implementation of procurement of goods in respect of the Work</i> " refer to?	The CA is entered into between OMEI and the SOE. The Listco is not a party to the CA. OMEI is 95%-owned by Oriental Magnus EPC (S) Ptd Ltd (" <b>Oriental Magnus</b> "), a joint-venture company of which the Listco holds an indirect 50% shareholding interest through its wholly-owned subsidiary, Magnus Energy (SEA) Pte Ltd. The remaining 50% shareholding interest in Oriental Magnus is held by Oriental EPC Private Limited (" <b>Oriental EPC</b> "). Please refer to the Company's announcement on 11 November 2020 for more information. The completion of the implementation of procurement of goods refer to the completion of the procurement as per OMEI's obligation to the client. OMEI's role under the terms of the CA is to negotiate terms and conditions and the prices for the subcontractors and vendors.
	(ii) What is the total value of the CA? What is the proportion of fees/revenue that OMEI can expect to receive for completion of its responsibilities? How material is this contract to the Listco?	According to the CA, the total value of the CA would be up to a maximum value of Rp.45,000,000,000 (Forty Five Billion Rupiah) excluding Cost of Money and Profit. OMEI expects to receive a guaranteed percentage of not more than 10% from the value of the CA. The CA is deemed material due to the value of the CA.
	(iii) What is the expected profit margin to OMEI/Listco?	The Company is unable to reveal the profit margin due to commercial sensitivities.
	(iv) How long does the Listco expect this contract to take to complete?	The Company estimates that the Works should be completed approximately six (6) months from the date of signing of the CA.

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	(v) What does (c) above mean?	(c) means that OMEI is responsible to deal directly with the SOE's subcontractors and vendors.
3	On 24 November 2020, the Company's indirect subsidiary, PT Oriental Magnus Engineering Indonesia ("OMEI"), had entered into a cooperation agreement (the "CA") directly with the SOE. Does the CA still involve (i) the third-party agent (the "Agent") appointed by Oriental EPC Private Limited ("Oriental EPC"), and (ii) Oriental EPC? If so, what are their roles and responsibilities in respect of the CA?	(i) The Agent is not involved in this CA as OMEI has entered into the CA directly with the SOE.  (ii) Please see our response to question 2(i) above. Oriental EPC is not a party to the CA.
4	The Company announced on 30 Sep 2020 that its newly incorporated wholly-owned subsidiary, Oriental Magnus EPC (S) Pte. Ltd. ("Oriental Magnus"), had signed a Heads of Agreement with the state-owned Client via the Company's Indonesia agent ("Agent"). The Heads of Agreement include works relating to:  A. Completion of LPG Tank Terminal capacity 2 x 500MT; B. EPC work for Spherical Tank in several locations; and C. Potential and future EPC projects identified by all Parties.	
	(i) Are the above projects related to the construction work of a power plant in Luwak, Indonesia and construction work of the LPG Tanks in several locations (collectively as the "Work") as announced in the Announcement?	The above projects are not related to the construction work of a power plant in Luwak, Indonesia and construction work of the LPG Tanks in several locations (collectively as the "Work").  The Heads of Agreement (HOA) dated 15 September 2020 between Oriental Magnus, the SOE and the Agent will be superseded by a new agreement in due course. The Company is currently negotiating on the details of the new agreement.

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  
1 December 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.*

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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.*

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