

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

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**UPDATE ON KOLAKA NICKEL PROJECT**

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*Unless otherwise specified, all capitalised terms shall have the same meaning ascribed to them in the announcements dated 30 June 2022, 29 July 2022, 8 August 2022, 11 August 2022, 31 August 2022, 9 September 2022 and 29 December 2022 (the “December Announcement”) (collectively, the “Previous Announcements”).*

The Board of Directors (the “Board”) of Magnus Energy Group Ltd (the “Company” or “Magnus” and, together with its subsidiaries, the “Group”) refers to the Kolaka Nickel Project mentioned in the Previous Announcements.

The Company had previously stated in the December Announcement that “due to unexpected changing weather patterns, regulatory constraints and interruptions by local authorities, the Company has only completed four (4) shipments and is unable to achieve its target of seven (7) shipments by end of this year”.

In this regard, the Company wishes to clarify that these ‘regulatory constraints’ refer to the notices received by PT MHI from one (1) party of the Seller of the nickel ore in October 2022 informing that, among others, the production quota for the nickel ore mining sites which are the subject of the Kolaka Nickel Project, known as the Rencana Kerja Anggaran Biaya (“RKAB”) for the year 2022, has been exhausted and restricted from any further inventory movement of nickel ore from the mining premises (the “Restriction”). Accordingly, the sale and purchase agreement with the Seller entered into on 14 June 2022 (SPA1) has expired on 31 December 2022. In this regard, the Company wishes to further clarify that the Company will still buy cargo from the Seller in SPA1 once they have cargo and the requisite permits for the new RKAB quotas are approved.

With the Restriction, as well as unfavourable weather patterns and interruptions by local authorities as previously mentioned, PT MHI was only able to complete four (4) shipments by the end of 2022 and is henceforth unable to complete any more shipments of nickel ore until such time that the requisite permits for the new RKAB quotas in respect of the Kolaka Nickel Project have been obtained. As of the date of this announcement, the Company has had communications with the relevant Seller and understands, based on verbal representations thus far, that the relevant party of the Seller expects approval for the new RKAB quota to be received by February or March 2023.

The Company would like to update that the first 70% payment for the fourth shipment with 7,500 MT of nickel ore has been received on 17 January 2023. The remaining 30% payment is expected to be received by early February 2023, barring any unforeseen circumstances.

The Company would also like to update that the sale and purchase agreement entered into with the Smelter Company (SPA2) stipulated the sale of nickel ore up till 15 January 2023 has expired as well. The parties are in the process of extending their agreement with each other.

The abovementioned situation is expected to have a material adverse impact on the Company’s present financial condition as the Company is unable to complete shipments to generate new revenues (excluding the Company’s existing revenue stream from its operations in the USA) until the requisite permits for the new RKAB quotas in respect of the Kolaka Nickel Project are approved. Nevertheless, the Company is currently in discussion with various parties in relation to new projects to diversify its revenue sources and is also in the midst of exploring alternative sources of funds from potential investors.

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The Company will make further announcements if there are any material developments with regard to the Kolaka Nickel Project as well as any new projects.

**BY ORDER OF THE BOARD**

Charles Madhavan

Executive Director and Chief Executive Officer

20 January 2023

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*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.*

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