

**QUARTERLY ACTIVITY REPORT  
FOR THE PERIOD TO 31<sup>ST</sup> DECEMBER 2012**31<sup>ST</sup> JANUARY 2013**HIGHLIGHTS**

- Entitlement Offer completed to raise approximately \$4 million
- 6 million acre Petroleum Exploration Licence awarded in Botswana
- Airborne Survey completed for Central Coal Bed Methane Project in Botswana
- Renewal of PEL 444 and PEL 442 in process with New South Wales government
- Apex Energy NL/Magnum Joint Venture Farmin Agreement extended

**Overview**

During the Quarter, Magnum Gas & Power Ltd (“Magnum”) completed the entitlement offer to raise approximately \$4 million. Magnum has re-commenced exploration activities in Botswana as a priority (drilling and initial results are planned for the first half of 2013), with the New South Wales projects to be progressed as appropriate.

We are working to integrate and grow the projects, teams and operations to expedite and optimise the potential value from the next phases of exploration. Magnum will also be reviewing additional project opportunities and strategic relationships for both the core business and to potentially enable opportunities for a more vertically integrated energy company.

**Corporate Activities**

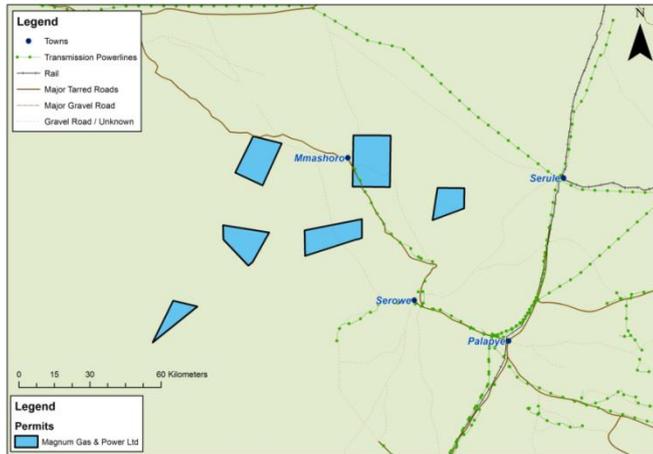
The fourth quarter of 2012 saw the completion of a number of corporate matters, primarily as a result of the takeover of Energy Botswana and the Entitlement Offer to Magnum shareholders.

The entitlement offer closed on the 31<sup>ST</sup> October 2012, raising approximately \$4 million, (\$3.5 million Net Cash after repayment of loans and underwriting fees, See previous ASX announcements).

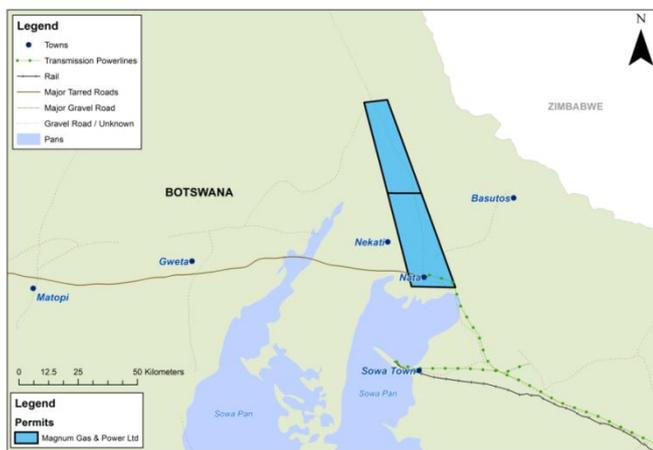
The Magnum AGM was held on 28<sup>th</sup> November 2012 (See previous ASX announcements).

The takeover and entitlement issue provides Magnum with a strong foundation to progress the portfolio of prospective projects.





The “Central CBM Project” consists of six blocks, totalling 1,205 km<sup>2</sup>, of prospecting licences over prospective CBM acreage across the “Mmashoro” Basin in the Mmashoro Region.



The “Northern CBM Project” consists of 1,132 km<sup>2</sup> of prospecting licences over prospective CBM acreage across the “Ngwasha” Basin in the Nata Region.

## Exploration

Nata Energy completed an airborne Electromagnetic survey over the Central Project acreage to assist the exploration drilling operations planned for the first half of 2013.

The airborne survey utilised Pinemont Technologies’ patented passive electromagnetic systems and is a first in Botswana. The survey results will provide another analysis toolset to complement the traditional Electromagnetic, Magnetics and Gravity survey data already gathered, to select optimum drilling targets. Analysis and interpretation of the data is expected to be completed during Q1 2013.

## Permits

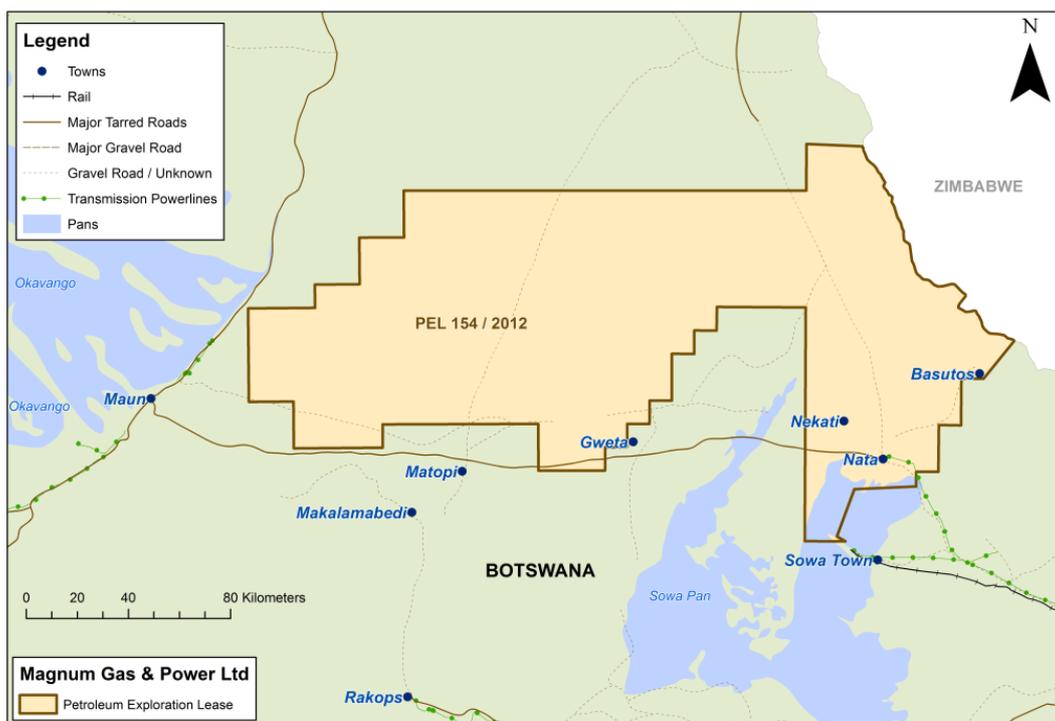
Prospecting Licence	Botswana Project Area	Size (km <sup>2</sup> )	Magnum Interest	Status
352/2008	Central CBM Project	694	100%	Current
353/2008	Central CBM Project	511	100%	Current
644/2009	Northern CBM Project	479	100%	Renewal Pending
645/2009	Northern CBM Project	653	100%	Renewal Pending

## Petroleum Projects

### Overview

In October 2012 Magnum’s wholly owned Botswana subsidiary Baobab Resources (Pty) Ltd was awarded Petroleum Exploration Licence (“PEL”) No. 154/2012 by the Department of Geological Surveys in the Republic of Botswana. The PEL 154/2012 covers approximately 23,700 km<sup>2</sup> and is located in the Ngamiland and Central districts of Botswana.

Baobab Resources (Pty) Ltd forms part of the recently acquired Energy Botswana Limited group and the PEL is an exploration licence granting the right to explore for Natural Gas/Petroleum under the Petroleum (Exploration and Production) Act of Botswana, Chapter 67:01.



### Exploration

The PEL was awarded in October 2012 and desktop studies are underway.

### Permits

Petroleum Exploration Licence	Botswana Project Area	Size (km <sup>2</sup> )	Magnum Interest	Status
154/2012	Northern PEL Project	23,700	100%	Current

## New South Wales

### Overview

In September, the NSW Government released the Strategic Land Use Policy which appears to provide a clear path forward for the Coal Bed Methane (“CBM”) industry after an 18 month stay on CBM licences and renewals. Soon after this policy was implemented, offers of renewal were made for 22 licences across the state, including Magnum’s PEL 444. During December the NSW government also made an offer of renewal of PEL 442. Magnum is confident that it will be able to recommence its CBM activities in NSW.



## Coal Bed Methane Projects

### Exploration

There was virtually no Coal Bed Methane activity in NSW during 2012 as the Government undertook an extensive public consultation process which has led to a series of regulations which were announced in September. The regulations include a Strategic Land Use Policy, an Aquifer Interference Policy, a Code of Practice and new well integrity standards. These new regulations give the industry a clear and positive way forward. Magnum believes these new regulations provide a framework for CBM exploration to recommence in a timely and sensible manner.

In the Illawarra, soon after the policies were announced, Apex/Magnum was provided with an offer for renewal for PEL 444. During December the NSW government made an offer of renewal of PEL 442. Apex/Magnum Joint Venture is now awaiting the renewals to be signed by the Minister and licences to be issued. The Joint Venture continues to work with various government departments to obtain the necessary approvals to drill.

### Permits

Petroleum Exploration Licence	NSW Project Area	Size (km <sup>2</sup> )	Apex Interest	Magnum Interest	Status
442	Illawarra	32	80%	20%	Renewal Offered
444	Illawarra	511	80%	20%	Renewal Offered
454	Burraborang	168	80%	20%	Current

### Apex Energy NL Farmin and Purchase Agreement

In light of the various matters encountered during 2011 and 2012 hindering the ability of the Joint venture to progress the Farmin and Purchase Agreement as planned, the parties agreed to vary the agreement, namely to extend the Phase 2 Farmin Date to 31 December 2013 or within six months from the date upon which all approvals to gain access and drill have been obtained, whichever is earlier.

### About Magnum Gas & Power Ltd

Magnum Gas & Power Ltd (ASX:MPE – as of 9 November 2012) is an ASX listed energy exploration and development company with an exploration portfolio including Coal Bed Methane and Petroleum exploration in Botswana, Africa and Coal Bed Methane exploration in New South Wales, Australia. The Company's Board of Directors and management team has extensive experience in the exploration, development and capital markets for energy and resources projects.

For more information please visit our website [www.magnumgp.com](http://www.magnumgp.com) or contact:  
 The Company Secretary, Mark Pitts on +61 (0)8 9316 9100

### Forward Looking statements

This document may contain forward looking statements. Forward looking statements include, but are not limited to, statements concerning Magnum Gas & Power Ltd's planned programmes. Although the Company believes that such statements are reasonable, the Company's exploration activities inherently include a degree of risk and as such there is a risk that actual results achieved may be different from the forward looking statements made.