

**QUARTERLY ACTIVITY REPORT  
FOR THE PERIOD TO 31<sup>st</sup> MARCH 2013**30<sup>th</sup> April 2013**HIGHLIGHTS**

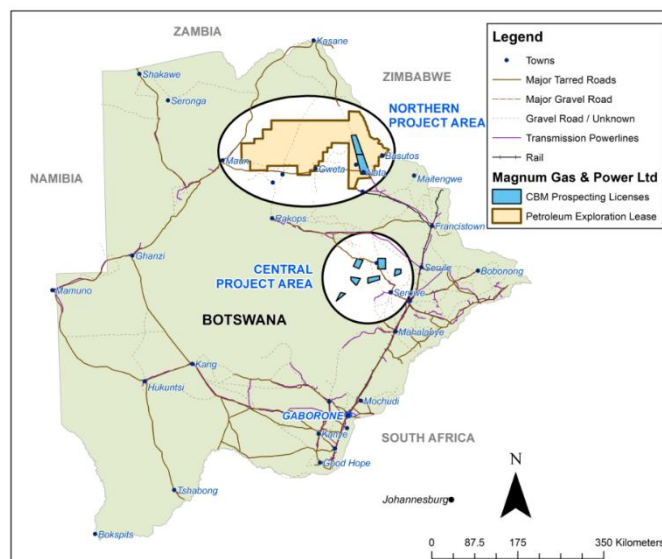
- Preparations for exploration drilling in Central CBM project area, Botswana
- The exploration activities will include an extensive independent testing and analysis programme, including gas desorption and down hole testing
- Renewals of NSW and Botswana acreage in progress with governments
- Reviewing ability/mechanism to standstill NSW projects

**Overview**

Exploration of the Botswana CBM projects is the priority for Magnum Gas & Power Ltd. During the quarter Magnum has prepared for exploration activities to recommence in Botswana, with CBM drilling and testing to commence during Q2 and progress through Q3 2013.

Magnum's New South Wales projects are essentially at a standstill due to the current State and Federal Government and regulatory environment, enabling the team to focus on adding value through the Botswana CBM operations.

Magnum is also reviewing additional project opportunities and strategic relationships to develop a pipeline of projects and to assist commercialisation of exploration projects underway.



## **Botswana**

### **Coal Bed Methane Projects**

The Magnum CBM exploration portfolio consists of multiple Coal Bed Methane Prospecting Licences focused on two separate project areas, within the overall central Kalahari Karoo basin of Botswana, Africa.

During the quarter Magnum has been progressing planning, approvals and contracting for a two well exploration programme on the Central CBM project area. 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 immediate exploration programme shall drill on two of the six blocks.

The drilling shall commence with pre-collaring operations in Q2, subsequently followed by coring of the carbonaceous shales and coal measures. The cored wells shall undergo down-hole testing over intervals of interest, while the cores themselves will undergo an extensive independent testing and analysis programme, including gas desorption.

The intention of the exploration wells are to confirm and access the depth and thickness of the coal and shale measures, while performing thorough testing and analysis to gain a better understanding of characteristics and assist planning further exploration and appraisal activities.

If desired, the exploration wells may be cased and suspended, to provide the ability to re-enter and complete off as an appraisal well. This would enable particular zones of interest to be tested further (longer term testing), enabling a better understanding of recoverability and working towards booking a contingent resource.

### **Petroleum Projects**

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. Magnum is currently progressing desktop studies on the acreage.

## New South Wales

In September 2012, the NSW Government released the Strategic Land Use Policy which appeared to provide a clear path forward for the Coal Seam Gas (“CSG”) industry after an 18 month stay on CSG 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.

Unfortunately, after having gone through the process of a moratorium and subsequent release of resulting policies and regulations, in February 2013 the NSW Government announced new rules for Coal Seam Gas activities. Such instability, at both State and Federal Government levels, causes various immediate and longer term ramifications. Immediate impacts include an effective standstill, as apparent by announcements made by NSW peers including AGL, Metgasco and Dart Energy. Longer term impacts are likely to be felt by both the industry and public as NSW energy issues unfold.

While there have been previous variations to the Farmin and Purchase Agreement, the recent and ongoing changes and uncertainty in the NSW government regulations and environment has effected an essential standstill, and so Magnum is working to finalise appropriate agreements reflecting such with stakeholders, including Apex Energy NL and Government parties.

### **About Magnum Gas & Power Ltd**

Magnum Gas & Power Ltd (ASX:MPE) 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 Seam Gas 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.magnumgpl.com](http://www.magnumgpl.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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

**MAGNUM GAS & POWER LIMITED (FORMERLY ORMIL ENERGY LIMITED)**

ABN

**96 107 708 305**

Quarter ended ("current quarter")

**31 MARCH 2013**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(164)	(485)
(b) development	-	-
(c) production	-	-
(d) administration	(263)	(764)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	41
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(406)</b>	<b>(1,208)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(16)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(58)
1.11 Loans repaid by other entities	-	-
1.12 Other (Cash acquired in purchase of subsidiary)	-	153
<b>Net investing cash flows</b>	<b>(4)</b>	<b>79</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(410)</b>	<b>(1,129)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(410)	(1,129)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	3,591
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	-	(156)
	<b>Net financing cash flows</b>	-	3,435
	<b>Net increase (decrease) in cash held</b>	(410)	2,306
1.20	Cash at beginning of quarter/year to date	3,338	622
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,928	2,928

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	81
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and their related parties.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

**Financing facilities available**

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

		<b>\$A'000</b>
4.1	Exploration and evaluation	250
4.2	Development	-
4.3	Production	-
4.4	Administration	200
<b>Total</b>		<b>450</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Cash on hand and at bank	2,802	3,199
5.2	Deposits at call	44	57
5.3	Bank overdraft		-
5.4	Other (provide details) (Security Deposit)	82	82
<b>Total: cash at end of quarter</b> (item 1.22)		2,928	3,338

**Changes in interests in mining tenements**

		<b>Tenement reference</b>	<b>Nature of interest (note (2))</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	<b>Total number</b>	<b>Number quoted</b>	<b>Issue price per security (see note 3) (cents)</b>	<b>Amount paid up per security (see note 3) (cents)</b>
7.1 <b>Preference +securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	778,575,378	778,575,378	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<i>Unlisted options</i> 44,733,400 14,000,000 8,500,000		<i>Exercise Price</i> \$0.06 \$0.06 \$0.06	<i>Expiry Date</i> 30/6/13 30/6/15 30/6/15
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Cancelled during quarter	-	-	-	-
7.12 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.13 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: .....  
(Director/Company secretary)

Date: 30 April 2013

Print name: Mark Pitts

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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