

MAGNUM COMMENCES BOTSWANA CBM EXPLORATION DRILLING

22 APRIL 2013

- **Magnum has commenced drilling and testing two vertical exploration wells in the Company's Central project area in Botswana over the next 2 months, to further assess the gas in the coal and carbonaceous shale measures.**
- **Magnum has signed a contract with Dewet Drilling to drill two CBM exploration wells.**
- **Drill rig, support equipment and personnel have been mobilised to site. The pre-collar well phase has been spudded over the weekend.**
- **The exploration wells will be cored, with down hole testing of the intervals, along with gas desorption and analysis of the core samples.**
- **Magnum has contracted Weatherford as part of the testing and analysis programme, while contracts for additional services and equipment are currently being finalised.**
- **The exploration wells will be cased for possible re-entry and completion later to further test/appraise zones of interest, ideally to assist with defining a contingent resource.**

Magnum Gas & Power Limited ("Magnum" or the "Company", ASX: MPE) is pleased to announce the commencement of drilling for our current two exploration well programme on Magnum's Central Coal Bed Methane ("CBM") Project Area in Botswana, Africa.

Magnum has contracted Dewet Drilling, a Botswana based drilling company to undertake the drilling and coring of two vertical CBM exploration wells. Dewet Drilling has been operating in Botswana since 1948 and has drilled a number of CBM exploration and appraisal wells over recent years as part of the emerging Botswana CBM basin exploration programmes underway.

Magnum has contracted Weatherford for a CBM testing (including gas desorption) and analysis programme, but is also finalising additional contracts for the down hole testing and logging of the exploration wells. Weatherford is an international company having significant experience with CBM exploration.

Magnum has an experienced Botswana team, supported by an experienced and successful team (along with contractors, services providers and equipment as required) from Australia, thereby utilising and developing local Botswana resources with the knowledge and experience from Australian and international CBM.

The two exploration wells will be vertical core holes, with a target depth of approximately 500m, expecting to penetrate three coal seams amongst carbonaceous shale intervals. Testing will be performed over the various zones of interest, along with testing and analysis of the core samples over the coming months. The exploration wells are expected to be cased and suspended for possible re-entry and completion later in order to further test and appraise zones of interest, and potentially assist with defining a Contingent Resource.

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About Magnum Gas & Power

Magnum Gas & Power is an ASX listed energy exploration and development company with a portfolio of projects including Coal Bed Methane (CBM) and Petroleum exploration in Botswana and Coal Seam Gas (CSG) exploration in New South Wales, Australia.

Magnum's priority is the recommencement of drilling in the Central Project Area of its highly prospective CBM projects in Botswana. A combination of exploration wells and desktop studies will seek to add value by defining and converting resources to reserves.

Magnum's prospecting licences are strategically placed in the Kalahari Karoo basin which is in the early stages of field development with significant exploration programmes being conducted by neighbouring global energy majors.

Existing power generation facilities in Botswana's critical power market are currently awaiting CBM gas supply. Magnum will look to vertical integration by developing partnering opportunities to provide incremental phases of gas off takes to downstream projects as Reserves are booked.

