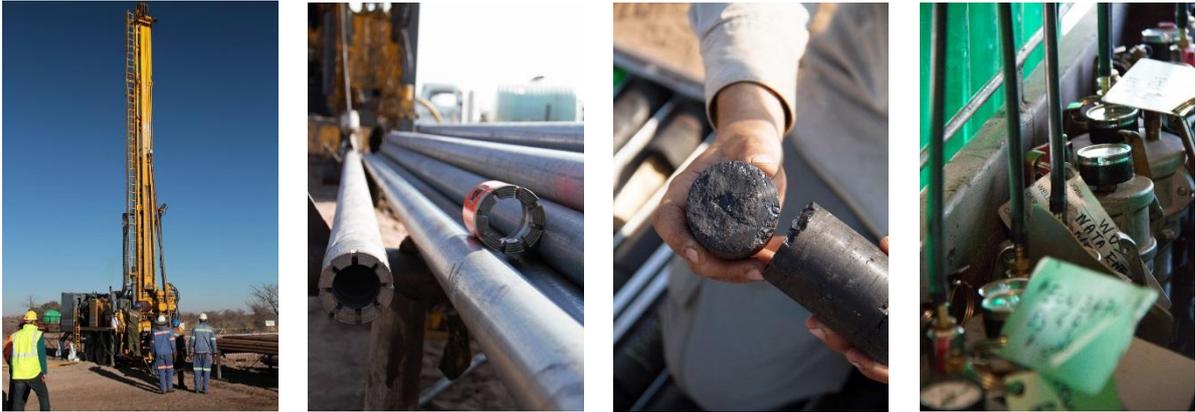


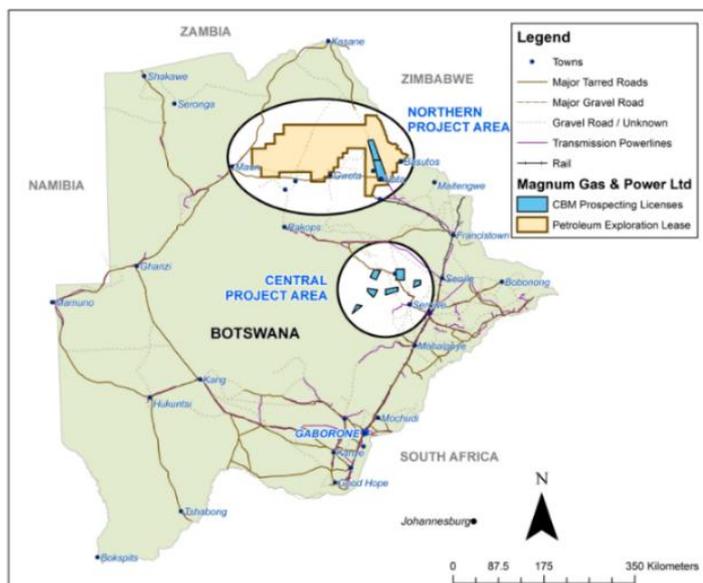
**QUARTERLY ACTIVITY REPORT
FOR THE PERIOD TO 31 MARCH 2014**30th April 2014**HIGHLIGHTS**

- Magnum made application for a secondary listing on the Botswana Stock Exchange
- Magnum is working to secure a significant funding mechanism for its Botswana projects, while progressing various funding mechanisms for Magnum as a whole
- Magnum appointed Mr Duncan Thomson as Exploration Manager
- Magnums' next planned exploration activities are drilling on the two southern blocks of the Central CBM Project area in Botswana.
- Magnum is seeking out new business opportunities, in order to diversify the portfolio of projects and possibly bring a producing asset into the mix.
- Magnum presented at the Excellence in Oil and Gas conference in Sydney.
- The political dynamics in New South Wales are changing, especially since the resignation of the Premier, Barry O'Farrell. It seems the government is finally starting to address issues relevant to progressing CBM in NSW, highlighted by the recently signed Memorandum of Understanding with Santos.

Overview

During the quarter Magnum has continued to consolidate data from the recent successful drilling on the Botswana CBM exploration programme. The results provide Magnum with significant data to support prospectivity and basin models, with results to date being very positive. The next phase of exploration drilling for 2014 has now been planned.

Magnum is progressing various potential funding arrangements, particularly for the Botswana CBM Projects. Magnum has made application to the Botswana Stock Exchange (“BSE”) to complete a secondary listing on the exchange. Magnum believes the benefits of a secondary listing on the BSE include; enabling Botswana investors to participate in what may become significant projects for the country, enables Magnum to broaden its shareholder base to include Botswana investors that understand the current energy shortage in Botswana, while also providing a more convenient portal for African and European investors to participate.



Magnum is progressing discussions with a number of parties to obtain specific funding for the Botswana CBM Projects. In addition the Company is working with advisors to initiate a small capital raising to help fund the next round of exploration and provide working capital, this raising will be independent to the secondary listing on the BSE.

The Australian CBM projects in New South Wales remain at standstill, however recent government activities give the Company positive indications that progress may be made this year. The government has signed a Memorandum of Understanding with Santos on their Narrabri CBM project to ensure a timely assessment of the project. The government has promised a ‘certainty of process’ that Magnum hopes will also be applied to its projects. Magnum has commenced preliminary discussions with the NSW government.

Magnum continues to evaluate other opportunities and strategic relationships to further enhance its portfolio of projects.

Botswana

Coal Bed Methane Projects

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

During the quarter Magnum continued the review and integration of data from its exploration programme on the Central CBM project area. Magnum strengthened its technical team with the appointment of Mr Duncan Thomson, of Coalbed Energy Consultants, as Exploration Manager of both Botswana and New South Wales projects.

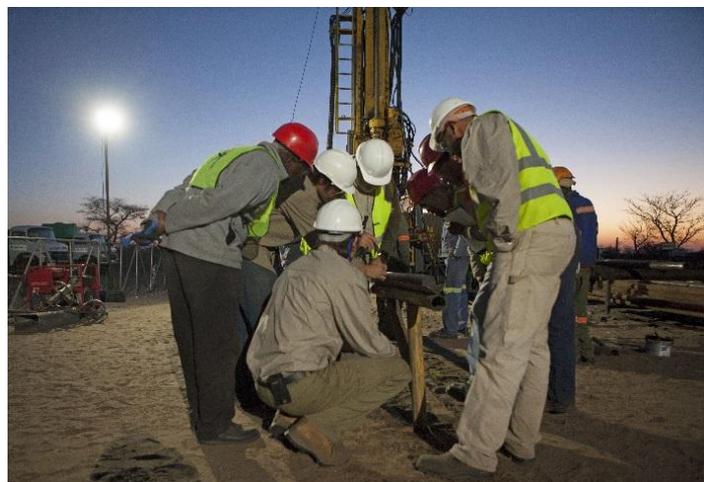


Major CBM exploration programmes are underway in the basin by significant peers, including Kubu Energy (Sasol and Origin Energy), Exxaro and Tlou Energy. Existing power generation facilities in Botswana's critical power market are currently awaiting CBM gas supply.

Magnum's CBM acreage is located in the Central region of Botswana and is held 100% by Magnum's wholly owned Botswana subsidiary, Nata Energy (Pty) Ltd. The Central CBM project consists of six blocks totalling 1,205 km² of prospecting licences (PL352/2008 and PL353/2008) over prospective CBM acreage across the "Mmashoro" basin in the Mmashoro Region. Magnum has submitted renewals on its prospecting licences in accordance with the requirements of the Botswana Ministry of Minerals, Energy and Water Affairs.

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 km² and is located in the Ngamiland and Central districts of Botswana.



New South Wales

There have been recent and significant changes to the New South Wales government. The most important change is the sudden resignation of the Premier Barry O'Farrell to be replaced by Mike Baird. Two other ministers important for Magnum's business have also recently moved. The Planning and Infrastructure Minister, Brad Hazzard, was moved to be Attorney General and Minister for Justice, and in December 2013 the Minister for Resources and Energy, Chris Hartcher resigned and Anthony Roberts was appointed.

Magnum is hopeful that the new Premier and Ministers will actively address the looming gas supply shortage that was confirmed and announced by the NSW government in November 2013. The announcement stated that findings released by the Australian Energy Market Operator (AEMO)



supported the NSW Government's view that future gas availability was inadequate without new local supply, with AEMO suggesting restrictions on usage may have to be imposed.

The 21 February announcement by the Government that they have signed a Memorandum of Understanding with Santos on their Narrabri CBM project indicates that the Government is taking positive action. Magnum's NSW CBM projects are on hold pending a final report by the NSW Chief Scientist and Engineer. Magnum is in discussions with the Government and looking to establish a clear way forward for its projects.

Magnum continues to support a scientific approach to decision making regarding coal seam gas development, and is hopeful that the NSW Chief Scientist process will enable the framework and regulations to stabilise, enabling the Company to re-commence exploration activities.

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 or contact: The Managing Director, Trent Wheeler on +61 (0)8 9380 6755

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

ABN

96 107 708 305

Quarter ended ("current quarter")

31 MARCH 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(190)	(1,276)
(b) development	-	-
(c) production	-	-
(d) administration	(202)	(792)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	17
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(389)	(2,051)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	(4)
1.13 Total operating and investing cash flows (carried forward)	(389)	(2,055)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(389)	(2,055)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	316
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)	-	(22)
	Net financing cash flows	-	294
	Net increase (decrease) in cash held	(389)	(1,761)
1.20	Cash at beginning of quarter/year to date	855	2,227
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	466	466

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	95
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

NIL

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

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
4.3	Production	-
4.4	Administration	200
Total		350

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.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	466	801
5.2	Deposits at call	-	54
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		466	855

Changes in interests in mining tenements

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

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.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>	-	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary securities	806,413,694	806,413,694	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	27,838,316	27,838,316	-	-
7.5	+Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	<i>Unlisted options</i> 10,000,000 8,500,000		<i>Exercise Price</i> \$0.06 \$0.06	<i>Expiry Date</i> 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	Debentures <i>(totals only)</i>	-	-		
7.13	Unsecured notes <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 2014

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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Appendix 5B
Mining exploration entity quarterly report

LICENCE SCHEDULE (Disclosures per ASX Listing Rule 5.4.3)

Project	Licences	Interest Held By²	Interest at start of Quarter	Interest at end of Quarter	Status	Location
<i>Central Project Area</i>	PL 352/2008 PL 353/2008	Nata Energy P/L	100%	100%	Current Current	Botswana
<i>Northern Project Area</i>	PL 644/2009 PL 645/2009	Nata Energy P/L	100%	100%	Renewal Pending (Both)	Botswana
<i>Illawarra¹</i>	PEL 442 PEL 444	Sydney Basin CBM P/L	20%	20%	Renewal pending Current	NSW
<i>Burraborang¹</i>	PEL 454	Sydney Basin CBM P/L	20%	20%	Current	NSW
<i>Northern PEL Project</i>	PEL 1154/2012	Baobab Resources P/L	100%	100%	Current	Botswana

¹ The NSW licences are owned 20% through a wholly owned subsidiary, in addition the Company has a Farmin agreement which provides Magnum with the mechanism to earn another 30% interest in the licences. At the date of this release variations and standstill agreements to cater for the current lack of clarity in NSW have meant that there has been no change to the interest held. (This remains the only farmin arrangement the Company has entered into)

² All interests are held by entities that are wholly owned subsidiaries of Magnum Gas & Power Limited.