

1 FOR 6 NON RENOUNCEABLE ENTITLEMENT ISSUE

12 May 2014

Magnum Gas & Power Limited) (ASX: MPE) (**Magnum** or the **Company**) is pleased to announce a 1:6 non-renounceable entitlement issue (the Issue) at 1.0 cents per share to raise up to \$1.34 million.

The proceeds of the Issue will be used primarily to advance the Company's projects in Botswana.

Key terms of the offer are set out below:

Key Terms

Nature of offer	Non-renounceable Entitlement Issue of new shares
New share issue price	A\$0.01 per new share
Offer ratio	1 new share for every 6 existing shares held on record date
Number of new shares to be issued	Up to 134,402,282 new shares
Amount to be raised under the Entitlement Issue	Up to approximately A\$1.34 million before costs of the offer

Eligible Shareholders

Shareholders with registered addresses inside Australia, New Zealand, Botswana and Mauritius, who hold ordinary shares in the Company (Existing Shares) as at 5.00pm AWDT on the Record Date will be entitled to participate in the Offer.

The Company is concerned to ensure that its Shareholders resident in other overseas countries have the opportunity to accept their entitlements under the Offer. Whilst the securities laws of most foreign jurisdictions impose restrictions on foreign entities making offers in their jurisdiction, those securities laws often provide exceptions which enable wholesale-type investors to participate in foreign issues.

All overseas Shareholders should review the country-specific exceptions described in the Offer Document, to be sent, to determine whether they can accept their entitlements.

Key dates

Key dates for the Issue are set out in the following table. The dates are indicative only and the Company reserves the right to vary them, subject to the Corporations Act 2001 (Act) and the ASX Listing Rules.

Announcement of Entitlement Issue and Cleansing Statement given to ASX	12 May 2014
Record date for determining entitlements to New Shares	19 May 2014
Invitation to participate in Entitlement Issue and Entitlement Acceptance Forms dispatched to Eligible Shareholders	21 May 2014
Closing Date and final time for receipt of Entitlement and Acceptance Forms and payment in full for New Shares	13 June 2014
Issue of New Shares and Holding Statements dispatched to Shareholders	20 June 2014

Information provided in relation to the Entitlement Issue

The Issue is being made without disclosure to investors under Part6D.2 of the Act, in accordance with section 708AA of the Act.

Eligible Shareholders will not receive a prospectus in relation to the Issue but will receive a written invitation providing details on how to take up their entitlement under the offer. Any decision to acquire New Shares should only be made after making independent enquiries and consulting relevant professional advisers, such as stockbrokers, financial advisers, accountants or solicitors. Eligible Shareholders should have regard to publicly available information about Magnum before deciding whether or not to acquire New Shares.

Copies of the Company's announcements to ASX can be obtained from its website www.magnumqpl.com or from the ASX website www.asx.com.au. The Company's ASX code is MPE.

Information about the use of proceeds from the Offer

The Company will use the funds to continue the development of its projects in Botswana, maintain New South Wales projects and for general working capital purposes.

Capital structure on completion of the Offer

The following table shows the proposed capital structure of the Company on completion of the Entitlement Issue. The exact number of New Shares to be issued may vary and will be dependent on the number of Eligible Shareholders and their entitlements, and the level of acceptances under the Entitlement Issue.

Shares	Number
Existing Shares on issue at the date of this announcement	806,413,694
Maximum number of New Shares to be issued under the Offer	134,402,282
Maximum total shares on issue after the Offer¹	940,815,976
1. Assumes full acceptance of the offer	

Additional information

New Shares, once issued, will rank equally with the Company's Existing Shares on issue.

The rights and obligations attached to shares in the Company are set out in Magnum's Constitution which may be examined free of charge by appointment between 9.00am and 5.00pm on normal business days at the registered office of the Company at 78 Churchill Avenue, Subiaco WA; and in certain circumstances, regulated by the Act, the ASX Listing Rules and the general law.

Enclosure

The attached Appendix 3B and a Notice pursuant to s708AA(2)(f) of the Corporations Act (Cth) provide a summary of the proposed Entitlements Issue.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Mark Pitts', written in a cursive style.

Mark Pitts
Company Secretary