

**NON RENOUNCEABLE ENTITLEMENT ISSUE
OFFER DOCUMENT DISPATCHED**

22 May 2014

Magnum Gas & Power Limited) (ASX: MPE) (**Magnum** or the **Company**) is pleased to advise that in accordance with the timetable for the recently announced non renounceable entitlement issue, the Company has yesterday dispatched an Offer Document together with an Entitlement Application Form to Eligible Shareholders.

As a reminder the timetable for the offer is set out below. The dates are indicative only and the Company reserves the right to vary the dates subject to the Corporations Act 2001, the ASX Listing Rules and other applicable law.

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

Yours faithfully,



Mark Pitts
Company Secretary

MAGNUM GAS & POWER LIMITED

ABN 96 107 708 305

NON RENOUNCEABLE ENTITLEMENT ISSUE OFFER BOOKLET

A Non Renounceable Pro Rata Offer of up to
134,402,282 shares at 1.0 cents each
to Eligible Shareholders, on the basis of
1 share for every 6 shares
held at the Record Date, to raise up to \$1,344,023

THIS OFFER CLOSSES AT 5.00PM WST ON 13 JUNE 2014.
VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Offer and on the accompanying
Entitlement and Acceptance Form regarding the acceptance of your entitlement.

This is an important document and requires your immediate attention. It should be read in its entirety.
If you are in doubt about what to do, you should consult your professional adviser without delay.
The securities offered by this Offer are of a speculative nature.

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LETTER FROM THE CHAIRMAN

16 May 2014

Dear Shareholder,

On behalf of the Directors of Magnum Gas & Power Limited, I invite you to make a further investment in your Company.

The Company is pleased to offer all its shareholders a 1:6 non renounceable Entitlement Issue of 134,402,282 new Shares at an issue price of 1.0 cents per share to raise up to \$1,344,023.

The Company intends to raise funds to support the advancement of its coal bed methane assets in Botswana and Australia.

The Company will use the funds to:

- (a) fund further exploration activities and drilling on the Company's coal bed methane projects in Botswana;
- (b) progress the secondary listing on the Botswana Stock Exchange ("BSE"), enabling participation and support from Botswana, Africa and Internationally in addition to the existing ASX listing;
- (c) fund the Company's minimum expenditure commitments for its exploration licences and permits;
- (d) fund maintenance of the Company's Australian coal bed methane projects; and
- (e) meet the Company's general working capital requirements.

Notwithstanding the current challenging environment in capital markets, the Company has chosen to undertake this fundraising to progress its projects, particularly the projects in Botswana. The Offer is aimed to provide an opportunity to the existing shareholders to invest on attractive terms.

The Entitlement Issue is not underwritten, the Directors have however reserved the right to place the shortfall.

I encourage Eligible Shareholders to consider taking up their full Entitlement. Should you wish to discuss any aspect of this capital raising please do not hesitate to contact myself, my fellow Directors or the Company Secretary, Mark Pitts on (08) 9316 9100.

Yours faithfully



Mr Tom Fontaine
Chairman

Entitlement Issue Offer Document

1. Introduction

Magnum Gas & Power Limited (Magnum Gas & Power or the Company) is making a non renounceable pro-rata offer of shares to Eligible Shareholders at an issue price of \$0.01 raise up to \$1,344,023.

This is an important document and requires your immediate attention. It should be read in its entirety.

The Offer is being made under section 708AA of the Corporations Act. This document is not a prospectus and does not contain all of the information that would ordinarily be contained in a prospectus.

The distribution of this Offer Document and the placement of the New Shares in certain jurisdictions may be prohibited or restricted by law. Persons who come into possession of this Offer Document and/or its accompanying documents are required by the Company to inform themselves of, and observe, any such prohibitions and restrictions.

Shareholders should be aware that investment in Magnum Gas & Power involves many risks which may be higher than risks associated with investments in other companies. Investors should consider the investment in Magnum Gas & Power speculative. If you are in doubt what to do or whether to accept the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser without delay.

Overseas Shareholders

No offer is being made to Shareholders with a registered address outside Australia, New Zealand, Botswana or Mauritius. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand, Botswana or Mauritius may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to the Company to have been submitted in violation of any applicable securities laws. Please refer to Section 2.8. Eligible Shareholders holding Shares on behalf of persons resident outside Australia, New Zealand, Botswana or Mauritius are responsible for ensuring that any dealing with New Shares issued does not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form. The making of an Application will constitute a representation that there has been no breach of such laws and regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed. The New Shares being offered pursuant to this Offer Document may only be offered outside the United States. In the case of persons whose address is in Botswana, on the basis that their Entitlement under the Offer has a value as at the date of the Offer of not less than 100,000 BWP.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States

The New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (Securities Act) or under any securities laws of any state or other jurisdiction of the United States of America (U.S.) and may not be sold, resold, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The New Shares may only be sold, resold, transferred or delivered, directly or indirectly, in transactions exempt from or not subject to the registration requirements of the Securities Act. The New Shares are being offered and sold within the U.S. to beneficial holders of Shares that are qualified institutional buyers (as defined in Rule 144A under the Securities Act) (QIBs) or accredited investors (as defined in Regulation D under the Securities Act) (Accredited Investor) that the Company believes are QIBs or Accredited Investors and who provide to the Company a signed investor representation letter in the form set out in Appendix A of this Offer Document (Entitled U.S. Holders). The New Shares are being offered and sold in offshore transactions (as defined under Regulation S) in reliance on Regulation S and within the U.S. to a limited number of Entitled U.S. Holders in reliance on the exemption from the registration requirements of the Securities Act under Section 4(2) thereof.

Other jurisdictions

Shareholders resident in other jurisdictions should refer to Section 2.8 to determine whether they are eligible to accept their entitlement under the Offer.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by Magnum Gas & Power in connection with the Offer.

2. Details of Offer

2.1 Offer

Magnum Gas & Power is making a non renounceable pro-rata offer of shares each at an issue price of \$0.01 to Eligible Shareholders on the Record Date on the basis of one share for every six shares held at the Record Date (Offer). Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a share, such fraction will be rounded down to the nearest whole share. The Offer is not underwritten.

Magnum Gas & Power will accept Entitlement and Acceptance Forms until 5.00pm WST on the Closing Date in the timetable below or such other date as the directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Your entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer. You may accept the Offer only by applying for shares on a personalised Entitlement and Acceptance Form sent with this Offer Document.

You may accept all or only part of your entitlement.

Acceptance of a completed Entitlement and Acceptance Form by Magnum Gas & Power creates a legally binding contract between the applicant and Magnum Gas & Power for the number of shares accepted or deemed to be accepted by the applicant. The Entitlement and Acceptance Form does not need to be signed by the applicant to be legally binding. The Offer and contract formed on acceptance are governed by the applicable law of Western Australia.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shares offered by this Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the Timetable.

It is the responsibility of applicants to determine their allocation prior to trading in the shares. Applicants who sell shares before they receive their holding statements will do so at their own risk.

2.2 Timetable

Announcement of Offer and lodgement of Appendix 3B and Section 708AA Notice	12 May 2014
Notice to shareholders	13 May 2014
Record Date	19 May 2014
Offer Opens; Offer Document and Entitlement and Acceptance Form despatched to Eligible Shareholders	21 May 2014
Closing Date	13 June 2014
Notify ASX of shortfall	18 June 2014
Anticipated date for the issue of the shares and dispatch of holding statements	20 June 2014
Commencement of trading of the shares	23 June 2014

Subject to the ASX Listing Rules, the directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the shares.

2.3 Excluded Shareholders

The Company will not make an Offer to retail Shareholders as at the Record Date with a registered address outside Australia or New Zealand (**Excluded Shareholders**), subject to clause 2.8 of this offer document. The Company has decided that it is unreasonable to extend the Offer to Excluded Shareholders having regard to:

- (a) the number of retail Shareholders outside Australia New Zealand;
- (b) the number and value of New Shares that would be offered to retail Shareholders outside Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in overseas jurisdictions.

The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia and New Zealand (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia and New Zealand are responsible for ensuring that any dealing with New Shares issued under the Offer do not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of Entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form.

The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

2.4 Entitlement trading

The pro-rata offer of shares is non renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their entitlement to subscribe for shares.

2.5 Shortfall shares

The Entitlement Issue is not underwritten, if the Offer is not fully subscribed the directors reserve the right to issue the shortfall shares at their absolute discretion. The issue price for each shortfall share will be \$0.01.

2.6 ASX quotation and Deferred Settlement Trading

Application will be made to ASX for the official quotation of the shares to be issued under the Offer. If permission is not granted by ASX for the official quotation of the shares to be issued under the Offer, Magnum Gas & Power will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer. Securities will be quoted on a deferred settlement basis from 16 June 2104. Trading of the shares will, subject to ASX approval, occur on or about the date specified in the Timetable.

2.7 Taxation implications

The directors do not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for shares under this Offer Document. Magnum Gas & Power, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to shareholders. As a result, shareholders should consult their professional tax adviser in connection with subscribing for shares under this Offer Document.

2.8 Overseas shareholders

Shareholders resident overseas should review the information below to determine whether they are eligible to accept their entitlement.

The New Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any State or other jurisdiction in the U.S.

Important information for overseas shareholders

The Company is concerned to ensure that its Shareholders resident overseas 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.

Overseas Shareholders should review the country-specific exceptions described below to determine whether they can accept their entitlements. If you are in any doubt as to whether you are permitted to accept your Entitlement, you should consult your professional adviser as soon as possible.

Hong Kong

This Offer Document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (**Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or to professional investors (as defined in the SFO and any rules made under that ordinance).

No person allotted New Shares may sell, or offer to sell, New Shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such New Shares.

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. Hong Kong residents are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

France

This Offer Document is not being distributed in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French Monetary and Financial Code and Articles 211-1 et seq of the General Regulation of the French Autorité des Marchés Financiers (**AMF**). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This Offer Document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Offers of New Shares will only be made in France to qualified investors acting for their own account, as defined in and in accordance with Articles L.411-2-II-2 and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Mauritius

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in Mauritius.

Botswana

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in Botswana, on the basis that the Offer is a non renounceable entitlement issue and the respective Entitlement under the Offer has a value as at the date of the Offer of not less than 100,000 BWP

New Zealand

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Singapore

This Offer Document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in the Republic of Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

If you are a person in Singapore, this Offer Document has been given to you on the basis that you are:

- (a) an existing holder of the Company's shares; and
- (b) an "institutional investor" (as defined in the section 274 of the SFA); or
- (c) a "relevant person" (as defined under section 275(2) of the SFA).

In the event that you are not an investor falling within any of the categories set out above, please return this Offer Document immediately. You may not forward or circulate this Offer Document to any other person in Singapore.

No offer is made to any person with a view to the New Shares being subsequently offered for sale to any other party in Singapore. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither the information in this Offer Document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This Offer Document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this Offer Document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA. This Offer Document may not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this Offer Document is being distributed only to, and is directed at, persons:

- (a) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO);
- (b) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO; or
- (c) to whom it may otherwise be lawfully communicated,

(together "relevant persons").

The investments to which this Offer Document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offer Document or any of its contents.

United States

For this Offer the Company is relying upon exemptions from registration with the U.S. Securities and Exchange Commission for an offer and sale that does not involve a public offering in the U.S. The New Shares have not been recommended by any U.S. federal or state authorities or by any foreign authorities and they have not determined that this Offer Document is accurate or complete. Any representation to the contrary is a criminal offence.

The New Shares have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the U.S. and may not be sold, resold, transferred or delivered, directly

or indirectly, within the U.S. except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The New Shares may only be sold, resold, transferred or delivered, directly or indirectly outside the U.S. in transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act, or in the U.S. to Entitled U.S. Holders. Any person in the United States who obtains a copy of this Offer Document and who is not a QIB or Accredited Investor is requested to disregard the contents of this Offer Document.

In addition, an offer or sale of the New Shares within the U.S. by any dealer (whether or not participating in the Offer) may violate the registration requirements of the Securities Act. Each Entitled U.S. Holder by accepting the delivery of this Offer Document or the New Shares will be deemed to have represented, warranted and agreed as follows:

- (a) It is the beneficial holder of Shares (or acting on account of Shareholders) as at the date of the investor representation letter provided to the Company.
- (b) It is a QIB or an Accredited Investor.
- (c) It is either
 - (i) acquiring the New Shares for its own account, or
 - (ii) if it is acquiring the New Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB or an Accredited Investor, it has investment discretion with respect to each such account, and it has the full power and authority to make the acknowledgements, representations and agreements contained herein on behalf of each owner of such account, in each case for investment purposes, and not with a view to any distribution (within the meaning of the U.S. securities laws) of the New Shares.
- (d) It understands, and each beneficial owner has been advised, that the New Shares have not been and will not be registered under the Securities Act, and are being offered and sold to it (or such beneficial owner) in a transaction not involving a public offering, or in reliance on an exemption from the registration requirements of the Securities Act.
- (e) It understands that the New Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and may not be deposited into any unrestricted depository receipt facility, unless at the time of deposit such New Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act.
- (f) It acknowledges that the Shares are listed on ASX and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of ASX (**Exchange Information**) and that it is able to obtain or access such information without undue difficulty. It understands that the Exchange Information has been prepared in accordance with ASX format, style and content, which differs from US format, style and content. It understands that any financial statements included in the Offer Document (as defined below) were not prepared in connection with an offering registered with the U.S. Securities and Exchange Commission (**SEC**) under the Securities Act. Furthermore, it understands that the work has not been carried out in accordance with auditing standards generally accepted in the United States and accordingly should not be relied upon as if it has been carried out in accordance with those standards.
- (g) It is not acquiring or subscribing for the New Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
- (h) Provided that it has returned and duly signed the investor representation letter in a timely manner, it understands that it will receive a copy of the Offer Document which the Company is issuing in connection with the Entitlement Offer, and its receipt of the New Shares and any subscription it makes for the New Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgments, agreements and undertakings and other information contained in the Offer Document, its accompanying documents and the investor representation letter. It agrees that it will hold the Offer Document in confidence, it being understood that the Offer Document will be received by it solely for its use and that it will not duplicate, distribute, forward, transfer or otherwise transmit the Offer Document or any other materials concerning the Offer (including electronic copies thereof) to any persons within the United States.
- (i) Prior to deciding to subscribe for the New Shares, it:
 - (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary;
 - (ii) will have possessed all financial and other information relating to the Company and the New Shares which it believes is necessary for the purpose of making its investment decision and had a reasonable opportunity to ask questions of and receive answers from officers and representatives of the Company concerning the respective financial condition and results of operations of the Company and the purchase of the New Shares, and any such questions have been answered to its satisfaction;
 - (iii) will have reviewed all information that it believes is necessary or appropriate in connection with a purchase of the New Shares;
 - (iv) will have not relied on financial or other information supplied to it by any person other than information contained in the Offer Document or information provided by the Company;

- (v) will have conducted its own due diligence on the Company and the Offer, and will have made its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary; and
 - (vi) will have made its own assessment concerning the relevant tax, legal and other economic considerations relevant to its investment in the New Shares including whether the Company and any of its direct or indirect subsidiaries is a "passive foreign investment company" (PFIC) within the meaning of section 1297 of the U.S. Internal Revenue Code of 1986, as amended, and the consequences of the acquisition, ownership and disposition of a direct or indirect interest in a PFIC. It understands that if the Company were determined to be a PFIC, there would be adverse tax consequences for a U.S. holder of the New Shares.
- (j) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Shares, and it has the financial ability to bear the economic risk of investment in the New Shares and to sustain a complete loss in connection therewith.
 - (k) It agrees that in the event that at some future time it wishes to reoffer, resell, pledge or otherwise transfer any of the New Shares, it will not do so except in accordance with any applicable U.S. federal law or securities laws of any state of the United States and it certifies that either:
 - (i) it will transfer the New Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, which includes for the avoidance of doubt a bona fide sale on ASX that has not been prearranged with any counterparty thereto;
 - (ii) it will transfer the New Shares to a person who it reasonably believes is a QIB such transaction meeting the requirements of Rule 144A under the Securities Act; or
 - (iii) it will transfer the New Shares pursuant to an effective registration statement under the Securities Act.
 - (l) It acknowledges that the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if at any time before the closing of the Offer, any of the acknowledgements, representations, warranties and agreements made in connection with the purchase of New Shares is no longer accurate, it will promptly notify the Company in writing.
 - (m) It has full power and authority to execute and deliver the investor representation letter in the required form, which constitutes a valid and legally binding obligation and is enforceable against it in accordance with its terms.

Other Jurisdictions

The New Shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

2.9 Effect of Offer on control of the Company

If all Eligible Shareholders take up their Entitlements in full, then the Offer will have no effect on the control of the Company. If some Eligible Shareholders do not take up all of their Entitlement under the Offer, then the shareholding interests of those Eligible Shareholders in the Company will be diluted.

The proportional interests of Excluded Shareholders will be diluted because such Shareholders are not entitled to participate in the Offer.

Although the issue of New Shares to substantial Shareholders under the Offer may increase the shareholding interests of those persons in the Company, these arrangements are not expected to have any material effect on the control of the Company.

Based on current disclosures made by substantial shareholders in the Company the maximum percentage shareholding any existing shareholder could attain through taking up their entitlement would be 12.28% (0.85% increase).

The final percentage interests held by substantial shareholders of the Company is entirely dependent on the extent to which other shareholders take up their entitlements. The Company expects that the potential effect of the issue of shares under the Entitlement Issue on the control of the Company will be minimal.

2.10 Privacy

Magnum Gas & Power collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in Magnum Gas & Power.

By submitting an Entitlement and Acceptance Form, each applicant agrees that Magnum Gas & Power may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Magnum Gas &

Power' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Magnum Gas & Power may not be able to accept or process your application.

An applicant has a right to gain access to the information that Magnum Gas & Power holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Magnum Gas & Power' registered office.

2.11 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be directed to the Company Secretary by telephone - 08 9316 9100 (within Australia) and +61 8 9316 9100 (outside Australia). The addresses for the Company's Share Registry are:

By delivery: Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Terrace, Perth WA 6000

By post: Computershare Investor Services Pty Ltd, GPO Box 505, Melbourne VIC 3001.

3. Capital Structure on Completion of the Issue

Assuming Full Subscription

Issued Capital	Notes	Number of Shares	No of Unlisted Options
Issued capital at the date of this Offer		806,413,694	18,500,000
Offer	1 & 2	134,402,282	-
Total securities after the Issue	3	940,815,976	18,500,000

1 Assumes that the Offer is fully subscribed.

2 Assumes no Unlisted Options are exercised

4. Use of Funds

The funds to be raised from the Offer will be applied to the following areas:

Use of Funds	Full Subscription
Total Raised in the Offer	1,344,023
Costs of issue	(13,500)
Net amount raised	1,330,523
Advance Exploration Activities in Botswana	750,000
Maintenance of Australian Projects	30,523
BSE Secondary Listing & Working Capital	550,000
Funds Applied	1,330,523

To the extent that the funds raised fall below the level shown above, the Directors will determine the most appropriate level of expenditure by category and project area, however, it is expected that the shortfall would be deducted from both Working Capital and Exploration activities as appropriate. The Directors are of the opinion that on completion of the Offer there will be sufficient working capital for the Company to meet its stated objectives.

5. Risk Factors

Potential investors in the Company should be aware that subscribing for shares involves a number of risks. The risk factors outlined in this Section and elsewhere in this Offer should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the value of shares and options on ASX may rise or fall depending on a range of factors beyond the control of the Company. This is especially the case with companies undertaking mining and exploration activities.

Any of the factors set out in this Section or any other factors identified in this Offer may materially affect the financial performance of the Company and the market price of the shares. To that extent the shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those shares will trade on the ASX.

The Directors consider that an investment in the Company should be considered speculative due to:

- the recent volatility in publicly listed entities on world stock markets generally, and of mining and exploration companies in particular; and
- the speculative nature of mining and exploration activities.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the shares. The principal risk factors include, but are not limited to, the following:

5.1 Security Investments

Applicants should be aware that there are risks associated with any securities investment. The prices at which the shares trade may be above or below the Offer Price, and may fluctuate in response to a number of factors.

Further, the stock market and in particular the market for mining and exploration companies have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices will be sustained. These factors may materially affect the market price of the shares, regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

5.2 Exploration and Development Risks

The success of the Company depends on the delineation of economically producible reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and production tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

Future profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management. Development operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events.

5.3 Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

5.4 Native Title and Title Risks

The effect of the present laws in respect of native title that apply in Australia is that tenement application and project development may be affected by native title claims or procedures. This may preclude or delay granting of permits to explore or mine on some tenements. The presence of Aboriginal sacred sites on tenements held by the Company may limit or preclude exploration or production activity within the sphere of influence of those sites and delays and expenses may be incurred in obtaining clearances.

Interests in tenements in Australia and Botswana are governed by legislation in their respective jurisdictions and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it reporting and/or expenditure commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

5.5 Policies and Legislation

Any material adverse changes in government policies or legislation affecting mining and exploration activities may affect the viability and profitability of the Company.

5.6 Joint Venture Parties and Contractors

The Directors are unable to predict the risk of:

- financial failure or default by a participant in any joint venture to which the Company is, or may become, a party; or
- insolvency or other managerial failure by any of the contractors used by the Company in its exploration or other activities; or
- insolvency or other managerial failure by any of the other service provider used by the Company for any activity.

5.7 Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including the results of any future exploration and work programs, and the ability to successfully exploit identified mineral deposits. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund the continued exploration and development of the projects and other Company objectives as stated in this Offer.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

5.8 Country Risk

The Company has projects located in Botswana. There can be no assurance that the system of government and the political system in Botswana will remain stable. There can be no assurance that government regulations relating to foreign investment, repatriation of foreign currency, taxation and the coal bed methane industry will not be amended or replaced in the future to the detriment of the Company's business and/or projects.

The Company also has projects located in Australia which has a recent history of changes to the taxation regime in respect of the resources sector, as well as increasingly complex environmental and heritage regulation. There can be no assurances that government regulations relating to taxation, environment, heritage matters and regulation of the coal bed methane industry in Australia will not be amended in the future to the detriment of the Company's business and/or projects.

5.9 Commodity Price Volatility

Commodity prices inherently fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for particular commodities, forward selling by producers and the level of production costs in major commodity-producing regions. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, a commodity.

5.10 Environmental Risks

The operations and activities of the Company in Australia and Botswana are subject to laws and regulation concerning the environment. As with most exploration operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws.

5.11 Economic Risk

Changes in customer preference or the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors which may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in Australia, the rate of growth of Australia's gross domestic product, interest rates and the rate of inflation.

5.12 Reliance on Key Personnel

The Company is reliant on a number of key employees. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

5.13 Tax Reform

The Australian Government has indicated that it may introduce further tax reform. The introduction and scope of this further tax reform is uncertain. Until the precise nature of this reform is determined, the Company is not able to give any assurance as to the impact on its operating and financial performance.

6. Action Required by Shareholders

6.1 Acceptance of shares under this Offer Document

Should you wish to accept all of your entitlement to subscribe for shares, then applications for shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

If you are using the BPay facility as per the instruction on the Entitlement and Acceptance form you do not need to return the form as your acceptance and details are recorded electronically.

If you wish to pay manually, please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Magnum Gas & Power Limited' and lodged at any time after the issue of this Offer Document and on or before the Closing Date at Magnum Gas & Power' share registry (by delivery or by post) at the addresses in section 2.11 above.

6.2 If you do not wish to take up your entitlement or you wish to take up only part of your entitlement

Should you wish to only take up part of your entitlement, then applications for shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Unless you are using the BPay Facility, please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of shares you wish to accept and the amount payable (calculated at \$0.01 per share accepted), and attach a cheque for the appropriate application monies.

If you do not wish to accept any of your entitlement, you are not obliged to do anything. In that case, shares not accepted by the Closing Date will become shortfall shares and you will receive no benefit.