

UNSECURED LOAN

8 September 2014

Magnum Gas & Power Limited (ASX: MPE) is pleased to advise that it has entered into a short term unsecured loan agreement on arms length terms with an entity associated with its largest shareholder and Chairman, Mr Tom Fontaine.

The loan facility, amounting to \$300,000, has been made available for working capital purposes, and is to be repaid from the proceeds of a capital raising or at the termination date, 30 June 2015, whichever is the earlier.

The lender has the option of converting the loan should the Company undertake an entitlement issue or other form of fund raising any such conversion would be subject to shareholder approval.

The Directors continue to progress a number of alternatives for placing the shortfall of the recent entitlement issue. In addition the Company has made application to the Botswana Stock Exchange ("BSE") to complete a secondary listing on the exchange. It is believed the benefits of a secondary listing on the BSE will enable Botswana investors to participate in what may become significant projects for the country and provide Magnum with the possibility of broadening 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.

A Change in Directors Interest form is appended for immediate release.

Yours faithfully,



Mark Pitts
Company Secretary

Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/09/01 Amended 01/01/11

Name of entity	MAGNUM GAS & POWER LIMITED
ABN	96 107 708 305

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	Thomas Fontaine
Date of last notice	30 June 2014

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Direct and Indirect
Nature of indirect interest (including registered holder) Note: Provide details of the circumstances giving rise to the relevant interest.	(i) Avatar Energy NL - Director / Shareholder (ii) Sobu Energy Pty Ltd - Director / Shareholder (iii) Held in name of dependent children
Date of change	3 Sept 2014
No. of securities held prior to change	(i) Indirect - 84,023,069 Ordinary Shares (ii) Indirect - 16,545,455 Ordinary Shares (iii) Indirect - 856,666 Ordinary Shares Direct - 10,000,000 Unlisted Options at 6 cents per share expiring 30 June 2015
Class	-
Number acquired	-
Number disposed	-
Value/Consideration Note: If consideration is non-cash, provide details and estimated valuation	-

+ See chapter 19 for defined terms.

Appendix 3Y Change of Director's Interest Notice

No. of securities held after change	(i) Indirect – 84,023,069 Ordinary Shares (ii) Indirect – 16,545,455 Ordinary Shares (iii) Indirect – 856,666 Ordinary Shares Direct – 10,000,000 Unlisted Options at 6 cents per share expiring 30 June 2015
Nature of change Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back	-

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

Detail of contract	Unsecured Loan Agreement, between Avatar Energy Pty Ltd as the lender and Magnum Gas & Power Ltd as the borrower.
Nature of interest	Indirect through an associate entity of the Director in which he is the sole Director.
Name of registered holder (if issued securities)	Avatar Energy Pty Ltd
Date of change	3 September 2014
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	N/A
Interest acquired	Unsecured Loan which is convertible at the lenders discretion but only subject to shareholder approval
Interest disposed	-
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	\$300,000 (Value of Loan)
Interest after change	Interest in securities of Magnum is unchanged.

Part 3 – +Closed period

Were the interests in the securities or contracts detailed above traded during a +closed period where prior written clearance was required?	No
If so, was prior written clearance provided to allow the trade to proceed during this period?	n/a
If prior written clearance was provided, on what date was this provided?	n/a

+ See chapter 19 for defined terms.