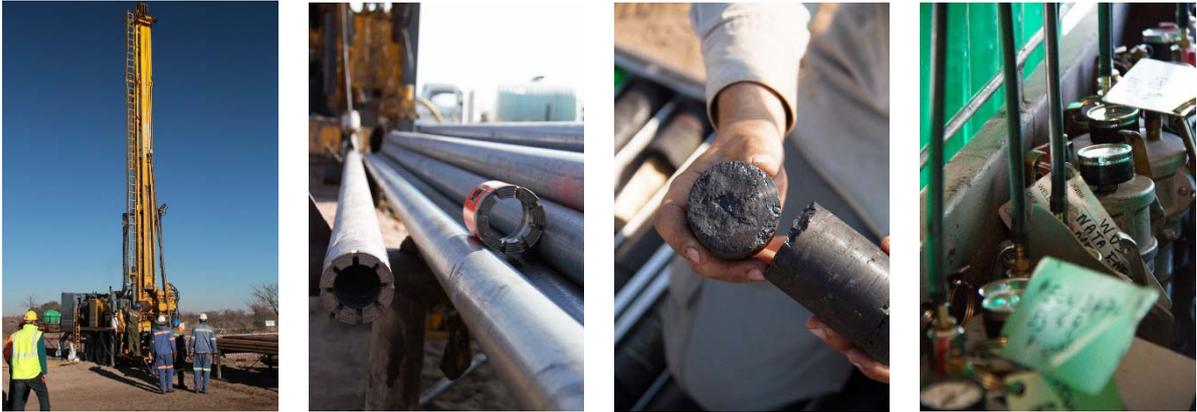


**QUARTERLY ACTIVITY REPORT
FOR THE PERIOD TO 31 DECEMBER 2014**

30th January 2015



HIGHLIGHTS

- Magnum achieves dual listing, having all of its issued capital quoted on the Venture Capital Market of the Botswana Stock Exchange (BSE)
- Magnum is working to become more vertically integrated in the Energy market, providing a more robust portfolio of projects and paths to revenue streams from clean energy. Magnum is looking to incorporate power generation projects to help provide much needed energy in Botswana and help facilitate offtakes for Magnums gas projects (and the basin as a whole). Magnum has been progressing partnering and investigating opportunities for integrated hybrid Solar/Gas fired power generation facilities.
- Magnum has been granted renewals for all of its Botswana CBM Prospecting Licences.
- Magnum is continuing to work on securing a significant funding mechanism for its Botswana projects.

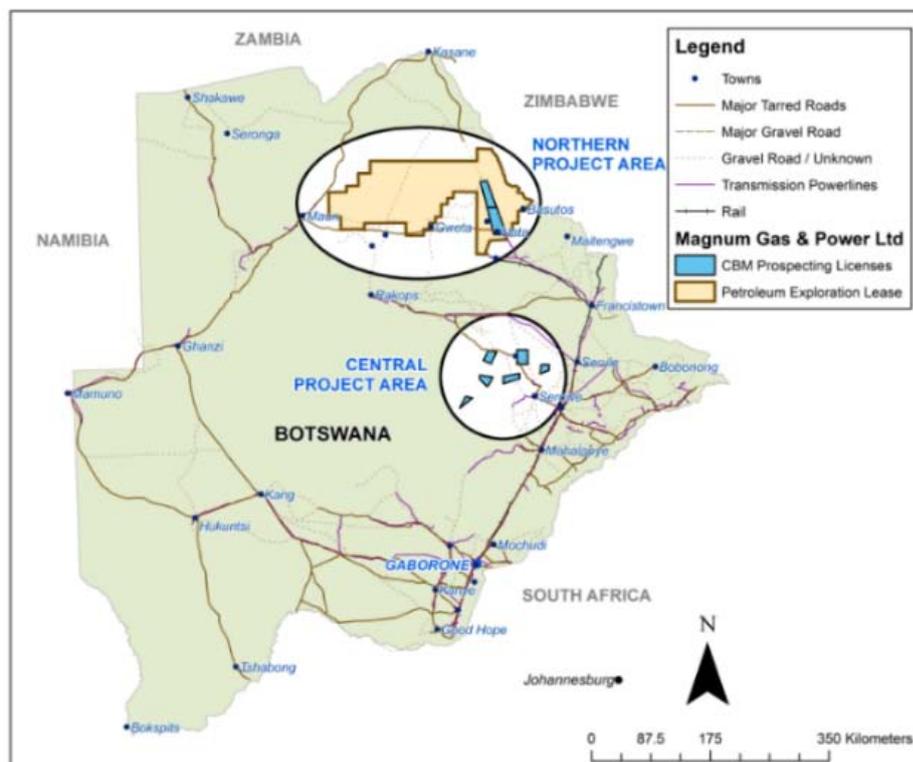
Botswana

During the quarter Magnum announced that it had dual listed 100% of the issued ordinary capital of the Company on the Venture Capital Market of the Botswana Stock Exchange (“BSE”).

The company received the necessary permissions from the listing committee of the BSE and the listing has taken place on 1 December 2014. The sponsoring broker for the secondary listing of the securities on the BSE is Imara Capital Securities (Pty) Limited.

The application to dual list Magnum’s ordinary securities on the BSE was made in large part to affirm its commitment to Botswana and to the development of its wholly owned Unconventional Gas and Petroleum Projects in that country. The listing will provide Magnum with the following additional benefits;

- Widen the Company’s shareholder base and afford Botswana investors the opportunity to participate in future fund raisings to progress the Company’s projects
- Allow Botswana, South African and European investors and institutions another path to ownership of Magnum shares
- Assist in creating greater public awareness of both the Company and the Unconventional Gas and Petroleum market in southern Africa



Solar and Gas - Power Generation Projects

Magnum has continued to investigate and progress opportunities to become more vertically integrated in the Botswana Energy sector, to help create solutions for the desperate Botswana power market, facilitate potential gas offtakes for the gas exploration projects and provide other paths to potential revenue streams and value for Magnum shareholders.

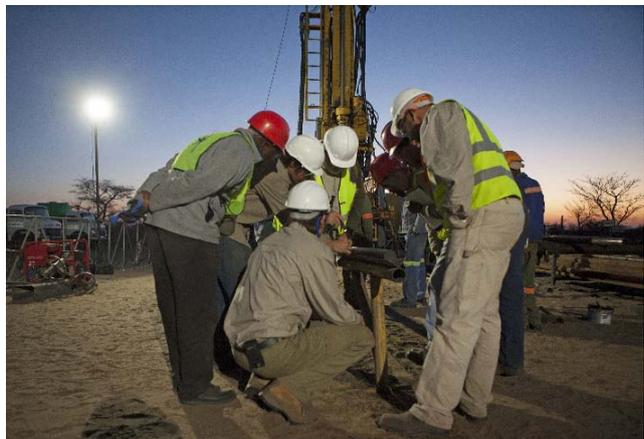
As such, Magnum has been focussed on partnering and facilitating possible Solar power projects, particularly where benefits exist for Hybrid Solar & Gas power generation facilities.

Magnum is also investigating various CNG and micro-LNG solutions to create a virtual pipeline for initial offtake facilities and potentially a flexible distribution network for the region.

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 period the Botswana Ministry of Minerals, Energy and Water Affairs awarded Magnum all CBM Prospecting Licence renewals that were pending. 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. The Northern CBM Project consists of 1,132 km² of prospecting licences (PL 644/2009 and PL645/2009) over prospective CBM acreage across the "Ngwasha" basin in the Nata Region.



Major CBM exploration programmes are underway in the basin by significant peers, and results are positive. Existing power generation facilities in Botswana's critical power market are currently awaiting CBM gas supply. Magnum has recently submitted a tender to the Botswana Government for supply of CBM gas to existing power generation equipment.

Petroleum Projects

Magnum's wholly owned Botswana subsidiary Baobab Resources (Pty) Ltd holds Petroleum Exploration Licence ("PEL") No. 154/2012 issued by the Department of Geological Surveys in the Republic of Botswana in October 2012. The PEL 154/2012 covers approximately 23,700 km² and is located in the Ngamiland and Central districts of Botswana.

New South Wales

The Company has previously reported that a June 2014 report from the independent NSW Chief Scientist and Engineer commissioned by the Minister for Resources and Energy Anthony Roberts concluded that there was no evidence that current long-wall or CSG activities in the Catchment should be stopped and that modern treatment processes are sufficient in protecting the quality of Sydney's drinking water.



During the quarter the Chief Scientist & Engineer released the final report which stated: "the Review concluded that the technical challenges and risks posed by the CSG industry can in general be managed through: • careful designation of areas appropriate in geological and land-use terms for CSG extraction • high standards of engineering and professionalism in CSG companies • creation of a State Whole-of-Environment Data Repository so that data from CSG industry operations can be interrogated as needed and in the context of the wider environment • comprehensive monitoring of CSG operations with ongoing automatic scrutiny of the resulting data • a well-trained and certified workforce, and • application of new technological developments as they become available."

The NSW Government subsequently accepted the Chief Scientist & Engineer Report and release a NSW Gas Plan. The Plan identifies five priority pathways to reset NSW's approach to gas: 1. Better science and information to deliver world's best practice regulation 2. Pause, reset and recommence: Gas exploration on our terms 3. Strong and certain regulation 4. Sharing the benefits 5. Securing NSW gas supply needs

Magnum's NSW operations are on hold while awaiting the next steps as a result of the NSW Gas Plan.

For more information please visit our website www.magnumgpl.com or contact: The Managing Director, Trent Wheeler on +61 (0)8 9380 6755

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.

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 DECEMBER 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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	(92)	(309)
(b) development	-	-
(c) production	-	-
(d) administration	(125)	(305)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(215)	(611)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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	-	-
1.13 Total operating and investing cash flows (carried forward)	(215)	(611)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(215)	(611)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	325
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	300
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	(2)	(3)
	Net financing cash flows	(2)	622
	Net increase (decrease) in cash held	(217)	11
1.20	Cash at beginning of quarter/year to date	463	235
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	246	246

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	56
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	300	300
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	50
4.2	Development	-
4.3	Production	-
4.4	Administration	150
Total		200

Note: Estimated cash out flows are dependent on the ability of the Company to continue to fund them. The Company is evaluating a number of alternatives for funding its working capital and planned exploration program.

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	246	463
5.2	Deposits at call	-	-
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		246	463

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	850,375,705	850,375,705	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,500,000	32,500,000	1c	1c
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> 18,500,000		<i>Exercise Price</i> \$0.06	<i>Expiry Date</i> 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 January 2015

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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