

MAGNUM INVESTOR UPDATE

November 2015

Magnum Gas & Power is working to provide Power to Botswana

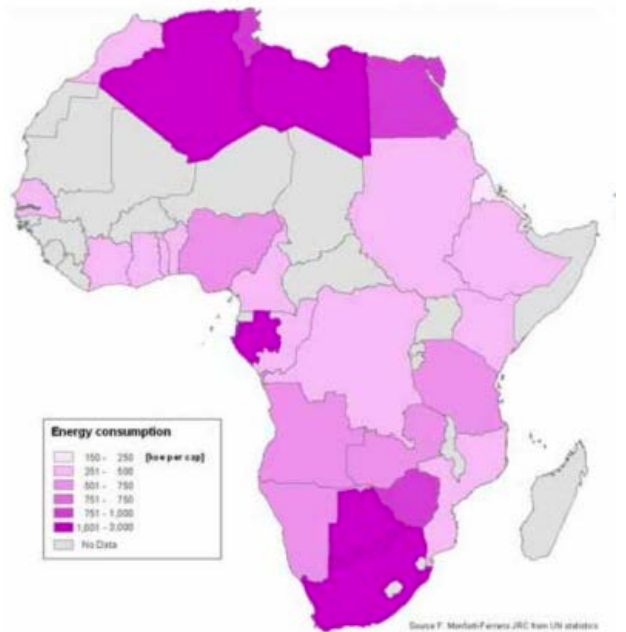
KEY HIGHLIGHTS

- Botswana, and its neighbors, are deficient of electrical **Power** and energy (**Gas**)
- Magnum is working to be a **Power Project Developer (with Gas resources)** and is currently pursuing opportunities to supply energy to a number of small, medium and large Private, Industrial and Government energy users in Botswana and the surrounding region.
- Magnum recently made submission to the Government of Botswana to build a 100MW **Solar Power** station. Magnum has Letters of Support from significant key partners.
- Magnum made submission to the Government of Botswana to supply **CBM Gas** to the 90MW Orapa power station.
- Magnum has partnered with **regional experts** to provide complete fully integrated power solutions for Botswana.
ie. Power Generation (Solar, Gas Turbine & Reciprocating), Gas Transport (CNG, Pipeline) and Gas Supply (gas field)



COMPELLING SITUATION

- There is a considerable power shortage in Botswana and the surrounding region
- There are various potential markets for power and each has different drivers;
 - Utility scale power generation and infrastructure have potential to generate long term yields
 - Smaller and private (off grid, mining, industrial, commercial) PPA are likely to be quicker to execute and provide earlier cash flow (than larger projects)
 - Solar is clean and ideal for Botswana sunshine and terrain
 - Hybrid power facilities assist the commercialisation of potential gas resource
- Potential for Power Purchase Agreements (“PPA”) with mining, industrial and commercial users, along with Governments (both Domestic and Export)
- The Coal Bed Methane (“CBM”) Gas Basin is nearing initial Reserve Certification. CBM gas already discovered on Magnum acreage is reinforced by gas flows on adjacent acreage
- Various catalysts/triggers for growth expected over the next 12 months
- Engaging local (Botswana & South Africa) investors who understand the desperate power situation and International (UK, Europe, Asia) investors with an African appetite



Average values of energy consumption in Africa

POTENTIAL PROJECTS & NEGOTIATIONS

Power projects of various scale are being pursued, providing a portfolio of prospects and a potential pipeline of value development for Magnum shareholders;

- Potential Small scale Solar
 - 1-2MW for residential commercial development
 - 1-5MW for industrial, commercial and agricultural users
- Potential Utility scale Solar
 - 30MW Solar PV Power station (phase A), planned to later increase to a 100MW solar PV facility
 - 30MW for mining operations
- Potential Gas fired
 - 1-10MW Pilot
 - 50+MW Plant (Phase A)
 - planned to increase to 300MW
- Expression of Interest submissions made to the Botswana Government to supply
 - CBM gas to the 90 MW Orapa power plant
 - 100 MW Solar power generation
- Magnum is also pursuing Export (Government and Private/Industrial) Power Purchase Agreements from surrounding countries and power pool members
- Magnum is also progressing gas offtake markets, including CNG for local energy users



GAS EXPLORATION AND COMMERCIALISATION

- Magnums exploration drilling has confirmed CBM gas in the coal resource
- Gas is flowing in adjacent acreage and reinforces Magnums results and potential
- Flow testing and pilot production, provide gas for initial pilot power generation
- Further definition and production drilling would follow, aligned with gas supply requirements for power generation, CNG and other end uses
- Magnums vast Northern project acreage is for subsequent exploration and potentially production for growing local requirements



DEVELOPMENT REASONING

Your Company has chosen this path of project development and partnering for a number of reasons including;

Why Botswana?

- Botswana needs Energy (Power and Gas) desperately
- Botswana is a good sovereign environment to operate in
- Magnum wants to develop Botswana resources to help the growth of Botswana

Why Power Developer?

- Magnum is experienced in Botswana, with strategic gas resources, and expert partners (regional, technical and financial) to enable large and small scale power solutions for demanding domestic (Government and private/industrial users) and also regional export power market opportunities

Why Gas Fired?

- Gas is much cleaner than coal fired power generation
- Gas fired power generation suits mid-merit & peaking power (higher price paid)
- Botswana has a significant energy resource to enable growth of the country, people, economy and surrounding region

Why Solar?

- Solar is a clean, renewable source of power (that complements the flexibility of Gas fired power generation)
- The technology, efficiency and cost of Solar has improved dramatically over recent years, enabling excellent returns for investors and stakeholders
- There is now excellent technical, procurement and installation capability in the region, due to successful Solar development programmes in South Africa



Why Hybrid?

- Solar offsets base load (coal fired) power generation while the sun shines, but still needs Gas fired power generation to enable a practical solution ie. Gas provides infill for mid-merit and peaking power (and when low sun light)
- Smaller hybrid Solar-Gas power generation may also use diesel until CNG is available.

Why CNG?

- A pipeline is the most efficient means to supply a gas to a significant fixed user, however it requires sufficient critical mass of reserve and time for approvals and completion and production activities
- CNG (Compressed Natural Gas) is a modular, flexible and cost effective means to transport gas to small – medium users. With an ability to easily upscale facilities as the gas field production increases and offtake markets grow
- Creating a virtual pipeline not just to one user, but creating and enabling a regional distribution network for Botswana



CONCLUSION

Magnum is working in a stable country, with an ability to provide two clean sources of energy, Solar and Gas, within a region of strong energy demand.