

MAGNUM FURTHER UPDATE ON FUNDING

29 SEPTEMBER 2016

Highlights:

- **\$100,000 raised via convertible loan from Ochre Group Holdings**
- **Nathan Featherby appointed as Non-executive Director**
- **Non-core asset PEL 154 relinquished in Botswana**
- **Future funding of operations via potential farmout transaction**

Convertible Loan from Ochre Group Holdings

Following on from recent announcements the Board of Magnum Gas & Power Limited (Magnum or the Company) is pleased to advise that it has secured \$100,000 in funding via a convertible loan agreement with Ochre Group Holdings Limited (**ASX: OGH**). The convertible loan is unsecured, does not bear interest and is convertible at the same issue price as the Company's next capital raising on the basis that the conversion would form part of the Company's placement capacity under Listing Rules 7.1 and 7.1A. The convertible loan is repayable in cash on demand in the event certain material adverse events arise in relation to the Company. As a consequence of this funding, the Company advises that it has formally terminated the outstanding placement agreement with the proposed Malaysian investor, Mr Mohamed Shahrom Abdul Ghani, previously announced.

Appointment of Mr Nathan Featherby

The Board is also pleased to advise the appointment of Mr Nathan Featherby as a Non-executive Director to join existing board members, Tom Fontaine (Chairman), Trent Wheeler (Managing Director) and Raalin Wheeler (Non-executive Director).

Mr Featherby is currently the Executive Chairman of Ochre Group Holdings Limited. He holds a Bachelor of Commerce from Curtin University, and has spent most of his

working career in stockbroking and merchant banking with a focus on small-to-medium mining and exploration companies.

Relinquishment of PEL

The Company (via its subsidiary Baobab Resources in Botswana) has advised the Botswana Government that wishes to relinquish petroleum exploration licence PEL 154/2012 (PEL 154). PEL 154 was due for renewal on 30 September 2016. In line with previous statements made by the Company, PEL 154 was a non-core asset and Magnum is currently focussing its efforts on its CBM prospecting licences in Botswana in alignment with the current market conditions within Botswana.

Future Funding of Operations

The Company is in advanced discussions with another junior listed petroleum exploration company in relation to a potential farmout of its Botswana CBM prospecting licences. While the definitive terms of the farmout are as yet uncertain and no agreement has been reached, the present negotiations are based on a staged earn-in of up to 75% of Magnum's interest in the prospecting licences in three equal tranches where the incoming party will meet the majority of the minimum work programme conditions of the licences. Magnum believes that if the negotiations do lead to a farmout transaction, the arrangement will allow for acceleration of its Botswana CBM project and conserve capital for potential new opportunities.

For further information, please contact: Trent Wheeler, Managing Director

About Magnum Gas & Power Ltd

<http://www.magnumgpl.com/>

Energy for Growth

Power for a Cleaner Future

Magnum Gas & Power Ltd is a listed (ASX: MPE, BSE: MAGNUM) Energy company working to develop Gas Power Generation infrastructure, along with upstream Gas exploration and production projects, in Botswana, Africa. The Company's board of directors and management team has extensive experience in exploration and development of energy, resources and infrastructure projects.