

MEMORANDUM OF UNDERSTANDING WITH SKY BLUE CAPITAL PTY LTD FOR OFF GRID COMMUNITY DEVELOPMENTS IN BOTSWANA

22 FEBRUARY 2016

The Board of Magnum Gas & Power Limited (“Magnum”) is pleased to announce that Magnum has signed a memorandum of understanding (“MOU”) with Sky Blue Capital Proprietary Limited (“Sky Blue”).

Magnum and Sky Blue have agreed to form a new company (“Newco”) in Botswana seeking to develop Social Housing projects with their own independent power supply (integrated Gas and Solar micro-grid). Such projects would help Botswana develop affordable, clean and sustainable communities with reliable power supplies, whilst also generating an offtake for Magnum’s gas, integrating solar power generation and utilizing Sky Blue’s expertise in Net Zero Energy Developments.

The Newco aims to develop Botswana’s first off grid, net zero energy residential community, envisioned to consist of 2,000 dwelling units per Sky Blue Capital’s development model. Net Zero Energy Buildings and Developments are designed to produce as much energy as they consume, by combining demand side energy reductions with on-site power generation. Enabling sustainable, off grid developments.

The Newco is to be registered in Botswana as an Independent Power Producer for purposes of supplying power to the community and charging homeowners for electricity via a prepaid metering system. The purpose of the Newco is also to secure the land for development, manage the Government relations and project approvals, assist in arrangement of project financing, and provide access to natural gas resources as they are proven.

This MOU is not legally binding. Magnum and Sky Blue intend to enter into a more definitive agreement prior to September 1, 2016.



Managing Director Trent Wheeler commented, “Magnum is committed to helping Botswana with its energy needs as we believe energy is a critical pillar to the growth and development of the country and people. Such projects will help unlock Botswana’s domestic gas and solar resources. Integrated developments such as this provide so many benefits to so many stakeholders. Supporting community development by providing access to affordable homes and associated infrastructure (Parks, Medical, Schools & Shops) with reliable, clean and sustainable power, whilst looking after the environment.”

For further information please contact: Trent Wheeler, Managing Director



About Sky Blue Capital

<http://skybluecapitalllc.net/>

Sky Blue is a rapidly expanding private equity company focusing on real estate investment and development in Africa with special expertise in Net Zero Energy Development. Sky Blue has offices in San Francisco, California, Johannesburg, South Africa and Abidjan, Cote d'Ivoire with its investee Companies including Sky Integral (Pty) Ltd an engineering, procurement, and construction management company and Clean Sky Energy LLC, a supplier of USA designed and manufactured renewable energy micro-grid solutions.

Sky Blue and its family of companies provide a full turnkey solution, with the ability to finance large transactions, access to the latest in integrated renewable technologies and design, together with ISO 9001 management systems for the successful execution of its Net Zero Energy projects. Sky Blue's execution team includes Probuild Construction Group, and a supply chain comprising the largest South African and African building material manufacturers, including Corobrik, Consolidated Steel Industries, GRS Roofing Solutions, Stalcor and ARB Holdings, in addition Sky Blue's shipping and logistics partner is Grindrod, with a strong African footprint and operates in 38 countries.

About Magnum Gas & Power Ltd

<http://www.magnumpl.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 Solar and 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.