

**31 January 2017**

## **QUARTERLY ACTIVITIES REPORT**

**1 OCTOBER 2016 – 31 DECEMBER 2016**

### **Highlights:**

- **Magnum entered into a Farm-In Agreement with Strata-X Energy Limited.**
- **Management restructure.**
- **Magnum completed a rights issue and a placement, raising approximately A\$3 million (before costs).**
- **Continued evaluation of opportunities.**

### **Botswana & Farm-In Agreement**

During the quarter, Magnum Gas & Power Limited (“Magnum” or “the Company”) entered a farm-in agreement with Strata-X Energy Ltd (ASX: SXA) relating to its Serowe Coal Seam Gas Project in the Kalahari Basin CSG fairway in Botswana (Project).

Strata-X is farming in to earn up to a 75% working interest in the Project, whilst Magnum will retain 25% of its interest. Further details of the agreement with Strata-X can be found in the Company’s announcement of 15 November 2016.

### **Management Restructure**

Throughout the quarter, the Company also underwent a management restructure, with the appointment of Saxon Ball as a director in November 2016 following the resignation of Raalin Wheeler and Trent Wheeler.

In December 2016, David Scoggin and Nicholas Halliday were appointed as non-executive directors of the Company following the resignation of Tom Fontaine.

The addition of Mr Ball, Mr Halliday and Mr Scoggin brings to the Company a wealth of skills in the areas of risk management, mergers and acquisitions and advisory, and within the resources industry generally.

The Board of the Company is currently comprised as follows:

- Nathan Featherby – Executive Chairman
- Saxon Ball – Non-Executive Director
- Nicholas Halliday – Non-Executive Director
- David Scoggin – Non-Executive Director

During the quarter, Ellen O’Neil also joined the Company as Company Secretary.

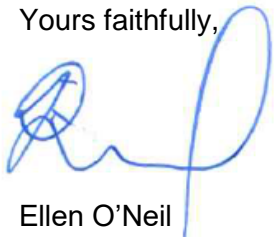
### **Capital Raising**

As announced to the market on 9 November 2016, the Company raised A\$1,764,751 via its underwritten renounceable rights issue, under which a total of 1,764,751,410 shares were issued, along with 869,375,706 attaching options, exercisable at \$0.003 per share with an expiry date of 31 October 2020. On 22 November 2016, the Company announced a further placement of approximately A\$1.225 million. The funds raised from these raisings will be used to fund potential acquisition opportunities, to repay creditors and also for working capital purposes.

### **Further opportunities**

The Board continues to evaluate a number of prospects in line with its strategy of pursuing opportunities within Australia, as announced to the market on 22 November 2016. The Board hopes to provide an update to the market in this respect within the coming quarter.

Yours faithfully,



Ellen O’Neil  
Company Secretary

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

MAGNUM GAS & POWER LIMITED

**ABN**

96 107 708 305

**Quarter ended ("current quarter")**

31<sup>th</sup> December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date July-Dec \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(33)	(33)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(716)	(746)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		(4)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(747)</b>	<b>(781)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	(100)	(100)
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date July-Dec \$A'000</b>
2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets		
2.3 Cash flows from loans to other entities	(500)	(500)
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(600)</b>	<b>(600)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,860	2,860
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(454)	(454)
3.5 Proceeds from borrowings		35
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (transfer for June capital raising)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,406</b>	<b>2,441</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	5	4
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(747)	(781)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(600)	(600)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,406	2,441
4.5 Effect of movement in exchange rates on cash held		
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,064</b>	<b>1,064</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,064	5
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,064</b>	<b>5</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

260

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

500

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	100
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	295
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>395</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

SIGNATURE ON FILE

Sign here: .....  
(Company secretary)

Date: 31 January 2017

Print name: Ellen O'Neil.

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.