

18 December 2017

## **DRILLING UPDATE - TULAINYO GAS PROJECT**

### ***PREPARATION FOR FLOW TEST PROGRAM***

Magnum Gas & Power Limited (**Magnum** or the **Company**) is pleased to provide an update on the drilling for the Tulainyo 2-7 gas appraisal well in the Sacramento Basin in California.

The well has now been drilled to the planned total depth of 5,710 feet (1,737 metres). Multiple, potential sandstone gas reservoirs are indicated based on interpretation of drill cuttings, gas shows and wireline log data. The Gas Fields LLC (**Gas Fields**) joint venture considers that the sands penetrated are as good as expected pre drill. The current operations are running seven inch production casing, protecting the indicated gas zones for later testing. Once casing has been run, the well will be suspended and the Ensign Rig 587 demobilised from site.

A flow test program will be commenced early next year, using specialised testing rig and equipment to be brought to site.

Mr John Begg, a representative for Gas Fields, said:

*“We are excited about the opportunity ahead of us. The operator, CRPC, has done an excellent job in drilling this well to target depth in a challenging geological environment. The combination of potential reservoirs and gas shows that were recorded in the well are what we were hoping to see. The sandstone units compare well with what was observed in the original, untested discovery well and the nearby extensive outcrop. A robust well design will provide flexibility in how we now go about the upcoming critical flow testing program”.*

The Company's 60% owned subsidiary, Gas Fields, is earning up to 33.33% (20% net) in the Tulainyo Gas Project via a joint venture with the operator, California Resources Production Corporation, a subsidiary of a NYSE listed company which is one of California's largest oil and gas production companies and Cirque Resources LP, a private company based in Denver, Colorado.

The Company requests that the ASX lift the trading halt on its securities with immediate effect.

Yours faithfully,



Nathan Featherby  
Executive Chairman