

25 May 2017

MAGNUM TO FARM-IN TO DEMPSEY GAS PROJECT

HIGHLIGHTS

- Magnum to farm-in to the Dempsey Gas Project to earn a 5% working interest in return for funding of A\$650,000.
- Dempsey-1 scheduled for drilling within the next 60 days, targeting 1 Tcf conventional natural gas reservoirs underneath a producing field.
- Magnum acquiring a promoted 10% interest in 2+Tcf Alvares Appraisal Gas Project.
- Appointment of company secretary.
- Financing arrangements underway.

FARM-IN

Magnum Gas & Power Limited (ASX Code: MPE) (**Company**) is pleased to advise that it has executed an agreement with Sacgasco Limited (ASX: SGC) to farm-in to SGC's Dempsey Gas Project (**Project**), in the Sacramento Basin in California, USA. Magnum will earn a 5% working interest in the Project, in return for funding of \$650,000 towards the first well (**Dempsey-1**). Dempsey-1 is scheduled for drilling in the next 60 days and will involve a 3,200 metre combined appraisal and exploration well.

SGC has interpreted seven target gas reservoir levels. Individual, unrisks Deterministic Prospective Resources for the primary targets range from 116 Bcf to 352 Bcf of recoverable gas. If all of the stacked reservoirs are full of gas, the cumulative unrisks, recoverable Prospective Resources within the prospect could exceed 1 Tcf.

The primary targets are interpreted in a series of Cretaceous sandstone reservoirs that exhibit structurally consistent amplitude anomalies analagous to those that are observed on seismic

elsewhere in the basin where conventional sandstone reservoirs have trapped natural gas in mapped structural closures, for example, the Tulainyo / James and Alvares wells.

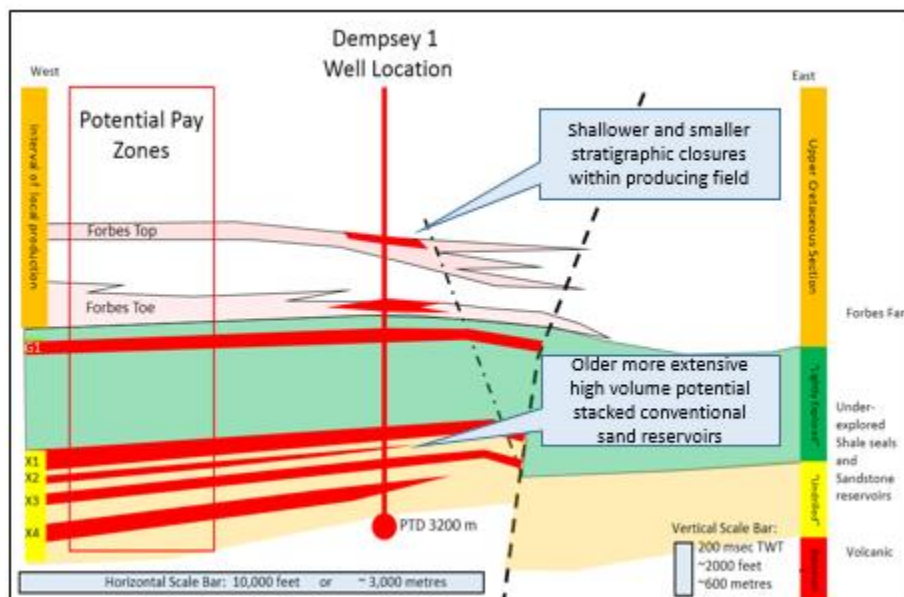


Figure 1: Cross section through proposed Dempsey-1 Well

On the way to drilling the primary targets, Dempsey-1 will drill through secondary small (1 to 3 Bcf Deterministic Recoverable Prospective Resource) seismic amplitude defined, interpreted extensions of the shallow producing Forbes Sandstone reservoir system.

Further details were included in SGC’s ASX release dated 4 September 2014: *“The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.”*

Following the Farm-In, the working interests in the Dempsey Gas Project will be as follows:

Sacgasco Limited (ASX: SGC) (Operator)	50%
Empyrean Energy plc	25%
Bombora Natural Energy Pty Ltd (BNE)	10%
Xstate Resources Limited (ASX: XST)	10%
Magnum Gas and Power Limited	5%

The Company has agreed to pay US\$20,000 to SGC and fund 13.33% of the next Alvares appraisal well drilling costs to earn 10% working interest in the Alvares Gas Project, also in the Sacramento Basin in California. The Alvares Gas Project is estimated by SGC to have over 2 Tcf of best-estimate recoverable Prospective Resources.

Following the Farm-In, the working interests in the Alvares Gas Project will be as follows:

Sacgasco Limited (ASX: SGC) (Operator)	49%
Xstate Resources Limited (ASX: XST)	21%
Bombora Natural Energy Pty Ltd (BNE)	10%
Empyrean Energy PLC	10%
Magnum Gas and Power Limited	10%

Further details on the Dempsey and Alvares projects have been outlined in detail throughout previous SGC presentations, available on its ASX announcements page.

Managing Director of SGC, Mr Gary Jeffery, commented:

“Sacgasco welcomes Magnum to the joint venture. Magnum becomes the latest company to farm-in to Sacgasco's multi-Tcf prospect portfolio with multi-well options to unlock the huge gas potential of the North Sacramento Basin.

Magnum are actively pursuing investment opportunities to build a portfolio of oil and gas projects in California. Their enthusiasm for California will be welcome in the Sacgasco joint venture as we look forward to unlocking the true potential of the Sacramento Basin through the drilling of Dempsey and other prospects.

Sacgasco has uncovered the foundations for a world-class natural gas business in the energy-hungry Californian market, and we look forward to providing our shareholders with further updates as we realize this exciting phase in the Company's development.”

APPOINTMENT OF COMPANY SECRETARY

In preparation for an increase in the Company's operations, the role of the company secretary for the Company will be taken on by its existing Chief Financial Officer, Mr Kar Chua. Mr Chua has a Bachelor of Accounting and Finance and is a member of the Institute of Chartered Accountants in Australia. He has a range of experience assisting a number of ASX listed companies with their reporting and accounting functions, in addition to having a background in reporting responsibilities for a subsidiary of a substantial multi-national company.

Following this appointment, Ms Ellen O'Neil has resigned from the position of Company Secretary. Ms O'Neil will continue to work with the Company as its legal advisor.

UPDATE ON SUSPENSION

The Company is currently finalising its financing arrangements for the funding of its interest in the Dempsey Project, and expects to finalise these arrangements throughout the next week and requests to remain in voluntary suspension until then. The Company expects that a request to lift the voluntary suspension on trading in the Company's shares will be made on, or prior to, Thursday 1 June 2017, concurrent with an announcement in respect of financing.

BY ORDER OF THE BOARD

MAGNUM GAS & POWER LIMITED

About Magnum Gas & Power Limited

Magnum Gas & Power Limited is an Australian-based energy and gas resources exploration and development company, working to develop gas exploration and production projects. The Company is currently focused on its Serowe Coal Seam Gas Project in Botswana, Africa, which is the subject of a farm-in agreement with Strata-X Energy Limited. The Company's goal is to create exceptional value for shareholders through expanding and developing its energy and gas interests both in Australia and internationally.