Pre-listing statement for listing on the Botswana Stock Exchange prepared in accordance with the Listings Requirements of the Botswana Stock Exchange

Regarding the listing of 850,375,705 common shares of no par value of a single class of Magnum Gas & Power Ltd. (“Magnum” or “the Company”) on the Venture Capital Board of the Botswana Stock Exchange.

Any investment in the company’s securities should be considered speculative.

Listing Date: 01 December 2014

This pre-listing statement is not an invitation to the public to subscribe for or an offer to purchase shares in Magnum, but is issued in compliance with the Listing Requirements of the Botswana Stock Exchange, for the purpose of giving information to the public with regard to the Company.

This pre-listing statement is issued in compliance with the Listing Requirements of the BSE and the Companies Act (CAP 42:01) of the Republic of Botswana and the directors of Magnum, whose names are given elsewhere in this document, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts. The directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate and that this pre-listing statement contains all information required by the BSE Listing Requirements.

AUTHORISED CAPITAL: The Company is authorized to issue an unlimited number of common shares.

ISSUED CAPITAL: 850,375,705 common shares of no par value

Total Shares Issued: 850,375,705 common shares
Tradable Securities (On Quotation): 850,375,705 common shares
The sponsoring broker, the legal advisors and the transfer secretaries in Botswana, whose names are consensually included in this pre-listing statement, have consented in writing to act in the capacities stated and have not withdrawn their consents prior to publication of this pre-listing statement. The financial information has been extracted from the latest Annual report for the year ended 2014.

An abridged version of this pre-listing Statement will appear on the BSE’s website and published in the press on 01 December 2014.

Copies of this pre-listing statement may be obtained from the Company’s sponsoring broker, whose address is set out in the “Corporate Information” section of this pre-listing statement.

Prospective investors in the shares of Magnum as with any other listed company should ensure that they fully understand the nature of the Company’s operations, its valuation and the extent of their exposure to risks, and that they consider the suitability of the Company’s shares as an investment in light of their own circumstances and financial position. The BSE’s approval of the listing of Magnum should not be taken in any way as an indication of the merits of the Company. The BSE has not verified the accuracy and truth of the contents of the documentation submitted to it and, the BSE accepts no liability of whatever nature for any loss, liability, damage or expense resulting directly or indirectly from the investment in the said security.

This pre-listing statement is dated 4 November 2014.
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1 CORPORATE INFORMATION

1.1 DIRECTORS

<table>
<thead>
<tr>
<th>Name and Municipality of Residence</th>
<th>Present Occupation and Positions Held During the Last Five Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Thomas FONTAINE, Western Australia</td>
<td>Chairman, Magnum Gas &amp; Power Ltd</td>
</tr>
<tr>
<td>Mr Trent WHEELER, Western Australia</td>
<td>Managing Director, Magnum Gas &amp; Power Ltd Director, Energy Botswana Pty Ltd Director, Nata Energy (Pty) Ltd Director, Baobab Resources (Pty) Ltd</td>
</tr>
<tr>
<td>Mr Raalin WHEELER, Western Australia</td>
<td>Non-Executive Director, Magnum Gas &amp; Power Ltd Director, Energy Botswana Pty Ltd Director, Nata Energy (Pty) Ltd Director, Baobab Resources (Pty) Ltd</td>
</tr>
<tr>
<td>Mr Brett MONTGOMERY, Western Australia</td>
<td>Non-Executive Director, Magnum Gas &amp; Power Ltd Director, Tanami Gold NL</td>
</tr>
</tbody>
</table>

Directors’ summary experience:

**Thomas Fontaine**
97 The Esplanade, Mount Pleasant, WA 6153

Tom Fontaine is a professional engineer who has over 25 years of experience in the Oil and Gas industry including Coal Seam Methane. He has started technical petroleum consulting companies, and has started, listed and managed ASX listed exploration companies. He was one of the original founders of Pure Energy Resources Limited which was a Coal Seam Methane focussed company which listed on the ASX and was subsequently bought by British Gas. Tom has been a director of Magnum Gas & Power since the merger with Ormil Energy Ltd in 2012.

**Trent Wheeler**
84 Marlow Street, Wembley, WA 6014

Trent is a professional engineer (Mechanical (Hons) and Oil and Gas), manager and director with over 16 years experience in the energy and resources sector. Trent is a member of the Australian Institute of Company Directors. Trent has been involved with or responsible for the successful initiation, definition, development, operation and expansion of significant upstream and downstream oil, gas, mineral, metal, chemical and power projects throughout Australia, Canada, America, South East Asia and Botswana. Trent has been instrumental in co-founding and funding private and public companies, developing and executing business strategy, capital raisings, corporate and commercial roles. Trent has been a director of the company for 2 years following the merger of Energy Botswana and Ormil Energy Ltd.
Raalin Wheeler
270 Mounsey Rd, Coolup WA 6214

Raalin Wheeler is a professional Director and fellow of the Australian Institute of Company Directors, with over 30 years of private and public company experience. He has a broad range of experience in engineering and manufacturing for the resources industry, including oil and gas directional drilling technology, downstream process plants remote area greenfields project establishment and services. He has held senior executive management positions including Chairman, Vice-President (USA NASDAQ listed company), Managing Director, Project Manager and Business Development Manager. Raalin has been fundamental to the company’s identification, pursuit and development of emerging coal bed methane resources in Botswana. Raalin has been a director in the company for 2 years following the merger of Energy Botswana Ltd and Ormil Energy Ltd.

Brett Montgomery
15c Beach St Cottesloe, WA 6011

Brett Montgomery has over 30 years experience in the gold mining industry and management of public companies. He was a director of Golden Tiger Mining NL prior to the restructure of Ormil Energy (renamed Magnum Gas & Power after the merger with Energy Botswana Limited) and has been a director of Eurogold Limited. He is currently the Managing Director of Tanami Gold NL. Brett has been a director of Magnum Gas & Power since its merger with Ormil Energy Ltd (2012) where he served on the board of that company.

COMPANY SECRETARY

Mark Pitts

Suite 8, 7 The Esplanade, Mount Pleasant Western Australia 6153

PRINCIPAL OFFICE & REGISTERED OFFICE

78 Churchill Avenue
Subiaco 6008
Perth, Western Australia

BOTSWANA OFFICE

Plot 64518 Deloitte House,
Fairground Commerce Park,
Gaborone, Botswana

AUDITORS & INDEPENDENT ACCOUNTANT

HLB Mann Judd
Level 4
130 Stirling Street,
Perth, Western Australia, 6000
SPONSORING BROKER FOR THE DUAL LISTING

Imara Capital Securities
2nd Floor, Morojwa Mews,
Unit 6, Plot 74770,
Western Commercial Road CBD, Gaborone

LEGAL ADVISORS IN BOTSWANA
BBL Bookbinder Law
9th Floor ITower North,
Lot 54368 CBD,
Gaborone, Botswana

LEGAL ADVISORS IN AUSTRALIA
Hunt & Humphry
15 Colin Street West Perth,
6005 Western Australia

SHARE REGISTRARS
In Botswana:
Transaction Management Services (Pty) Ltd. t/a Corpserv Botswana Transfer Secretaries
Unit 206, Second Floor
Plot 64516
Showgrounds Close
Fairgrounds

In Australia:
Computershare Investor Service (Pty) Ltd,
Level 2, 45 St George’s Terrace,
Perth 6000,WA

Magnum shares will be held electronically on the Central Securities Depository (CSD), run by the Central Securities Depository Company of Botswana Ltd (CSDB). Investors will have their holdings maintained on an electronic register, however, investors who elect to have physical certificates can do so at their own cost.

2. DEFINITIONS AND INTERPRETATION

Throughout this pre-listing statement and the appendices hereto unless otherwise indicated, the words in the first column have the meanings stated opposite them in the second column; words in the singular include the plural and vice versa; words denoting one gender include others; and words denoting natural persons include juristic persons and vice versa. All numerical amounts presented are stated in Australian dollars, unless otherwise noted.

2.1. “Act” means the Botswana Companies Act [Cap42:01] of 2003 (as amended)
2.2. “ASX” means the Australian Stock Exchange;
2.3. “Botswana” means the Republic of Botswana;
2.4. “BSE” means the Botswana Stock Exchange;
2.5. “BSE DMR” means the BSE Daily Market Report and/or the BSE website (www.bse.co.bw);
2.6. “BSE Listing Requirements” means the rules published from time to time by the BSE governing the admission to, and the operation of the BSE;
2.7. Business Day” means any day other than Saturday, Sunday or an official Public Holiday in Botswana;
2.8. "CBM” means coal bed methane;
2.9. "Company” or “Magnum” means Magnum Gas & Power Ltd;
2.10. “Constitution” means the Constitution of the Company incorporated under the laws of the Australia under incorporation number 107708305 (originally named “Golden Tiger Ltd.” and having changed its name to Ormil Energy Ltd and later to “Magnum Gas & Power Ltd”);

2.11. “CSDB” means the Central Securities Depository Company of Botswana;

2.12. “CSDB Rules” means the Central Securities Depository Company of Botswana rules governing the dematerialization and trading of shares between participants on the BSE;

2.13. “Directors” means the directors disclosed on pages 5 & 6 of this pre-listing statement;

2.14. “Last Practicable Date” means 31 March 2014, being the last date, prior to the finalization of this Pre-listing Statement, on which the information could be included in this Pre-listing Statement.

3. FORWARD LOOKING STATEMENTS

This pre-listing statement contains certain forward looking statements. All statements in this document characterised by words such as “believes”, “expects”, “plans”, “projects”, “intends”, “anticipates”, and other similar words constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements. These are based on opinions and estimates of management at the date of the statements are made and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein. These factors include the inherent risks involved in the exploration and development of resource/Coal Bed Methane properties, the uncertainties involved in interpreting drilling results and other ecological data, fluctuating prices, the possibility of project costs overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described herein. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate. The reader is cautioned not to place undue reliance on the forward looking statements.

4. SALIENT FEATURES AND KEY BACKGROUND INFORMATION

4.1. The main purpose of the listing on the BSE would be:

4.1.1 to facilitate direct trading and investment in Magnum shares by investors in Botswana and in the Southern African region;

4.1.2 to enhance investor community awareness of Magnum thereby enlarging its investor base and increasing trading in its shares;

4.1.3 to provide a further funding mechanism through which Magnum may structure and fund opportunities in the exploration and development of its exploration and development activities in Botswana and elsewhere;

4.1.4 to deliver enhanced liquidity and greater access to capital from both retail and institutional investors resident in Botswana and the global resource investment community; and

4.1.5 to allow Magnum to be part of a growing list of international resources companies who have obtained a listing on the BSE and to promote Botswana as an
attractive investment destination.

4.2. The Company will continue to be domiciled in Perth, Western Australia and its common shares will continue to trade on the ASX.

4.3. No capital will be raised on the admission on the BSE and the Company will not be undertaking any capital raising in conjunction with the listing. The Company has not and does not propose to enter into any arrangements whereby any option or preferential right of any kind is proposed to be given to any person to subscribe for securities of the Company.

5. COMPANY OVERVIEW

5.1. Magnum Gas & Power Ltd was incorporated in terms of the laws of Australia on 21 January 2004 as Golden Tiger Ltd. The company changed its name to Ormil Energy Ltd on 6 August 2010 and then to Magnum Gas & Power Ltd on 11 October 2012 pursuant to a merger between Ormil Energy Ltd and a public, unlisted company, Energy Botswana Ltd. At the time of its incorporation the Company was authorised to issue an unlimited number of shares.

5.2. The Company’s principal office is situated at 78 Churchill Avenue, Subiaco, 6008, Perth, Western Australia.

5.3. Magnum Gas & Power Ltd. is a coal bed methane and petroleum explorer with prospecting licences in the Republic of Botswana and coal seam gas tenements in New South Wales, Australia. Magnum Gas & Power Ltd is the product of the merger of Ormil Energy Ltd, an ASX listed coal seam gas explorer with tenements in New South Wales, Australia and Energy Botswana Ltd, a public unlisted entity with prospecting licences in Botswana. Magnum’s management team is comprised of senior oil and gas professionals with extensive experience in managing coal bed methane exploration and development programmes. Magnum is committed to operating at world-class standards and is focused on the safety of its team, respecting the environment, and contributing to the communities in which it operates.

5.4 The Company’s subsidiaries are as follows:

Magnum owns 100% of Energy Botswana Pty Ltd (as a result of the aforesaid merger), which in turn holds 100% of two intermediary companies in Mauritius – Gasco International Ltd and Nata Energy Mauritius Inc. Gasco International Ltd, in turn, holds 100% of Baobab Resources Ltd in Botswana whose main asset is Petroleum exploration licence 154/2012. Nata Energy Mauritius Inc holds 100% of Nata Energy (Pty) Ltd whose main assets are prospecting licences in the Central Project area as well as prospecting licences in the Northern Project area.
Exploration operations in Botswana

<table>
<thead>
<tr>
<th>Licence Number</th>
<th>Licence Holder</th>
<th>Project Area</th>
<th>Commodity</th>
<th>Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>352/2008</td>
<td>Nata Energy (Pty) Ltd</td>
<td>Central CBM</td>
<td>Coal and CBM</td>
<td>30 June 2014 - Renewal lodged</td>
</tr>
<tr>
<td>353/2008</td>
<td>Nata Energy (Pty) Ltd</td>
<td>Central CBM</td>
<td>Coal and CBM</td>
<td>30 June 2014 - Renewal lodged</td>
</tr>
<tr>
<td>644/2009</td>
<td>Nata Energy (Pty) Ltd</td>
<td>Northern CBM</td>
<td>Coal and CBM</td>
<td>Renewal pending</td>
</tr>
<tr>
<td>645/2009</td>
<td>Nata Energy (Pty) Ltd</td>
<td>Northern CBM</td>
<td>Coal and CBM</td>
<td>Renewal pending</td>
</tr>
<tr>
<td>154/2012</td>
<td>Baobab Resources (Pty) Ltd</td>
<td>Northern PEL</td>
<td>Petroleum and Natural Gas</td>
<td>30 September 2016</td>
</tr>
</tbody>
</table>

Location of licence areas in Botswana

**FURTHER INFORMATION**

Detailed information on Magnum and on all of Magnum’s key assets are available by download from the Magnum website [www.magnumgpl.com](http://www.magnumgpl.com) or ASX website – [www.asx.com](http://www.asx.com)
6. CAPITAL STRUCTURE

6.1. The Company is authorized to issue an unlimited number of common shares.
6.2. As at the date hereof, 817,875,705 common shares are issued and outstanding.
6.3. The common shares rank equally and with respect to dissolution, liquidation, or winding up of the Company and payment of dividends.
6.4. The common shares are not redeemable, have no conversion rights and carry no pre-emptive or other rights to subscribe for additional shares. The outstanding common shares are fully paid and non-assessable.
6.5. The authorised but unissued shares are controlled by the directors.

6.6. In September 2012 the Company undertook a partially underwritten rights offer to existing shareholders raising AUD$4 million through the issue of 198,000,000 shares. The basis of the rights offer was 1 new share for every 3 shares held at the record date.
6.7. In November 2013 the Company completed a Share Purchase Plan to existing shareholders which raised approximately AUD$315,000.
6.8. In 2014 the Company completed a share purchase plan and entitlement to shareholders raising $430,680.

7. MAJOR SHAREHOLDERS

Save as set out below, the Directors are not aware of any person who, directly or indirectly had an interest in 5 per cent or more of the voting rights of the Company as at the latest practical date prior to the publication of this document and immediately following admission:

<table>
<thead>
<tr>
<th>Common Shares</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Fontaine*</td>
<td>101,425,190</td>
</tr>
<tr>
<td>Raadin Wheeler***</td>
<td>84,960,933</td>
</tr>
<tr>
<td>Trent Wheeler**</td>
<td>69,051,842</td>
</tr>
<tr>
<td>David John Newman</td>
<td>48,816,000</td>
</tr>
</tbody>
</table>

Note *shares held through corporate entities Avatar Energy Pty Ltd and Sobu Energy (Pty) Ltd and for related parties.
**shares held both in individual capacity as well as through a corporate entity Kalahari Resources Pty Ltd
***shares held both in individual capacity as well as through corporate entities Kalahari Resources Pty Ltd and Aero Classic Pty Ltd
8. DIRECTORS

At present the Company is managed by its officers and directors.

8.1. Interests in the Shares and Options of the Company and Related Bodies

Corporate

The interest of the directors in the shares and options of Magnum (as at date of Annual Report) are:

<table>
<thead>
<tr>
<th>Director</th>
<th>2014 Interest in equity shares Number</th>
<th>2014 Interest in options Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Fontaine</td>
<td>101,425,190</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Trent Wheeler</td>
<td>69,051,842</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Raalin Wheeler</td>
<td>84,960,933</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Brett Montgomery</td>
<td>-</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

8.2. Directors Emoluments

8.2.1 To date the Directors have not been paid any inducement to qualify as a director or in respect of their service as a Director.

8.2.2 No variation of directors’ emoluments is proposed as a result of the listing.

8.2.3 No director or officer or promoter or member of management of the Company or any of their respective associates or affiliates, is or has been indebted to the Company at any time.

The following table sets forth all amounts of compensation provided to the directors of the Corporation during the financial year ended 2014. No change is proposed for the next financial year:

<table>
<thead>
<tr>
<th>Director</th>
<th>Fees $</th>
<th>Salary $</th>
<th>Bonus $</th>
<th>Superannuation $</th>
<th>Other Retirement benefits $</th>
<th>Options $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>T Fontaine</td>
<td>60,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td>T Wheeler</td>
<td>273,468</td>
<td>-</td>
<td>26,201</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>299,454</td>
</tr>
<tr>
<td>R Wheeler</td>
<td>33,960</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,960</td>
</tr>
<tr>
<td>B Montgomery</td>
<td>30,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>30,000</td>
</tr>
</tbody>
</table>

8.3. Directors Interests

Other than disclosed below, the directors have no beneficial interests, direct or indirect, in transactions which are or were unusual in their nature or conditions or material to the business of the group, and which were effected by the applicant:

(a) during the current or immediately preceding financial year; or
(b) during an earlier financial year and remain in any respect outstanding or underperformed;

The Group through its wholly owned Botswana subsidiary Nata Energy (Pty) Ltd, has one hundred percent of the interest of the Botswana Coal Bed Methane Projects
(Prospecting Licence’s 352/2008; 353/2008; 644/2009, 645/2009 and historically 45/2008). As part of the original acquisition agreement in late 2007, which established the Botswana portfolio of assets, Energy Botswana Pty Ltd agreed to provide the then vendors with shares and a net revenue royalty as part of the purchase consideration for their equity. The royalty is payable to the vendors and is equal to twelve and one half percent of the net revenue generated from the sale of any product or any geosequestration from or on the PL’s. The Vendors comprised of several founders and sophisticated investors including Messrs R. and T. Wheeler. The completion of successful exploration, leading to the development of a production project on one or more of the prospecting licences, having been transitioned to a mining licence, and resulting in the generation of a net revenue is required for any liability to come in effect as per the agreement.

9. PRELIMINARY EXPENSES

The estimated expenses of this listing on the BSE is approximately BWP500,000 payable to Capital Corporate Finance(Pty) Ltd, Imara Capital Securities (Pty) Ltd, Corpserve Botswana, Bookbinder Business Law, publications and to the Botswana Stock Exchange.

10. CONSTITUTION

Magnum Gas & Power Ltd adopted a new Constitution at its Annual General Meeting held on 19 November 2013. The salient provisions of this Constitution appear below:

10.1. Appointment of Directors and Term of Office

The number of Directors (not counting alternate directors of the Company) must be the number, not being less than 3 nor more than 7, determined by the Directors, but the number so determined at a particular time must not be less than the number of Directors when the determination takes effect.

Subject to Article 47(d) a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that Director's last election or appointment. This does not apply to the Managing Director.

10.2. Voting Rights

Subject to this Constitution (including, in particular, the restrictions on voting in Article 39) and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Shareholders, each Attending Shareholder has one vote, provided that where a person is entitled to vote in more than one capacity, that person is entitled only to one vote.

Subject to this Constitution (including, in particular, the restrictions on voting in Article 39) and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Shareholders, each Attending Shareholder has:

1. one vote for each fully paid up Share held by that Attending Shareholder or by the Shareholder that the Attending Shareholder represents; and
2. a fraction of one vote for each partly paid up Share held by that Attending Shareholder or by the Shareholder that Attending Shareholder represents. The fraction is equal to the proportion which the amount paid up bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.
10.3. Variation of rights

Subject to the Corporations Act and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class: by a special resolution passed at a meeting of the Shareholders holding Shares in that class; or with the written consent of Shareholders who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.

The rights attached to any share class may be varied or cancelled, whether or not the Company is in liquidation, with;
(i) the written consent of 75 per centum of shareholders of that share class; or
(ii) the consent of a special resolution passed at a separate general meeting of the shareholders of that share class.

10.4. Alteration of capital

The Company may by resolution convert Shares from one class to another, subject to the Corporations Act, this Constitution and the terms of issue of a class of Shares.

The Company may reduce, alter or buy-back its share capital in any manner provided by the Applicable Law.

10.5. Dividend Policy

Subject to the Applicable Law, this Constitution and the rights or restrictions attached to a class of Shares, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend, the time for the payment of the dividend and the method of payment of the dividend.

Subject to the Listing Rules and the rights or restrictions attached to a class of Shares, the Board may determine that dividends be paid on Shares of one class but not another class, and at different rates for different classes of Shares.

The Company is not required to pay any interest on a dividend.

10.6. General meetings

The Company may by resolution of the Board call a meeting of Shareholders to be held at the time and place (including 2 or more venues using technology which gives Attending Shareholders as a whole a reasonable opportunity to participate) and in the manner that the Board resolves.

The Board may in accordance with the Applicable Law specify a time by reference to which persons will be taken to hold Shares for the purpose of a meeting of Shareholders.

No Shareholder may call or arrange to hold a meeting of Shareholders except where permitted by the Corporations Act.

11. Market Value of Securities

The Company’s shares are listed for trading on the ASX under the trading symbol “MPE”. Tables 1 to 3 on the next pages show the price movement of the common shares of the Company on the ASX.
The Company was listed on the ASX on 21 January 2004 under the name “Golden Tiger Ltd” (GTX) and changed its name to Ormil Energy Ltd (OMX) in August 2010. Following the merger of Energy Botswana Ltd and Ormil Energy Ltd the company was renamed Magnum Gas & Power Ltd.

Table 1: Daily Price Movement during the last month (sourced from http://www.tradingroom.com.au)

<table>
<thead>
<tr>
<th>Date</th>
<th>Open</th>
<th>High</th>
<th>Low</th>
<th>Close</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-Oct-14</td>
<td>0.007</td>
<td>0.007</td>
<td>0.007</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6-Oct-14</td>
<td>0.007</td>
<td>0.007</td>
<td>0.007</td>
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### Table 2: Price Movement during the last twelve months.

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<th>Volume</th>
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### Table 3: Quarterly Price Movement during the last two years.

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</tr>
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</tr>
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</tr>
</tbody>
</table>

### 12. WORKING CAPITAL

It is the opinion of management and the board of directors of Magnum that the Company has sufficient working capital to meet all of its obligations and continue to operate as a going concern.

### 13. BORROWING POWERS

The directors of the Company may, without the authorization of the shareholders: (i) borrow money upon the credit of the Company; (ii) issue, reissue, sell or pledge debt obligations of the Company; (iii) give a guarantee on behalf of the Company to secure performance of an obligation of any person; and (iv) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company. The Company has not exceeded its borrowing powers during the preceding three years.

### 14. LITIGATION

As of the date hereof, there are no legal proceedings material to Magnum to which Magnum is a party or of which any of its properties is the subject matter, and no such proceedings are known to Magnum to be contemplated.
15. INTEREST-BEARING LOANS AND BORROWINGS

There are no interest bearing loans or borrowings.

16. OPERATING LEASE COMMITMENTS

Office lease at annual rent of $103,432 expiring in October 2014 which will not be renewed.

17. FINANCE EXPENSES

The Company currently has no known contingent liabilities, claims, legal proceedings, potential claims or complaints arising in the normal course of business. The Company is always subject to the possibility of new income tax assessments for prior years. The Company does not believe that there will be any unfavourable decisions resulting from any procedures related to prior years and resulting in future re-assessments or, if so, any amount it might be required to pay, will not entail a material adverse effect on the Company’s financial condition. No amounts have been accrued in the financial statements.

There are no loans receivable made by Magnum or its subsidiaries other than intergroup loans.

18. CAPITAL COMMITMENTS

None

19. MATERIAL CHANGES

To the knowledge of the Company, there has been no material change related to the trading of the Company’s common shares or the Company’s financial position since the date of its most recently filed financial statements for the period ended June 30, 2014.

20. CORPORATE GOVERNANCE

The Board is committed to good corporate governance and intends to apply, insofar as is reasonable in the circumstances in accordance with the best practice applicable to the ASX, and where possible and practicable, the Board will use its reasonable endeavours to follow the guidelines of the BSE Code of Corporate Governance, and BSE Listing Requirements and the Act.

20.1 The key features of Magnum’ approach to corporate governance is set out below and shall include:
1. providing all stakeholders and the financial investment community with clear, concise and timely information about the Company’s operations and results;
2. ensuring appropriate business and financial risk management;
3. ensuring that no employee may deal, directly or indirectly, in Shares on the basis of unpublished price-sensitive information regarding the business; and
4. acknowledging the Company’s social responsibility and providing assistance and development support to certain organisations within the communities in which it operates.

20.2 Possible Non-compliance with the BSE Code of Corporate Governance and King III Code of Corporate Governance

It should be noted that Magnum has its Primary Listing on the ASX and it is therefore not possible to comply strictly with every provision of the BSE Code of Best Practice on Corporate Governance. However, the BSE Code of Best Practice on Corporate Governance will be applied throughout Magnum to the extent possible and practicable given compliance regime applicable on the stock exchange of its Primary Listing.

20.3 Board committees

The Board has a Safety Committee, Audit Committee, and Remuneration Committee. These committees will be fully mandated by the Board as to their membership, scope of authority, responsibilities and duties. These committees will be chaired by non-executive Directors and comprised of a majority of non-executive Directors.

Magnum strives to conform to and exceed environmental, health and safety laws in its operations.

21. SIGNIFICANT CONTRACTS

Except as set forth below, the Company has not entered into any significant contracts: (i) during the last completed financial year; or (ii) before the last completed financial year that are still in effect, other than in the ordinary course of business:

1. The Farm-In and Purchase Agreement between Ormil Energy Limited (now Magnum), Ormil Operations Pty Ltd, Sydney Basin Coal Pty Ltd and Apex Energy NL in respect of certain licences held in New South Wales, Australia.
2. The Joint Operating Agreement between Ormil Operations Pty Ltd (subsidiary of Magnum), Sydney Basin CBM Pty Ltd and Apex Energy NL

22. DOCUMENTS FOR INSPECTION

Documents available for inspection for one month from the date of the listing will be available for examination at the offices of the sponsoring broker, Imara Capital Securities, whose details are in the Corporate Information section of this document. These documents are:

1. This pre-listing statement
2. The last annual report of the Company.
3. The financial statements of the company for the last 2 years
4. Constitution of the Company
5. The significant contracts referred to in 21 above.

For and on behalf of Magnum Gas & Power Ltd.
duly authorised by resolution of Board of Directors
ANNEXURE 1: CONSTITUTION
Constitution

Preliminary

1. Definitions

In this Constitution:

**Applicable Law** means the Corporations Act, the Listing Rules and the Settlement Rules.

**ASX** means ASX Limited ACN 008 624 691.

**Attending Shareholder** means, in relation to a meeting of Shareholders, the Shareholder present at the place of the meeting, in person or by proxy, by attorney or, where the Shareholder is a body corporate, by Corporate Representative.

**Board** means the Directors of the Company from time to time.

**Business Day** has the meaning given in the Listing Rules if the Company is included in the official list of ASX at the time, and otherwise means a day except a Saturday, Sunday or public holiday in the state or territory in which the Company is taken to be registered for the purposes of the Corporations Act.

**Company** means Magnum Gas & Power Limited ACN 107 708 305.

**Corporate Representative** means a person authorised in accordance with the Corporations Act (or a corresponding previous law) by a Shareholder which is a body corporate to act as its representative at a meeting of Shareholders.

**Corporations Act** means the Corporations Act 2001 (Commonwealth).

**CS Facility** means a licensed CS facility (as defined in the Corporations Act) which applies to the Company or its Shares.

**CSF Operator** means the licensed operator of the relevant CS Facility.

**Director** means a person who is, for the time being, a director of the Company including, where appropriate, an alternate director of the Company.

**Executive Director** means a Director who is an employee (whether full-time or part-time) of the Company or of any related body corporate of the Company.

**Jointly Held** means, in relation to a Share, a Share which the Register records 2 or more persons as the holders of that Share.

**Legal Costs** of a person means legal costs calculated on a solicitor-and-client basis incurred by that person in defending or resisting any proceedings (whether criminal, civil, administrative or judicial), appearing before or responding to actions taken by any court, tribunal, government authority or agency, other body or commission, a liquidator, an administrator, a trustee in bankruptcy or other authorised official, where that proceeding, appearance or response relates to a Liability of that person.

**Liability** of a person means any liability including negligence (except a liability for legal costs) incurred by that person in or arising out of the discharge of duties as an officer of the
Company or in or arising out of the conduct of the business of the Company, including as result of appointment or nomination by the Company or a Subsidiary as a trustee or as a director, officer or employee of another body corporate.

**Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Non-Executive Directors** means all Directors other than Executive Directors.

**Notice** means a notice given pursuant to, or for the purposes of, this Constitution or the Applicable Law.

**Official List** means the official list of entities that ASX has admitted and not removed.

**Personal Representative** means the legal personal representative, executor or administrator of the estate of a deceased person.

**Register** means the register of Shareholders kept pursuant to the Applicable Law and, where appropriate, includes any subregister and branch register.

**Relevant Officer** means a person who is, or has been, a Director or Secretary.

**Restricted Securities** has the meaning given in the Listing Rules and includes Shares defined as such in any Restriction Agreement.

**Restriction Agreement** means a restriction agreement in a form set out in the Listing Rules or otherwise approved by ASX and includes any agreement which the Company and any Shareholder agrees is a restriction agreement.

**Secretary** means a person appointed as, or to perform the duties of, secretary of the Company for the time being.

**Settlement Rules** means the operating rules of the relevant CS Facility.

**Share** means a share in the capital of the Company.

**Shareholder** means:

(a) in respect of a meeting of holders of Shares or a meeting of holders of a class of Shares, a person whose name is entered in the Register as the holder of a Share or a Share of that class (as the case may be) at the time specified in the notice of that meeting (or if no time is specified, at the time appointed for that meeting to commence); and

(b) otherwise, a person whose name is entered in the Register as the holder of a Share, and **registered holder** has a corresponding meaning.

**Subsidiary** has the meaning given in the Corporations Act.

**Transmission Event** means:

(a) if a Shareholder is an individual, the death or bankruptcy of that Shareholder or that Shareholder becoming of unsound mind or becoming a person whose property is liable to be dealt with pursuant to a law about mental health; or
(b) if a Shareholder is a body corporate, the deregistration of that Shareholder pursuant to the laws of the jurisdiction of its registration or the succession by another body corporate to the assets and liabilities of the Shareholder.

2. **Interpretation**

Headings are for convenience only and do not affect interpretation. Unless the context indicates a contrary intention, in this Constitution:
(a) a word importing the singular includes the plural (and vice versa);
(b) a word indicating a gender includes every other gender;
(c) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
(d) the word "includes" in any form is not a word of limitation;
(e) a reference to a partly paid Share is a reference to a Share on which there is an amount unpaid;
(f) a reference to a call or an amount called in respect of a Share includes an amount that, by the terms of issue of a Share or otherwise, is payable at one or more fixed times;
(g) a reference to something being "written" or "in writing" includes that thing being represented or reproduced in any mode in a visible form;
(h) a notice or document required by this Constitution to be signed may be authenticated by any other manner permitted by the Corporations Act or any other law; and
(i) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, re-enactments and replacements.

3. **Application of Applicable Law**

(a) Unless the context indicates a contrary intention, in this Constitution:
(i) a reference to the Applicable Law is to the Applicable Law in force in relation to the Company after taking into account any waiver, modification or exemption which is in force either generally or in relation to the Company;
(ii) a word or phrase given a meaning in the Applicable Law has the same meaning in this Constitution where it relates to the same matters as the matters for which it is defined in the Applicable Law, unless that word or phrase is otherwise defined in this Constitution; and
(iii) a reference to the Listing Rules or the Settlement Rules includes any amendment or replacement of those rules from time to time.
(b) The replaceable rules in the Corporations Act do not apply to the Company.
(c) In this Constitution, a reference to the Listing Rules, the Settlement Rules or ASX only applies while the Company is included in the official list of ASX.
(d) If the Company is included in the official list of ASX, then:
(i) notwithstanding anything contained in this Constitution, if the Listing Rules prohibit an act being done, the act must not be done;
(ii) nothing contained in this Constitution prevents an act being done that the Listing Rules require to be done;
(iii) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
(iv) if the Listing Rules require this Constitution to contain a provision and it does not contain such a provision, this Constitution is taken to contain that provision;
(v) if the Listing Rules require this Constitution not to contain a provision and it contains that provision, this Constitution is taken not to contain that provision; and
(vi) if any provision of this Constitution is or becomes inconsistent with the Listing Rules, this Constitution is taken not to contain that provision to the extent of the inconsistency.

4. **Enforcement**
(a) Each Shareholder submits to the non-exclusive jurisdiction of the courts of Western Australia, the Federal Court of Australia and the courts competent to determine appeals from those courts with respect to any proceedings that may be brought at any time relating to this Constitution.
(b) If at any time any provision of this Constitution is or becomes illegal, invalid or unenforceable in any respect pursuant to the law of any jurisdiction, then that does not affect or impair:
(i) the legality, validity or enforceability in that jurisdiction of any other provision of this Constitution; or
(ii) the legality, validity or enforceability pursuant to the law of any other jurisdiction of that or any other provision of this Constitution.

Capital
5. Issue of securities
(a) Subject to the Applicable Law and any rights and restrictions attached to a class of Shares or other securities, the Company may by resolution of the Board issue Shares, options to acquire Shares, and other securities with rights of conversion to Shares on any terms, to any person, at any time and for any consideration, as the Board resolves.
(b) The Company may issue preference Shares (including those which may be, or at the option of either or both the Company and the holder are, liable to be redeemed) and may convert any issued Shares into preference Shares, if the rights of the holders of the preference Shares are as set out in Article 6 or are approved in accordance with the Applicable Law.

6. Preference Share Rights
If the Company at any time proposes to issue any preference Shares with the terms set out in this Article 6, each preference Share confers on the holder:

(a) the right to convert the preference Share into an ordinary Share if and on the basis the Board resolves under the terms of issue;
(b) the right to receive a dividend at the rate or of the amount (which may be fixed or variable) and on the conditions (including conditions which may be changed or reset at certain times or upon certain events) that the Board resolves under the terms of issue unless, and to extent that, the Board resolves under the terms of issue that there is no right to receive a dividend, and any such dividend:
(i) is non-cumulative unless, and to the extent that, the Board resolves otherwise under the terms of issue;
(ii) will rank for payment in priority to ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
(iii) will rank for payment in relation to Shares in any other class of Shares as the Board resolves under the terms of issue;
(c) in addition to the rights (if any) to receive a dividend, the right to participate equally with the ordinary Shares in the distribution of profits (or other amounts) available for dividends if and on the basis the Board resolves under the terms of issue;
(d) if, and to the extent that any dividend on the preference Share is cumulative, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share at the date of winding up or reduction of capital or, in the case of a redeemable preference share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;
(e) if, and to the extent that any dividend on the preference Share is non-cumulative, and if, and to the extent that, the Board resolves under the terms of issue, the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of the amount of any dividends accrued but unpaid on the preference Share for the period commencing on the dividend payment date which has then most recently occurred and ending on the date of winding up or reduction of capital or, in the case of a redeemable
preference share, the date of redemption, with the same priority in relation to each other class of Shares as the priority that applies in relation to the payment of the dividend;
(f) the right in a winding up or on a reduction of capital, and on redemption in the case of a redeemable preference Share, to payment of any amount (which may include the amount paid or agreed to be considered as paid on the preference Share) that the Board resolves at the time of issue, and payment of such amount:
(i) will rank for payment in priority to ordinary Shares unless, and to the extent that, the Board resolves otherwise under the terms of issue; and
(ii) will rank for payment in relation to any other class of Shares as the Board resolves under the terms of issue;
(g) the right to a bonus issue or capitalisation of profits in favour of preference Share holders only, if and to the extent the Board resolves under the terms of issue;
(h) in addition to the rights pursuant to Articles 6(b), 6(c), 6(d), 6(e), 6(f) and 6(g), the right to participate with the ordinary Shares in profits and assets of the Company, including on a winding up, if and to the extent that the Board resolves under the terms of issue;
(i) the right to receive notices, reports and accounts and to attend and be heard at all meetings of Shareholders on the same basis as the holders of ordinary Shares;
(j) no right to vote at meetings of Shareholders except on the questions, proposals or resolutions or during the periods of time or in the circumstances that the Board resolves under the terms of issue, which, unless the Board resolves otherwise under the terms of issue, are:
(i) on any matter considered at a meeting if, at the date of the meeting, the dividend on the preference Shares is in arrears;
(ii) on a proposal to reduce the share capital of the Company;
(iii) on a resolution to approve the terms of a buy-back agreement;
(iv) on a proposal that affects rights attached to the preference Shares;
(v) on a proposal to wind up the Company;
(vi) on a proposal for the disposal of the whole of the property, business and undertaking of the Company; and
(vii) on any matter considered at a meeting held during the winding up of the Company; and
(k) if voting on any matter in respect of which the holder is entitled to vote is by poll the right to cast the number of votes specified in, or determined in accordance with, the terms of issue for the preference Share.
In the case of a redeemable preference Share, the Company must if required by the terms of issue for that Share but subject to the Corporations Act, at the time and place for redemption specified in, or determined in accordance with, those terms of issue, redeem that Share and, subject to the giving or receiving of a valid redemption notice or other document (if any) required by those terms of issue, pay to or at the direction of the registered holder the amount payable on redemption of that Share.

7. Class rights
(a) Subject to the Corporations Act and the terms of issue of Shares in a particular class, the Company may vary or cancel rights attached to Shares in that class:
(i) by a special resolution passed at a meeting of the Shareholders holding Shares in that class; or
(ii) with the written consent of Shareholders who are entitled to at least 75% of the votes that may be cast in respect of Shares in that class.
(b) Article 45 applies to a meeting held pursuant to Article 7(a)(i).
(c) The issue of any new Shares ranking equally, or any conversion of existing securities to Shares ranking equally, with existing Shares is not a variation of the rights conferred on the holders of the existing Shares, unless otherwise provided by the terms of issue of the existing Shares or required by the Applicable Law.
(d) The issue of any new Shares ranking in priority, or any conversion of existing securities to Shares ranking in priority, to an existing class of preference Shares is a variation of the rights conferred on the holders of the existing preference Shares, unless the issue or conversion is expressly permitted by the terms of the existing preference Shares.
8. Alterations of capital
(a) The Company may by resolution convert Shares from one class to another, subject to the Corporations Act, this Constitution and the terms of issue of a class of Shares.
(b) The Company may reduce, alter or buy-back its share capital in any manner provided by the Applicable Law. The Board may do anything which is required to give effect to any resolution authorising a reduction, alteration or buy-back of the share capital of the Company, including where a Shareholder becomes entitled to a fraction of a Share on a consolidation or subdivision:
(i) making cash payments;
(ii) ignoring fractions;
(iii) appointing a trustee to deal with any fractions on behalf of Shareholders; and
(iv) rounding up each fractional entitlement to the nearest whole Share by capitalising any amount available for capitalisation pursuant to Article 67 even though only some Shareholders participate in the capitalisation.

9. Registered holder
(a) Except as required by law, the Settlement Rules or this Constitution, the Company is not required to recognise any interest in, or right in respect of, a Share except an absolute right of legal ownership of the Shareholder registered as the holder of that Share, regardless of whether the Company has notice of the interest or right.
(b) The Company is not bound to register more than 3 persons as the registered holder of a Share.
(c) If the Company registers two or more persons as the registered holders of a Share, those persons are taken to hold that Share as joint tenants.

10. Certificates and statements
(a) Subject to the Applicable Law, the Company need not issue certificates for Shares if the Board so resolves.
(b) Subject to the Applicable Law, the Company may issue certificates for Shares, cancel any certificates for Shares, and replace lost or destroyed or defaced certificates for Shares, on the basis and in the form which the Board resolves.
(c) If the Company determines to issue certificates for Shares, only the Shareholder whose name appears first in the Register in respect of a Jointly Held Share is entitled to a certificate in respect of that Share and delivery of the certificate to that person is taken to be delivery to all holders of that Share.
(d) The Company must issue to a Shareholder any statements of the holdings of Shares registered in the Shareholder's name as required by the Applicable Law.

Calls
11. Making of calls
(a) Subject to the Applicable Law and the terms of issue of a Share, the Company may by resolution of the Board make calls on the registered holders of a Share for any amount unpaid on that Share which is not by the terms of issue of that Share made payable at fixed times, on any terms and at any times as the Board resolves, including payment by instalments.
(b) The Company may when it issues Shares make calls payable for one or more Shareholders for different amounts and at different times as the Board resolves.
(c) Subject to the Listing Rules, the Company may by resolution of the Board revoke or postpone a call or extend the time for payment of a call, at any time prior to the date on which payment of that call is due.
(d) A call is made at the time of or as specified in the resolution of the Board authorising the call.

12. Notice of calls
13. Payment of calls
(a) Each Shareholder must pay to the Company the amount of each call in the manner, at the
time and at the place specified in the notice of the call.
(b) The registered holders of a Jointly Held Share are jointly and severally liable in respect of
all payments which are required to be made in respect of that Share.
(c) If the terms of issue of a Share require an amount to be paid in respect of a Share on the
date of issue or any other fixed date, the Shareholder of that Share must pay that amount to
the Company at that time and that amount is treated for the purposes of this Constitution as if
a call for that amount had been properly made by the Board of which appropriate notice has
been given.
(d) In a proceeding to recover a call, or an amount payable due to the failure to pay or late
payment of a call, proof that:
(i) the name of the person is entered in the Register as a registered holder of the Share on
which the call was made;
(ii) there is a record in the minute books of the Company of the resolution making the call or
the fixed amount payable by the terms of issue of the relevant Shares; and
(iii) notice of the call was given or taken to be given to the person in accordance with this
Constitution,
is conclusive evidence of the obligation of that person to pay the call.

14. Prepayment of calls
The Company may by resolution of the Board:
(a) accept from a Shareholder the whole or part of the amount unpaid on a Share even if no
part of that amount has been called;
(b) agree to pay interest on the whole or any part of the amount so accepted, from the date of
acceptance to the date on which the amount becomes payable, at any rate agreed between the
Board and the Shareholder paying the amount; and
(c) unless otherwise agreed between the Company and the Shareholder, repay the whole or
any part of the amount so accepted at any time.

15. Interest payable
(a) If an amount called or otherwise payable to the Company in respect of a Share is not paid
before or on the time for payment, the person who owes the amount must pay to the Company:
(i) interest on the unpaid part of the amount from the date payment is due to the date of payment
at the rate that the Board resolves; and
(ii) all costs and expenses that the Company incurs due to the failure to pay or the late payment.
(b) Interest pursuant to Article 15(a) accrues daily and may be capitalised at any interval that
the Board resolves.
(c) The Company may by resolution of the Board waive payment of some or all of the interest,
costs or expenses payable pursuant to Article 15(a).

Forfeiture and liens
16. Forfeiture procedure
Subject to the Applicable Law, the Company may by a resolution of the Board forfeit a Share
of a Shareholder if:
(a) that Shareholder does not pay a call or other amount payable in respect of that Share on or before the date for its payment;
(b) the Company gives that Shareholder notice in writing:
(i) requiring the Shareholder to pay that call or other amount, any interest on it and all costs and expenses that the Company has incurred due to the failure to pay; and
(ii) stating that the Share is liable to be forfeited if that Shareholder does not pay to the Company, at the place specified in the notice, the amount specified in the notice, within 10 Business Days (or any longer period specified) after the date of the notice; and (c) that Shareholder does not pay that amount in accordance with that notice.

17. Effect of forfeiture
(a) A person whose Shares have been forfeited:
(i) ceases to be a Shareholder in respect of the forfeited Shares;
(ii) has no claims or demands against the Company in respect of those Shares;
(iii) has no other rights or entitlements in respect of those Shares, except the rights that are provided by the Corporations Act or saved by this Constitution;
(iv) remains liable to pay, and must immediately pay, to the Company all amounts that at the date of forfeiture were payable by the person to the Company in respect of those Shares; and
(v) must pay to the Company interest at the rate that the Board resolves on those amounts from the date of forfeiture until and including the date of payment of those amounts.
(b) When a Share has been forfeited, the Company must give notice in writing of the forfeiture to the Shareholder registered as its holder before the forfeiture and record the forfeiture with the date of forfeiture in the Register. Failure by the Company to comply with any requirement in this Article does not invalidate the forfeiture.
(c) A statement in writing from the Company that is signed by a Director or Secretary that a Share was forfeited on a specified date is sufficient evidence of the forfeiture of that Share and the right and title of the Company to sell, dispose of or reissue that Share.
(d) Subject to the Applicable Law, the Company may by resolution of the Board waive any or all of its rights pursuant to Article 16 or this Article 17 on any terms that the Board resolves, and at any time before a sale, disposition, reissue or cancellation of a forfeited Share, cancel the forfeiture on any terms as the Board resolves.

18. Liens on Shares
(a) Unless the terms of issue of a Share provide otherwise, the Company has a first ranking lien on a Share, the proceeds of sale of that Share, and all dividends and entitlements determined in respect of that Share, for:
(i) any amount due and unpaid in respect of that Share which has been called or is payable on a fixed date;
(ii) any amount which remains outstanding under loans made by the Company to acquire that Share under an employee incentive scheme, to the extent permitted by the Corporations Act;
(iii) all amounts that the Company is required by law to pay, and has paid, in respect of that Share; and
(iv) all interest and expenses due and payable to the Company in respect of the unpaid amounts, to the extent permitted by the Listing Rules.
(b) The Company may by resolution of the Board waive any or all of its rights pursuant to Article 18(a) on any terms that the Board resolves.
(c) The Company's lien on a Share is released if a transfer of that Share is registered by the Company without the Company giving written notice of the lien to the transferee of that Share.

19. Company payments
(a) A Shareholder or the Personal Representative of a deceased Shareholder must pay to the Company on written demand an amount equal to all payments that the Company makes to a government or taxation authority in respect of the Shareholder, the death of the Shareholder,
the Shareholder's Shares or any distributions made in respect of the Shareholder's Shares (including dividends), where the Company is either:
(i) obliged by law to make the relevant payment; or
(ii) advised by a lawyer qualified to practice in the jurisdiction of the relevant government or taxation authority that the Company is obliged by law to make the relevant payment.

(b) The Company is not obliged to notify a Shareholder in advance of its intention to make a payment pursuant to Article 19(a).

(c) An amount payable by a Shareholder to the Company pursuant to Article 19(a) is treated for the purposes of this Constitution as if it is a call properly made by the Board of which notice has been given on the date on which the written demand is given by the Company to the Shareholder or the Personal Representative of a deceased Shareholder.

(d) Subject to the Applicable Law, the Company may refuse to register a transfer of any Share by a Shareholder or that Shareholder's Personal Representative until all amounts paid or payable by the Company in respect of that Share pursuant to any law has been paid to the Company by the Shareholder or the Shareholder's Personal Representative.

(e) Nothing in this Article 19 affects any right or remedy which any law confers on the Company.

20. Dealing with Shares
(a) Subject to the Applicable Law, the Company may sell, otherwise dispose of or reissue, a Share which has been forfeited to any person on any terms and in any manner as the Board resolves.

(b) Subject to the Applicable Law, the Company may cancel a Share which has been forfeited pursuant to the terms on which the Share is on issue.

(c) For the purposes of enforcing a lien, the Company may sell the Shares which are subject to the lien in any manner the Board resolves and, subject to the Applicable Law, with or without giving any notice to the Shareholder of those Shares.

(d) The Company may do anything necessary or desirable pursuant to the Applicable Law to protect or enforce a lien or other interest in Shares to which the Company is entitled by law or pursuant to this Constitution.

(e) Nothing in this Article 20 affects any right or remedy which any law confers on the Company.

21. Proceeds of sale
(a) The Company must apply the proceeds of any sale of any Shares pursuant to Article 20(a) or 20(c) in the following order:
(i) the expenses of the sale;
(ii) the amounts due and unpaid in respect of those Shares; and
(iii) subject to the terms of issue of the Shares and any lien pursuant to Article 18 for an amount unpaid in respect of the Shares, the balance (if any) to or at the direction of the person entitled to the Shares immediately prior to the sale, on delivery by that person of any evidence of ownership of or entitlement to those Shares as the Board requires.

(b) The Company is not required to pay interest on any amount payable pursuant to Article 21(a)(iii).

22. Sale procedure
(a) The Company may:
(i) effect a transfer of Shares sold pursuant to Article 20; and
(ii) receive the consideration (if any) given for Shares sold pursuant to Article 20.

(b) The validity of the sale of Shares pursuant to Article 20 may not be called into question by any person after the transfer has been registered, and the buyer of the Shares need not enquire as to the validity of the sale or the application of the sale proceeds by the Company.

(c) The title of the buyer of Shares sold pursuant to Article 20 is not affected by any irregularity or invalidity in connection with the sale.
(d) The sole remedy (if any) of any person aggrieved by a sale of Shares pursuant to Article 20 is in damages only and against the Company exclusively.
(e) A certificate in writing from the Company signed by a Director or Secretary that a Share was sold, disposed of or reissued in accordance with Article 20 is conclusive evidence of those matters.

Transfer of Shares
23. Electronic Transfer Systems
(a) The Company may do any act, matter or thing permitted pursuant to the Applicable Law to facilitate involvement by the Company in any clearing and settlement facility provided pursuant to the Applicable Law for the transfer of financial products.
(b) The Company must comply with the obligations imposed on it by the Settlement Rules in relation to a transfer of Shares.

24. Transfers
(a) Subject to this Constitution and any restrictions attached to a Share, a Shareholder may transfer one or more Shares that Shareholder holds by:
   (i) a proper ASTC transfer (as defined in the Corporations Regulations, 2001 (Commonwealth));
   (ii) a written instrument of transfer in any usual form or in any other form approved by the Board that is otherwise permitted by law; or
   (iii) any other method that is permitted by the Applicable Law and is approved by the Board.
(b) An instrument of transfer of a Share referred to in Article 24(a)(ii) must be:
   (i) executed by or on behalf of the transferor and the transferee, unless the Corporations Act provides otherwise or the Board has resolved that the execution of the transferee is not required;
   (ii) duly stamped, if required by law;
   (iii) delivered to the Company, at the place where the Register is kept, together with the certificate (if any) of the Share to be transferred and any other evidence as the Board may require to prove the title of the transferor to that Share, the right of the transferor to transfer that Share, and the proper execution of the instrument of transfer; and
   (iv) accompanied by payment of any applicable fee which the Company is entitled to charge pursuant to Article 24(e).
(c) A Shareholder must not dispose of Restricted Securities during the escrow period for those securities, except as permitted by the Restriction Agreement, the Listing Rules or ASX.
(d) A person transferring a Share remains the registered holder of that Share until a transfer for that Share has been effected in accordance with the Settlement Rules, or a transfer for that Share has been registered and the transferee is entered in the Register as the holder of that Share.
(e) The Company must not charge a fee to register a transfer of a Share in accordance with this Constitution except as permitted by the Applicable Law.

25. Refusal to register transfers
(a) The Company must not refuse or fail to register a transfer of Shares, except where required by the Applicable Law or permitted pursuant to Article 19(d), 24(b), 25 or 79.
(b) The Company may refuse to register a transfer of Shares where the Applicable Law permits the Company to do so and the Board so resolves.
(c) If permitted by the Applicable Law and the Board so resolves, the Company may refuse to register an instrument of transfer of Shares where:
   (i) the transfer is not in registrable form;
   (ii) the Company has a lien on any of the Shares transferred; 14
   (iii) the registration of the transfer may breach an Australian law or a court order;
   (iv) the registration of the transfer will create a new holding of Shares which at the time the transfer is lodged is less than a marketable parcel;
   (v) the transfer does not comply with the terms of an employee incentive scheme; or
(vi) the Company is otherwise permitted or required to do so pursuant to the terms of issue of the Shares.

(d) The Company must refuse to register a transfer of Shares where the Applicable Law or a law about stamp duty requires the Company to do so or this Constitution otherwise requires.

(e) The Company must refuse to acknowledge a disposal (including registering a transfer) of Restricted Securities during the escrow period for those securities, except as permitted by the Restriction Agreement, the Listing Rules or ASX.

(f) If the Board so resolves, the Company may apply, or may ask the CSF Operator to apply, a holding lock (including to prevent a transfer, or to refuse to register a paper-based transfer document) where the Applicable Law permits the Company to do so.

(g) Failure by the Company to give notice of refusal to register any transfer or of any holding lock as may be required pursuant to the Applicable Law does not invalidate the refusal to register the transfer or the holding lock.

Transmission of Shares

26. Transmission on death

(a) If the registered holder of a Share which is not Jointly Held dies, the Company must recognise only the Personal Representative of that registered holder as having any title to or interest in, or any benefits accruing in respect of, that Share.

(b) If a registered holder of a Share which is Jointly Held dies, the Company must recognise only the surviving registered holders of that Share as having any title to or interest in, or any benefits accruing in respect of, that Share.

(c) The estate of a deceased Shareholder is not released from any liability in respect of the Shares that are registered in the name of that Shareholder.

(d) Where 2 or more persons are jointly entitled to any Share as a consequence of the death of the registered holder of that Share, they are taken to be Joint Holders of that Share.

(e) Notwithstanding Articles 26(a) and 26(b), the Company may register or give effect to a transfer of Shares to a transferee who dies before the transfer is registered or given effect to by the Company.

27. Transmission Events

(a) Subject to the Bankruptcy Act 1966 (Commonwealth) and the Applicable Law, a person who establishes to the satisfaction of the Board that it is entitled to a Share because of a Transmission Event may:

(i) elect to be registered as a Shareholder in respect of that Share by giving a signed notice in writing to the Company; or

(ii) transfer that Share to another person.

(b) Subject to the Applicable Law, a transfer pursuant to Article 27(a) is subject to all of the provisions of this Constitution relating to transfers of Shares.

Proceedings of Shareholders

28. Calling meetings of Shareholders

(a) The Company may by resolution of the Board call a meeting of Shareholders to be held at the time and place (including 2 or more venues using technology which gives Attending Shareholders as a whole a reasonable opportunity to participate) and in the manner that the Board resolves.

(b) The Board may in accordance with the Applicable Law specify a time by reference to which persons will be taken to hold Shares for the purpose of a meeting of Shareholders.

(c) No Shareholder may call or arrange to hold a meeting of Shareholders except where permitted by the Corporations Act.

29. Notice of meetings of Shareholders

(a) Where the Company has called a meeting of Shareholders, notice of the meeting and any proxy form for the meeting may be given in the form and in the manner in which the Board resolves, subject to any requirements of the Applicable Law.
(b) A person may waive notice of any meeting of Shareholders by written notice to the Company.
(c) A person who has not duly received notice of a meeting of Shareholders may, before or after the meeting, notify the Company of the person's agreement to anything done or resolution passed at the meeting.
(d) A person's attendance at a meeting of Shareholders waives any objection which that person may have had to a failure to give notice, or the giving of a defective notice, of the meeting, unless the person at the beginning of the meeting objects to the holding of the meeting.
(e) Subject to the Corporations Act, anything done (including the passing of a resolution) at a meeting of Shareholders is not invalid because either or both a person does not receive notice of the meeting or a proxy form, or the Company accidentally does not give notice of the meeting or a proxy form to a person.

30. Business of meetings
Except with the approval of the Board, with the permission of the chairperson of the meeting or pursuant to the Corporations Act, no person may move at any meeting of Shareholders:
(a) any resolution (except in the form set out in the notice of meeting given pursuant to Article 29(a)); or
(b) any amendment of any resolution or a document which relates to any resolution and a copy of which has been made available to Shareholders to inspect or obtain.

31. Quorum
(a) No business may be transacted at a meeting of Shareholders except, subject to Article 32, the election of the chairperson of the meeting unless a quorum for a meeting of Shareholders is present at the time when the meeting commences.
(b) A quorum for a meeting of Shareholders is 2 Attending Shareholders entitled to vote on a resolution at that meeting. Each individual present may only be counted once towards a quorum. If a Shareholder has appointed more than one proxy or attorney or Corporate Representative, only one of them may be counted towards a quorum.
(c) If a quorum is not present within 30 minutes after the time appointed for the commencement of a meeting of Shareholders, the meeting is dissolved unless the chairperson of the meeting or the Board adjourn the meeting to a date, time and place determined by that chairperson or the Board.
(d) If a quorum is not present within 30 minutes after the time appointed for the commencement of an adjourned meeting of Shareholders, the meeting is dissolved.

32. Chairperson of meetings of Shareholders
(a) Subject to Articles 32(b) and 32(c), the chairperson of the Board must chair each meeting of Shareholders.
(b) If at a meeting of Shareholders:
(i) there is no chairperson of the Board; or
(ii) the chairperson of the Board is not present within 15 minutes after the time appointed for the commencement of a meeting of Shareholders or is not willing to chair all or part of the meeting,
the Directors who are or will be present at the meeting may (by majority vote) elect one of their number or, in the absence of all the Directors or if none of the Directors present is willing to act, the Attending Shareholders may elect one of their number, to chair that meeting.
(c) A chairperson of a meeting of Shareholders may, for any item of business at that meeting or for any part of that meeting, vacate the chair in favour of another person nominated by him or her (Acting Chair). Where an instrument of proxy appoints the chairperson as proxy for part of proceedings for which an Acting Chair has been nominated, the instrument of proxy is taken to be in favour of the Acting Chair for the relevant part of the proceedings.

33. Conduct of meetings of Shareholders
(a) Subject to the Corporations Act, the chairperson of a meeting of Shareholders is responsible for the general conduct of that meeting and for the procedures to be adopted at that meeting.
(b) The chairperson of a meeting of Shareholders may make rulings without putting the question (or any question) to the vote if that action is required to ensure the orderly conduct of the meeting.
(c) The chairperson of a meeting of Shareholders may determine the procedures to be adopted for proper and orderly discussion or debate at the meeting, and the casting or recording of votes at the meeting.
(d) The chairperson of a meeting of Shareholders may determine any dispute concerning the admission, validity or rejection of a vote at the meeting.
(e) The chairperson of a meeting of Shareholders may, subject to the Corporations Act, at any time terminate discussion or debate on any matter being considered at the meeting and require that matter be put to a vote.
(f) The chairperson of a meeting of Shareholders may refuse to allow debate or discussion on any matter which is not business referred to in the notice of that meeting or is not business of the meeting permitted pursuant to the Corporations Act without being referred to in the notice of meeting.
(g) The chairperson of a meeting of Shareholders may refuse any person admission to, or require a person to leave and remain out of, the meeting if that person:
   (i) in the opinion of the chairperson, is not complying with the reasonable directions of the chairperson;
   (ii) has any audio or visual recording or broadcasting device;
   (iii) has a placard or banner;
   (iv) has an article the chairperson considers to be dangerous, offensive or liable to cause disruption;
   (v) behaves or threatens to behave in a dangerous, offensive or disruptive manner;
   (vi) refuses to produce or to permit examination of any article, or the contents of any article, in the person's possession; or
   (vii) is not entitled pursuant to the Corporations Act or this Constitution to attend the meeting.
(h) If the chairperson of a meeting of Shareholders considers that there are too many persons present at the meeting to fit into the venue where the meeting is to be held, the chairperson may nominate a separate meeting place using any technology that gives Attending Shareholders as a whole a reasonable opportunity to participate.
(i) The chairperson of a meeting of Shareholders may delegate any power conferred by this Article 33 to any person.
(j) Nothing contained in this Article 33 limits the powers conferred by law on the chairperson of a meeting of Shareholders.

34. Attendance at meeting of Shareholders
(a) Subject to this Constitution and any rights and restrictions attached to a class of Shares, a Shareholder who is entitled to attend and cast a vote at a meeting of Shareholders, may attend and vote in person or by proxy, by attorney or, if the Shareholder is a body corporate, by Corporate Representative.
(b) The chairperson of a meeting of Shareholders may require a person acting as a proxy, attorney or Corporate Representative at that meeting to establish to the chairperson's satisfaction that the person is the person who is duly appointed to act.
If the person fails to satisfy this requirement, the chairperson may exclude the person from attending or voting at the meeting.
(c) A Director is entitled to receive notice of and to attend all meetings of Shareholders and all meetings of a class of Shareholders and is entitled to speak at those meetings.
(d) A person who is requested by the Board to attend a meeting of Shareholders or a meeting of a class of Shareholders is, regardless of whether that person is a Shareholder, entitled to attend that meeting and, at the request of the chairperson of the meeting, is entitled to speak at that meeting.

35. Authority of Attending Shareholders
(a) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the person so appointed has the same rights to speak, demand a poll, join in demanding a poll or act generally at a meeting of Shareholder to which the appointment relates, as the appointing Shareholder would have had if that Shareholder was present at the meeting.
(b) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the appointment is taken to confer authority to:
(i) vote on any amendment moved to a proposed resolution and on any motion that a proposed resolution not be put or any similar motion; and
(ii) vote on any procedural motion, including any motion to elect the chairperson of the meeting of Shareholders to which the appointment relates, to vacate the chair or to adjourn the meeting,

even though the appointment may refer to specific resolutions and may direct the proxy, attorney or Corporate Representative how to vote on particular resolutions.
(c) Unless otherwise provided in the document or resolution appointing a person as proxy, attorney or Corporate Representative of a Shareholder, the appointment is taken to confer authority to attend and vote at a meeting which is rescheduled, postponed or adjourned to another time or changed to another place, even though the appointment may refer to a specific meeting to be held at a specified time or place.

36. Multiple appointments
(a) If more than one attorney or Corporate Representative appointed by a Shareholder is present at a meeting of Shareholders and the Company has not received notice of any revocation of any of the appointments:
(i) an attorney or Corporate Representative appointed to act at that particular meeting may act to the exclusion of an attorney or Corporate Representative appointed pursuant to a standing appointment; and
(ii) subject to Article 36(a)(i), an attorney or Corporate Representative appointed pursuant to the most recent appointment may act to the exclusion of an attorney or Corporate Representative appointed earlier in time.
(b) An appointment of a proxy of a Shareholder is revoked (or, in the case of a standing appointment, suspended for that particular meeting of Shareholders) if the Company receives a further appointment of a proxy from that Shareholder which would result in there being more than 2 proxies of that Shareholder entitled to act at the meeting. The appointment of proxy made first in time is the first to be treated as revoked or suspended by this Article 36(b).
(c) The appointment of a proxy for a Shareholder is not revoked by an attorney or Corporate Representative for that Shareholder attending and taking part in a meeting of Shareholders to which the appointment relates, but if that attorney or Corporate Representative votes on a resolution at that meeting, the proxy is not entitled to vote, and must not vote, as the Shareholder’s proxy on that resolution.
37. Voting at meeting of Shareholders

(a) A resolution put to the vote at a meeting of Shareholders must be decided on a show of hands, unless a poll is demanded in accordance with Article 40 and that demand is not withdrawn.

(b) The Board may determine that Shareholders entitled to attend and vote at a meeting of Shareholders or at a meeting of a class of Shareholders may vote at that meeting without an Attending Shareholder in respect of that person being present at that meeting (and voting in this manner is referred to in this Article 37(b) as direct voting). The Board may determine rules and procedures in relation to direct voting, including the class of Shareholders entitled to cast a direct vote, the manner in which a direct vote may be cast, the circumstances in which a direct vote will be valid and the effect of a Shareholder casting both a direct vote and a vote in any other manner. Where a notice of meeting specifies that direct voting may occur by eligible Shareholders, a direct vote cast by an eligible Shareholder is taken to have been cast by that person at the meeting if the rules and procedures for direct voting determined by the Board (whether set out in the notice of meeting or otherwise) are complied with.

(c) Subject to this Constitution (including, in particular, the restrictions on voting in Article 39) and any rights or restrictions attached to a class of Shares, on a show of hands at a meeting of Shareholders, each Attending Shareholder has one vote, provided that where a person is entitled to vote in more than one capacity, that person is entitled only to one vote.

(d) Subject to this Constitution (including, in particular, the restrictions on voting in Article 39) and any rights or restrictions attached to a class of Shares, on a poll at a meeting of Shareholders, each Attending Shareholder has:

(i) one vote for each fully paid up Share held by that Attending Shareholder or by the Shareholder that the Attending Shareholder represents; and

(ii) a fraction of one vote for each partly paid up Share held by that Attending Shareholder or by the Shareholder that Attending Shareholder represents. The fraction is equal to the proportion which the amount paid up bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

(e) Subject to this Constitution (including, in particular, the restrictions on voting in Article 39) and any rights or restrictions attached to a class of Shares, where the Board has determined other means (including electronic) permitted by law for the casting and recording of votes by Shareholders on any resolution to be put at a meeting of Shareholders, each Shareholder has:

(i) one vote for each fully paid up Share that the Shareholder holds; and

(ii) a fraction of one vote for each partly paid up Share that the Shareholder holds. The fraction is equal to the proportion which the amount paid up bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amount paid up in advance of the applicable due date for payment are ignored when calculating the proportion.

(f) If the total number of votes to which a person has pursuant to Article 37(d) or 37(e) does not constitute a whole number, the Company must disregard the fractional part of that total.

(g) An objection to a right to vote at a meeting of Shareholders or to a determination to allow or disregard a vote at the meeting may only be made at that meeting (or any resumed meeting if that meeting is adjourned). Any objection pursuant to this Article 37(g) must be decided by the chairperson of the meeting of Shareholders, whose decision, made in good faith, is final and conclusive.

(h) Except where a resolution at a meeting of Shareholders requires a special majority pursuant to the law or the Listing Rules, the resolution is passed if more votes are cast by Shareholders entitled to vote in favour on the resolution than against it.

(i) In the case of an equality of votes on a resolution at a meeting of Shareholders, the chairperson of that meeting does not have a casting vote on that resolution.

(j) Unless a poll is demanded and the demand is not withdrawn, a determination by the chairperson of a meeting of Shareholders following a vote on a show of hands that a resolution
has been passed or not passed is conclusive, without proof of the number or proportion of the votes recorded in favour or against the resolution.

38. Voting by representatives
(a) A person who is entitled to be registered as the holder of a Share because of a Transmission Event may vote in respect of that Share at a meeting of Shareholders provided that person has satisfied the Board of that entitlement not less than 48 hours before that meeting. Any vote by that person so entitled must be accepted to the exclusion of the vote of the registered holder of that Share.
(b) The parent or guardian of an infant Shareholder may vote at a meeting of Shareholders upon production of any evidence of the relationship or of the appointment of the guardian as the Board may require and any vote so made by the parent or guardian of an infant Shareholder must be accepted to the exclusion of the vote of the infant Shareholder.
(c) The validity of any resolution passed at a meeting of Shareholders is not affected by the failure of any proxy or attorney to vote in accordance with directions (if any) of the appointing Shareholder.
(d) If a proxy of a Shareholder purports to vote in a way or circumstances that contravene the Corporations Act, on a show of hands the vote of that proxy is invalid and the Company must not count it. If a poll is demanded, votes which the Corporations Act require a proxy of a Shareholder to cast in a given way must be treated as cast in that way.
(e) Subject to this Constitution and the Applicable Law, a vote cast at a meeting of Shareholders by a person appointed by a Shareholder as a proxy, attorney or Corporate Representative is valid despite:
   (i) a Transmission Event occurring in respect of that Shareholder; or
   (ii) the revocation of the appointment (or the authority pursuant to which the appointment was executed), if no notice in writing of that matter has been received by the Company at least 48 hours before the commencement of that meeting.
(f) A vote cast at a meeting of Shareholders by a person appointed by a Shareholder as a proxy, attorney or Corporate Representative is valid despite the transfer of the Share in respect of which the appointment is made, if the transfer is not registered or does not take effect pursuant to Article 28(b).

39. Restrictions on voting rights
(a) If there is more than one Shareholder of a Jointly Held Share present at a meeting of Shareholders (either in person, by proxy, attorney or Corporate Representative), only the vote by the Shareholder who is present (either in person, by proxy, attorney or Corporate Representative) whose name appears first in the Register in respect of that Share will count.
(b) The authority of a proxy or attorney for a Shareholder to speak or vote at a meeting of Shareholders in respect of the Shares to which the authority relates is suspended while the Shareholder is present in person at that meeting.
(c) If a Shareholder has appointed two proxies in respect of a meeting of Shareholders and each proxy attends that meeting, neither of those proxies may vote:
   (i) on a show of hands; or
   (ii) on a poll if the number or proportion of the Shareholder's vote for which the proxies have been appointed exceeds the total number or proportion of votes that could be cast by the Shareholder.
(d) A Shareholder who holds Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities during a breach of the Listing Rules or a breach of a Restriction Agreement relating to those Restricted Securities, except as permitted by the Restriction Agreement, the Listing Rules or ASX. A Shareholder is not entitled to vote on any resolution in respect of any Shares on which any calls due and payable in respect of those Shares have not been paid.
(e) A Shareholder is not entitled to vote on a resolution at a meeting of Shareholders where that vote is prohibited by the Applicable Law or an order of a court of competent jurisdiction.
(f) The Company must disregard any vote on a resolution at a meeting of Shareholders purported to be cast by an Attending Shareholder where that person is not entitled to vote on that resolution. A failure by the Company to disregard a vote on a resolution as required by this Article 39(f) does not invalidate that resolution or any act, matter or thing done at the meeting, unless that failure occurred by wilful default of the Company or of the chairperson of that meeting.

40. Polls
(a) A poll on a resolution at a meeting of Shareholders may be demanded by a Shareholder only in accordance with the Corporations Act or by the chairperson of that meeting.
(b) No poll may be demanded at a meeting of Shareholders on the election of a chairperson of that meeting, or unless the chairperson of the meeting otherwise determines, the adjournment of that meeting.
(c) A demand for a poll may be withdrawn.
(d) A poll demanded on a resolution at a meeting of Shareholders for the adjournment of that meeting must be taken immediately. A poll demanded on any other resolution at a meeting of Shareholders must be taken in the manner and at the time and place the chairperson of the meeting directs.
(e) The result of a poll demanded on a resolution of a meeting of Shareholders is a resolution of that meeting.
(f) A demand for a poll on a resolution of a meeting of Shareholders does not prevent the continuance of that meeting or that meeting dealing with any other business.

41. Proxies
(a) A Shareholder who is entitled to attend and vote at a meeting of Shareholders may appoint a person as proxy to attend and vote for the Shareholder in accordance with the Corporations Act but not otherwise.
(b) A proxy appointed in accordance with the Corporations Act to attend and vote may only exercise the rights of the Shareholder on the basis and subject to the restrictions provided in the Corporations Act.
(c) A form of appointment of proxy is valid if it is in accordance with the Corporations Act or in any other form (including electronic) which the Board may determine or accept.
(d) If the name of the proxy or the name of the office of the proxy in a proxy appointment of a Shareholder is not filled in, the proxy of that Shareholder is:
(i) the person specified by the Company in the form of proxy in the case that Shareholder does not choose; or
(ii) if no person is so specified, the chairperson of that meeting.

42. Receipt of appointments
(a) An appointment of proxy or attorney for a meeting of Shareholders is effective only if the Company receives the appointment (and any authority pursuant to which the appointment was signed or a certified copy of the authority) not less than 48 hours before the time appointed for the meeting to commence or (in the case of an adjourned meeting) resume.
(b) Where a notice of meeting specifies an electronic address or other electronic means by which a Shareholder may give the Company a proxy appointment, a proxy given at that electronic address or by that other electronic means is taken to have been given by the Shareholder and received by the Company if the requirements set out in the notice of meeting are complied with.
43. Adjournments
(a) The chairperson of a meeting of Shareholders may at any time during the meeting adjourn the meeting or any business, motion, question or resolution being considered or remaining to be considered at the meeting or any discussion or debate, either to a later time at the same meeting or to an adjourned meeting to be held at the time and place determined by the chairperson.
(b) If the chairperson of a meeting of Shareholders exercises the right to adjourn that meeting pursuant to Article 43(a), the chairperson may (but is not obliged to) obtain the approval of Attending Shareholders to the adjournment.
(c) No person other than the chairperson of a meeting of Shareholders may adjourn that meeting.
(d) The Company may give such notice of a meeting of Shareholders resumed from an adjourned meeting as the Board resolves. Failure to give notice of an adjournment of a meeting of Shareholders or the failure to receive any notice of the meeting does not invalidate the adjournment or anything done (including the passing of a resolution) at a resumed meeting.
(e) Only business left unfinished is to be transacted at a meeting of Shareholders which is resumed after an adjournment.

44. Cancellations and postponements
(a) Subject to the Corporations Act, the Company may by resolution of the Board cancel or postpone a meeting of Shareholders or change the place for the meeting, prior to the date on which the meeting is to be held.
(b) Article 44(a) does not apply to a meeting called in accordance with the Corporations Act by a Director, by Shareholders or by the Board on the request of Shareholders, unless that Director or those Shareholders consent to the cancellation or postponement of the meeting.
(c) Subject to the Listing Rules, the Company may give notice of a cancellation or postponement or change of place of a meeting of Shareholders as the Board resolves. Failure to give notice of a cancellation or postponement or change of place of a meeting of Shareholders or the failure to receive any notice of the meeting does not invalidate the cancellation, postponement or change of place of a meeting or anything done (including the passing of a resolution) at a postponed meeting or the meeting at the new place.
(d) The only business that may be transacted at a meeting of Shareholders the holding of which is postponed is the business specified in the original notice calling the meeting.

45. Meetings of a class of Shareholders
All the provisions of this Constitution relating to a meeting of Shareholders apply so far as they are capable of application and with any necessary changes to a meeting of a class of Shareholders required to be held pursuant to this Constitution or the Applicable Law except that:
(a) a quorum is 2 Attending Shareholders who hold (or whose Shareholder that they represent holds) Shares of the class, or if only one person holds all the Shares of the class, that person (or an Attending Shareholder representing that person); and
(b) any Attending Shareholder who holds (or whose Shareholder that they represent holds) Shares of the class may demand a poll.

Directors
46. Appointment of Directors
(a) The number of Directors (not counting alternate directors of the Company) must be the number, not being less than 3 nor more than 7, determined by the Directors, but the number so determined at a particular time must not be less than the number of Directors when the determination takes effect.
(b) Subject to Article 46(a), the Board may appoint any person as a Director.
(c) Subject to Article 46(a), the Company may, at a meeting of Shareholders at which a Director retires or otherwise vacates office, by resolution fill the vacated office by electing a person to that office.
(d) A Director need not be a Shareholder.

47. Retirement of Directors
(a) Subject to Article 47(d), a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that Director's last election or appointment.
(b) If no Director would otherwise be required to retire pursuant to Article 47(a) but the Listing Rules require that an election of Directors be held at an annual general meeting, the Director to retire at that meeting is (subject to Article 47(d)) any Director who wishes to retire and offer himself or herself for re-election, otherwise it is:
(i) the Director who has held office as Director the longest period of time since his or her last election or appointment to that office; or
(ii) if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise. A Director who retires pursuant to Article 47(a) or 47(b) holds office as a Director until the end of the meeting at which the Director retires and is eligible for re-election.
(c) A Director appointed pursuant to Article 46(b) must retire at the next annual general meeting occurring after that appointment and is eligible for re-election at that meeting, but is not to be taken into account in determining the number of Directors who are to retire pursuant to Article 47(b).
(d) The following persons are not subject to Article 47(a) or 47(b) and are not taken into account in determining the Directors required to retire at an annual general meeting:
(i) the managing director of the Company, or if there is more than one managing director, the managing director of the Company nominated by the Board for the purpose of this Article 47;
and
(ii) an alternate director of the Company.
(e) No person, other than a Director retiring pursuant to this Article 47 or a Director appointed pursuant to Article 46(b) or a person nominated by the Board, is eligible to be appointed as a Director at any meeting of Shareholders unless a nomination signed by a Shareholder accompanied by the consent of the nominee to act is given to the Company at least 35 Business Days before the meeting (or, in the case of a meeting that Shareholders have requested Directors to call in accordance with the Corporations Act, 30 Business Days).

48. Termination of office
A person ceases to be a Director if the person:
(a) fails to attend Board meetings (either personally or by an alternate director) for a continuous period of 3 months without the consent of the Board;
(b) resigns by notice in writing to the Company;
(c) retires pursuant to Article 47 and is not re-elected;
(d) is removed from office pursuant to the Corporations Act;
(e) is an Executive Director and ceases to be an employee of the Company or of a related body corporate of the Company;
(f) becomes an insolvent under administration;
(g) becomes of unsound mind or a person whose property is liable to be dealt with pursuant to a law about mental health; or
(h) is not permitted to be a director, or to manage a corporation, pursuant to the Corporations Act.

49. Alternate directors
(a) A Director may:
(i) without the need for approval of other Directors, appoint another Director; and
(ii) with the approval of a majority of the other Directors, appoint a person who is not a Director, as an alternate director of that Director for any period. An alternate director need not be a Shareholder.

(b) The appointing Director may terminate the appointment of his or her alternate director at any time.

(c) A notice of appointment, or termination of appointment, of an alternate director by the appointing Director is effective only if the notice is in writing and signed by that Director and is effective when given to the Company.

(d) An alternate director is entitled to receive notice of Board meetings and, subject to this Constitution and the Applicable Law, to attend, count in the quorum of, speak at, and vote at a Board meeting at which his or her appointing Director is not present.

(e) Subject to this Constitution, the Applicable Law, and the instrument of appointment of an alternate director, an alternate director may exercise all of the powers (except the power pursuant to Article 49(a)) of a Director, to the extent that that his or her appointing Director has not exercised them.

(f) The office of an alternate director is terminated if the appointing Director ceases to be a Director.

(g) Subject to Article 50(h), the Company is not required to pay any remuneration or benefit to an alternate director.

(h) An alternate director is an officer of the Company and not an agent of his or her appointing Director.

50. Remuneration and benefits of Directors

(a) Subject to Article 50(g), the Company may pay or provide to the Non-Executive Directors fees in an amount or value determined by the Board which does not in any financial year exceed in aggregate the amount last determined by the Company in general meeting (or until so determined, as the Board determines). This Article does not apply to any payments made pursuant to Articles 50(f), 50(h), 50(i), 50(j) and 54.

(b) The fees pursuant to Article 50(a) may be a fixed sum for attendance at each Board meeting or may be a share of the fixed amount or value determined by the Board pursuant to Article 50(a). If the fees are a share of such fixed amount or value, those fees are to be allocated among the Non-Executive Directors on an equal basis having regarding to the proportion of the relevant year for which each of them held office, or as the Board otherwise resolves.

(c) The fees pursuant to Article 50(a) may be provided in cash or any other manner agreed between the Company and the relevant Non-Executive Director. The Board must determine the manner in which the value of any non-cash benefit is to be calculated.

(d) The fees of a Non-Executive Director are taken to accrue from day to day, except that fees in the form of a non-cash benefit are taken to accrue at the time the benefit is provided to the Director, subject to the terms on which the benefit is provided.

(e) Subject to Article 50(g) and any agreement with the Company, the Company may pay to each Executive Director an amount of remuneration determined by the Board.

(f) If any Director, with the approval of the Board, performs extra or special services, the Company may, subject to the Corporations Act and Article 50(g), pay additional remuneration or provide benefits to that Director as the Board resolves.

(g) The Company must not pay remuneration to Directors that is calculated as a commission on, or a percentage of operating revenue, or in the case of Non-Executive Directors, profits.

(h) The Company must pay all reasonable travelling, accommodation and other expenses that a Director or alternate director properly incurs in attending meetings of the Board, committees of the Board, meetings of Shareholders, or otherwise in connection with the business of the Company.

(i) Subject to the Applicable Law, the Company may establish and contribute to a fund, trust or scheme for the benefit of:

(i) past or present employees or Directors of the Company or a related body corporate of the Company; or
(ii) the dependants of, or persons connected with or nominated by, any person referred to in Article 50(i)(i).

(j) Subject to the Applicable Law, the Company may, or may agree to, pay provide or make any payment or other benefit to a Director, a director of a related body corporate of the Company or any other person in connection with that person's or someone else's retirement, resignation from or loss of office, or death while in office.

51. Interests of Directors
(a) A Director is not disqualified by reason only of being a Director (or the fiduciary obligations arising from that office) from:
(i) holding an office (except auditor) or place of profit or employment in the Company or a related body corporate of the Company;
(ii) holding an office or place of profit or employment in any other company, body corporate, trust or entity promoted by the Company or in which it has an interest;
(iii) being a member, creditor or otherwise be interested in any body corporate (including the Company), partnership or entity, except auditor of the Company;
(iv) entering into any agreement or arrangement with the Company; or
(v) acting in a professional capacity (or being a member of a firm which acts in a professional capacity) for the Company, except as auditor of the Company.
(b) Each Director must comply with Applicable Law in relation to the disclosure of the Director's interests.
(c) A Director who has a material personal interest in a matter that is being considered at a Board meeting must not be present while the matter is being considered at the meeting nor vote on the matter, except where permitted by the Corporations Act.
(d) If a Director has an interest in a matter, then subject to Article 51(c), Article 51(e) and this Constitution:
(i) that Director may be counted in a quorum at the Board meeting that considers matters that relate to the interest provided that Director is entitled to vote on at least one of the resolutions to be proposed at that Board meeting;
(ii) that Director may participate in and vote on matters that relate to the interest;
(iii) the Company may proceed with any transaction that relates to the interest and the Director may participate in the execution of any relevant document by or on behalf of the Company;
(iv) the Director may retain the benefits pursuant to any transaction that relates to the interest even though the Director has the interest; and
(v) the Company cannot avoid any transaction that relates to the interest merely because of the existence of the interest.
(e) If an interest of a Director is required to be disclosed pursuant to Article 51(b), Article 51(d)(iv) applies only if the interest is disclosed before the transaction is entered into.

Officers
52. Managing Director
(a) The Board may appoint one or more Directors as a managing director of the Company, for any period and on any terms (including, subject to Article 50, as to remuneration) as the Board resolves. Subject to any agreement between the Company and the managing director, the Board may vary or terminate the appointment of a managing director of the Company at any time, with or without cause.
(b) The Board may delegate any of its powers to a managing director of the Company for any period and on any terms (including the power to further delegate) as the Board resolves. The Board may revoke or vary any power delegated to a managing director of the Company.
(c) A managing director of the Company must exercise the powers delegated to him or her in accordance with any directions of the Board.
(d) A person ceases to be a managing director if the person ceases to be a Director.
53. Secretary
The Board may appoint one or more Secretaries, for any period and on any terms (including as to remuneration) as the Board resolves. Subject to any agreement between the Company and the Secretary, the Board may vary or terminate the appointment of a Secretary at any time, with or without cause.

54. Indemnity and insurance
(a) To the extent permitted by law, the Company must indemnify each Relevant Officer against a Liability of that person and the Legal Costs of that person.
(b) The indemnity pursuant to Article 54(a):
(i) is enforceable without the Relevant Officer having first to incur any expense or make any payment;
(ii) is a continuing obligation and is enforceable by the Relevant Officer even though the Relevant Officer may have ceased to be an officer of the Company; and
(iii) applies to Liabilities and Legal Costs incurred both before and after this Article became effective.
(c) To the extent permitted by law, the Company may make a payment (whether by way of advance, loan or otherwise) to a Relevant Officer in respect of Legal Costs of that person.
(d) To the extent permitted by law, the Company may:
(i) enter into, or agree to enter into; or
(ii) pay, or agree to pay, a premium for,
a contract insuring a Relevant Officer against a Liability of that person and the Legal Costs of that person.
(e) To the extent permitted by law, the Company may enter into an agreement or deed with a Relevant Officer or a person who is, or has been, an officer of the Company or a Subsidiary of the Company, pursuant to which the Company must do all or any of the following:
(i) keep books of the Company and allow either or both that person and that person's advisers access to those books on the terms agreed;
(ii) indemnify that person against any Liability and Legal Costs of that person;
(iii) make a payment (whether by way of advance, loan or otherwise) to that person in respect of Legal Costs of that person; and
(iv) keep that person insured in respect of any act or omission by that person while a Relevant Officer or an officer of the Company or a Subsidiary of the Company, on the terms agreed (including as to payment of all or part of the premium for the contract of insurance).

Powers of the Board
55. General powers
(a) The Board has the power to manage the business of the Company and may exercise to the exclusion of the Company in general meeting all powers of the Company which are not, by the law or the Listing Rules or this Constitution, required to be exercised by the Company in general meeting.
(b) A power of the Board can only be exercised by a resolution passed at a meeting of the Board in accordance with Article 60, a resolution passed by signing a document in accordance with Article 59, or in accordance with a delegation of the power pursuant to Article 52, 57 or 58. A reference in this Constitution to the Company exercising a power by a resolution of the Board includes an exercise of that power in accordance with a delegation of the power pursuant to Article 52, 57 or 58.

56. Execution of documents
(a) If the Company has a common seal, the Company may execute a document if that seal is fixed to the document and the fixing of that seal is witnessed by one Director and either another Director, a Secretary, or another person appointed by the Board for that purpose.
(b) The Company may execute a document without a common seal if the document is signed by one Director and either another Director, a Secretary, or another person appointed by the Board for that purpose.
(c) The Board may determine the manner in which and the persons by whom cheques, promissory notes, bankers' drafts, bills of exchange and other negotiable or transferable instruments in the name of or on behalf of the Company, and receipts for money paid to the Company, must be signed, drawn, accepted, endorsed or otherwise executed.

57. Committees and delegates
(a) The Board may delegate any of its powers to a committee of the Board, a Director, an employee of the Company or any other person. A delegation of those powers may be made for any period and on any terms (including the power to further delegate) as the Board resolves. The Board may revoke or vary any power so delegated.
(b) A committee or delegate must exercise the powers delegated in accordance with any directions of the Board.
(c) Subject to the terms of appointment or reference of a committee, Article 60 applies with the necessary changes to meetings and resolutions of a committee of the Board.

58. Attorney or agent
(a) The Board may appoint any person to be attorney or agent of the Company for any purpose, for any period and on any terms (including as to remuneration) as the Board resolves. Subject to the terms of appointment of an attorney or agent of the Company, the Board may revoke or vary that appointment at any time, with or without cause.
(b) The Board may delegate any of their powers (including the power to delegate) to an attorney or agent. The Board may revoke or vary any power delegated to an attorney or agent.

Proceedings of Directors
59. Written resolutions of Directors
(a) The Board may pass a resolution without a Board meeting being held if notice in writing of the resolution is given to all Directors and a majority of the Directors entitled to vote on the resolution (not being less than the number required for a quorum at a meeting of Directors) sign a document containing a statement that they are in favour of the resolution set out in the document.
(b) A resolution pursuant to Article 59(a) may consist of several documents in the same form each signed by one or more Directors and is effective when signed by the last of the Directors constituting the majority of the Directors. A facsimile transmission or other document produced by electronic means under the name of a Director with the Director's authority is taken to be a document signed by the Director for the purposes of Article 59(a) and is taken to be signed when received by the Company in legible form.
(c) For the purposes of Article 59(a), the reference to Directors includes any alternate director who is appointed by a Director who is at the relevant time on leave of absence approved by the Board but does not include any other alternate directors.

60. Board Meetings
(a) Subject to this Constitution, the Board may meet, adjourn and otherwise regulate its meetings as it thinks fit.
(b) A Director may call a Board meeting at any time. On request of any Director, a Secretary of the Company must call a meeting of the Directors.
(c) Notice of a Board meeting must be given to each Director (except a Director on leave of absence approved by the Board) and an alternate director appointed by a Director on leave of absence approved by the Board. Notice of a Board meeting may be given in person, or by post or by telephone, fax or other electronic means.
(d) A Director or alternate director may waive notice of a Board meeting by giving notice to that effect to the Company in person or by post or by telephone, fax or other electronic means.
(e) A person who attends a Board meeting waives any objection that person and:
(i) if the person is a Director, any alternate director appointed by that person; or
(ii) if the person is an alternate director, the Director who appointed that person as alternate director.
may have to a failure to give notice of the meeting.

(f) Anything done (including the passing of a resolution) at a Board meeting is not invalid because either or both a person does not receive notice of the meeting or the Company accidentally does not give notice of the meeting to a person.

(g) For the purposes of the Corporations Act, each Director, by consenting to be a Director or by reason of the adoption of this Constitution, consents to the use of each of the following technologies for the holding of a Board meeting:

(i) telephone;
(ii) video;
(iii) any other technology which permits each Director to communicate with every other participating Director; or
(iv) any combination of these technologies.

A Director may withdraw the consent given pursuant to this Article 60(g) in accordance with the Corporations Act.

(h) If a Board meeting is held in 2 or more places linked together by any technology:

(i) a Director present at one of the places is taken to be present at the meeting unless and until the Director states to the chairperson of the meeting that the Director is discontinuing his or her participation in the meeting; and
(ii) the chairperson of that meeting may determine at which of those places the meeting will be taken to have been held.

(i) Until otherwise determined by the Board, a quorum for a Board meeting is 2 Directors entitled to vote on a resolution that may be proposed at that meeting. A quorum for a Board meeting must be present at all times during the meeting. Each individual present is counted towards a quorum in respect of each appointment as an alternate director of another Director in addition (if applicable) to being counted as a Director.

61. Chairperson of the Board

(a) The Board may elect a Director as chairperson of the Board or deputy chairperson of the Board for any period that it resolves, or if no period is specified, until that person ceases to be a Director. The Board may remove the chairperson of the Board or deputy chairperson of the Board at any time.

(b) Subject to Article 61(c), the chairperson of the Board must chair each Board meeting.

(c) If at a Board meeting:

(i) a chairperson has not been elected pursuant to Article 61(a); or
(ii) the chairperson of the Board is not present within 15 minutes after the time appointed for the holding of a Board meeting or is not willing to chair all or part of that meeting, the deputy chairperson of the Board (if any) must, or if there is no deputy chairperson or the deputy chairperson is not willing to act, the Directors present must elect one of their number to, chair that meeting or part of the meeting.

(d) A person does not cease to be a chairperson of the Board or deputy chairperson of the Board if that person retires as a Director at a meeting of Shareholders and is re-elected as a Director at that meeting (or any adjournment of that meeting).

62. Board resolutions

(a) A resolution of the Board is passed if more votes are cast by Directors entitled to vote in favour of the resolution than against it.

(b) Subject to Articles 49 and 51 and this Article 62, each Director present in person or by his or her alternate director has one vote on a matter arising at a Board meeting.

(c) Subject to the Applicable Law, in case of an equality of votes on a resolution at a Board meeting, the chairperson of that meeting has a casting vote on that resolution in addition to any vote the chairperson has in his or her capacity as a Director in respect of that resolution, provided that the chairperson is entitled to vote on the resolution and more than two Directors are present and entitled to vote on the resolution.
63. Valid proceedings
(a) An act at any Board meeting or a committee of the Board or an act of any person acting as a Director is not invalidated by:
(i) a defect in the appointment or continuance in office of a person as a Director, a member of the committee or of the person so acting; or
(ii) a person so appointed being disqualified or not being entitled to vote,
if that circumstance was not known by the Board, committee or person (as the case may be) when the act was done.
(b) If the number of Directors is below the minimum required by this Constitution, the Board must not act except in emergencies, to appoint Directors up to that minimum number or to call and arrange to hold a meeting of Shareholders.

Dividends and Profits
64. Determination of dividends
(a) Subject to the Applicable Law, this Constitution and the rights or restrictions attached to a class of Shares, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend, the time for the payment of the dividend and the method of payment of the dividend.
(b) Subject to the Listing Rules and the rights or restrictions attached to a class of Shares, the Board may determine that dividends be paid on Shares of one class but not another class, and at different rates for different classes of Shares.
(c) The Company is not required to pay any interest on a dividend.

65. Entitlements to dividends
(a) Subject to the Applicable Law, a dividend in respect of a Share must be paid to the person whose name is entered in the Register as the holder of that Share as at the time the Board has fixed for that purpose, or if no such time is fixed, on the date on which the Dividend is paid.
(b) A Shareholder who holds Restricted Securities is not entitled to any dividends in respect of those Restricted Securities during a breach of the Listing Rules or a breach of a Restriction Agreement relating to those Restricted Securities, except as permitted by the Restriction Agreement, the Listing Rules or ASX. Subject to any rights or restrictions attached to a class of Shares and Article 65(c), the person entitled to a dividend on a Share is entitled to:
(i) if the Share is fully paid (whether the issue price of the Share was paid or credited or both), the entire dividend; or
(ii) if the Share is partly paid, a proportion of that dividend equal to the proportion which the amount paid on that Share bears to the total issue price of that Share. Any amounts credited without payment in money or other consideration being made to the Company and any amounts paid up in advance of the applicable due date for payment are ignored when calculating the proportion.
(c) If an amount is paid on a Share during the period to which a dividend relates, the Board may resolve that only the proportion of that amount equal to the proportion which the period from the date of payment to the end of the period to which the dividend relates bears to the total period to which the dividend relates, counts as part of the amount for the time being paid on the Share, unless the terms of issue of the Shares provide otherwise.
(d) If a transfer of a Share is registered after the time determined for entitlements to a dividend on that Share but before the dividend is paid, the person transferring that Share is entitled to that dividend, unless the Settlement Rules provide otherwise.
(e) The Company may retain the whole or part of any dividend on which the Company has a lien and apply that amount in total or part satisfaction of any amount secured by that lien.

66. Dividend plans
(a) The Company may establish a bonus share plan on any terms as the Board resolves, pursuant to which participants may elect in respect of all or part of their Shares to be issued financial products of the Company or another body corporate or trust credited as fully paid instead of receiving a cash dividend from the Company in respect of those Shares.
(b) The Company may establish a dividend reinvestment plan on any terms as the Board resolves, pursuant to which participants may elect in respect of all or part of their Shares to apply the whole or any part of a dividend from the Company, or any other amount paid or payable to Shareholders, in subscribing for or purchasing financial products of the Company or another body corporate or trust.

(c) The Board is under no obligation to admit any Shareholder as a participant in any plan nor to comply with any request made by a Shareholder who is not admitted as a participant in a plan.

(d) Subject to the Applicable Law, the Board may implement, amend, suspend or terminate a plan established pursuant to this Article 66.

67. Capitalisation of profits

(a) Subject to the Applicable Law and the rights or restrictions attached to a class of Shares, the Company may by resolution of the Board:

(i) capitalise any amount, being the whole or part of profits of the Company or otherwise available for distribution to Shareholders; and

(ii) apply that amount for the benefit of Shareholders in full satisfaction of their interest in the capitalised amount, in the same proportions as the Shareholders would be entitled to receive it if it were distributed by way of dividend or in accordance with either the terms of issue of any Shares or the terms of any plan for the issue of Shares or other securities for the benefit of officers or employees of the Company.

(b) The Board may fix the time for determining entitlements to an application of a capitalised amount pursuant to Article 67(a). The Board may decide to apply a capitalised amount pursuant to Article 67(a) in any or all of the following ways:

(i) in paying up an amount unpaid on Shares already issued;

(ii) in paying up in full any unissued Shares or other securities in the Company;

(iii) any other method permitted by law or the Listing Rules.

(c) The Board may do all things necessary to give effect to a resolution pursuant to Article 67(a) and 67(b), including:

(i) making cash payments in cases where Shares or other securities become issuable in fractions or ignore amounts or fractions less than a particular value;

(ii) vesting any cash or assets in a trustee on trust for the Shareholders entitled to an application of a capitalised amount pursuant to Article 67(a); and

(iii) authorising any person to make, on behalf of all Shareholders entitled to an application of a capitalised amount pursuant to Article 67(a), an agreement with the Company providing for either or both the issue of securities or the payment by the Company on the Shareholders’ behalf of an amount pursuant to Article 67(b), and in executing any such document the person acts as agent and attorney for those Shareholders.

68. Distributions of assets

(a) The method of payment by the Company of a dividend or a return of capital by a reduction of capital, a share buy-back or otherwise, may include any or all of the payment of cash, the issue of shares or other financial products and the transfer of assets (including shares or other financial products in another body corporate or trust).

(b) If the Board has determined that the Company pay a dividend or return capital by a reduction of capital, a share buy-back or otherwise, wholly or partly by the distribution (either generally or to specific Shareholders) of specific assets (including by the issue or transfer of shares or other financial products), the Board may:

(i) settle any issue concerning the distribution in any way the Board resolves;

(ii) round amounts up or down to the nearest whole number, or ignore amounts or fractions less than a particular value;

(iii) value assets for distribution and determine that the Company pay cash to any Shareholder on the basis of that valuation;

(iv) vest assets in a trustee on trust for the Shareholders entitled to any financial products as a result of that distribution; and
(v) authorise any person to make, on behalf of all Shareholders entitled to any financial products as a result of that distribution, an agreement with the relevant body corporate or trust providing for the issue or transfer to them of those financial products (including an agreement to become a member of that body corporate) and, in executing any such document, the person acts as agent and attorney for those Shareholders.

69. Payments
(a) The Company may pay a person entitled to an amount payable in respect of a Share (including a dividend) by any of the following means, in the Board's discretion, at the sole risk of the person so entitled:
   (i) crediting an account nominated in writing by that person and acceptable to the Board;
   (ii) cheque made payable to bearer, to the person entitled to the amount or any other person the entitled person directs in writing and who is acceptable to the Board; or
   (iii) any other manner as the Board resolves.
(b) If the Company decides to make a payment by crediting accounts and an account is not nominated by a Shareholder in accordance with Article 69(a)(i), the Company may hold the amount payable in a separate account of the Company until the Shareholder nominates an account in accordance with Article 69(a)(i).
(c) The Company may post a cheque referred to in Article 69(a)(ii) to:
   (i) the address in the Register of the Shareholder of the Share, or in the case of a Jointly Held Share, the address of the Shareholder whose name appears first in the Register in respect of the Share; or
   (ii) any other address which the entitled person directs in writing.
(d) The Company may make a payment of an amount payable in respect of a Share (including a dividend) in Australian dollars or any other currency determined by the Board. The Company may make payments in different currencies to different Shareholders. The Board may determine the appropriate exchange rate and time of calculation of the amount of a payment made in a currency other than Australian dollars. A determination of the Board pursuant to this Article 69(d) is final in the absence of manifest error.
(e) If more than one Shareholder of a Jointly Held Share gives a permitted nomination or direction pursuant to Article 69(a), only the nomination or direction by the Shareholder whose name appears first in the Register in respect of that Share is valid.
(f) Any one of the Shareholders of a Jointly Held Share may give receipt of any payment to those Shareholders in respect of that Share.

Notices
70. Notices to Shareholders
(a) The Company may give Notice to a Shareholder or a person entitled to a Share because of a Transmission Event by any of the following means in the Board's discretion:
   (i) delivering it to that Shareholder or person;
   (ii) delivering it or sending it by post to the address of the Shareholder in the Register or the alternative address (if any) nominated by that Shareholder or person for that purpose;
   (iii) sending it to the fax number or electronic address (if any) nominated by that Shareholder or person for that purpose;
   (iv) if permitted by the Corporations Act, notifying that Shareholder of the notice's availability by an electronic means nominated by the Shareholder for that purpose; or
   (v) any other means permitted by the Corporations Act.
(b) The Company must send all documents to a Shareholder whose address for Notices is not within Australia by air-mail, air courier, fax or electronic transmission.
(c) Any Notice given or document delivered by the Company to the Shareholder whose name appears first in the Register in respect of a Jointly Held Share is taken to be notice or delivery to all holders of that Share.
(d) Notice to a person entitled to a Share because of a Transmission Event is taken to be notice to the registered holder of that Share.
(e) Subject to the Corporations Act, a Notice to a Shareholder is sufficient, even if:
(i) a Transmission Event occurs in respect of that Shareholder (regardless of whether that person is a registered holder of a Jointly Held Share); or
(ii) that Shareholder is an externally administered body corporate, and regardless of whether the Company has notice of that event.
(f) A person entitled to a Share because of a transfer, Transmission Event or otherwise, is bound by every Notice given in respect of that Share.
(g) Any Notice required or allowed to be given by the Company to one or more Shareholders by advertisement is, unless otherwise stipulated, sufficiently advertised if advertised once in a daily newspaper circulating in the states and territories of Australia.

71. Notice to Directors
The Company may give Notice to a Director or alternate director by:
(a) delivering it to that person;
(b) sending it by post to the usual residential address of that person or the alternative address (if any) nominated by that person for that purpose;
(c) sending it to the fax number or electronic address (if any) nominated by that person for that purpose; or
(d) any other means agreed between the Company and that person.

72. Notice to the Company
A person may give Notice to the Company by:
(a) delivering it or sending it by post to the registered office of the Company;
(b) delivering it or sending it by post to a place nominated by the Company for that purpose;
(c) sending it to the fax number at the registered office of the Company nominated by the Company for that purpose;
(d) sending it to the electronic address (if any) nominated by the Company for that purpose; or
(e) any other means permitted by the Corporations Act.

73. Time of service
(a) A Notice sent by post or air-mail is taken to be given on the day after the date it is posted.
(b) A Notice sent by fax or other electronic transmission is taken to be given when the transmission is sent provided that in the case of notice to the Company or a Director or an alternate director, the sender meets any action required by the recipient to verify the receipt of the document by the recipient.
(c) A Notice given in accordance with Article 70(a)(iv) is taken to be given on the day after the date on which the Shareholder is notified that the Notice is available.
(d) A certificate by a Director or Secretary to the effect that a Notice by the Company has been given in accordance with this Constitution is conclusive evidence of that fact.

74. Notice requirements
The Board may specify, generally or in a particular case, requirements in relation to Notices given by any electronic means, including requirements as to:
(a) the classes of, and circumstances in which, Notices may be sent;
(b) verification (whether by encryption code or otherwise); and
(c) the circumstances in which, and the time when, the Notice is taken to be given.

Winding up
75. Winding up
(a) Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, any surplus assets of the Company remaining after the payment of its debts must be divided among the Shareholders in the proportions which the amount paid (including amounts credited) on the Shares of a Shareholder is of the total issue price of the Shares of all Shareholders.
(b) Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution:
(i) distribute among the Shareholders the whole or any part of the property of the Company; and
(ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.
(c) The liquidator of the Company may settle any issue concerning a distribution pursuant to this Article 75 in any way. This may include:
(i) rounding amounts up or down to the nearest whole number or ignoring fractions;
(ii) valuing assets for distribution and paying cash to any Shareholder on the basis of that valuation; and
(iii) vesting assets in a trustee on trust for the Shareholders entitled to the distribution.
(d) A Shareholder need not accept any property, including shares or other securities, in respect of which there is any liability on the part of the Shareholder.

Small holdings
76. Existing small holdings
(a) Subject to the Applicable Law, the Company may sell the Shares of a Shareholder if:
(i) the total number of Shares of a particular class held by that Shareholder is less than a marketable parcel at the date specified in a notice in writing given by the Company to that Shareholder (being the lesser of 42 days after the date of the Company giving that notice or any lesser period permitted pursuant to the Applicable Law);
(ii) the notice of the Company states that the Shares are liable to be sold by the Company; and
(iii) that Shareholder does not give notice in writing to the Company, by the time and date specified in the notice of the Company (being the lesser of 42 days after the date of the Company giving that notice and any lesser period permitted pursuant to the Applicable Law), stating that all or some of those Shares are not to be sold.
(b) The Company may only give one notice pursuant to Article 76(a) to a particular Shareholder in any 12 month period.
(c) If a takeover bid for the Company is announced after a notice pursuant to Article 76(a) is given but before an agreement for sale of the relevant Shares is entered into, the power of the Company pursuant to Article 76(a) lapses. After the offer period of the takeover bid closes, the Company may (notwithstanding Article 76(b)) give a new notice pursuant to Article 76(a).
77. New small holdings
(a) Subject to the Applicable Law, the Company may sell the Shares of a Shareholder if:
(i) the Shares of a particular class held by that Shareholder are in a new holding created by a transfer on or after the date on which this Article 77 was adopted in this Constitution; and
(ii) that transfer is of a number of Shares of that class that was less than a marketable parcel at the time the transfer document was initiated, or in the case of a paper based transfer document, was lodged with the Company.
(b) The Company may give a Shareholder referred to in Article 77(a) notice in writing stating that the Company intends to sell or dispose of the Shares.
(c) If the Company is entitled to exercise the powers pursuant to Article 77(a), the Company may by resolution of the Board remove or change either or both the right to vote and the right to receive dividends of the relevant Shareholder in respect of some or all of the Shares liable to be sold. After the sale of those Shares, the Company must pay to the person entitled any dividends that have been withheld pursuant to this Article 77(c).
78. Exercise of power of sale
(a) Subject to the Applicable Law, the Company may sell any Shares pursuant to Article 0 or 77 to any person on any terms and in any manner as the Board resolves.
(b) The Company may:
(i) exercise any powers permitted pursuant to the Applicable Law to enable the sale of Shares pursuant to Article 0 or 77;
(ii) receive the consideration (if any) given for Shares sold pursuant to Article 0 or 77;
(iii) effect a transfer of Shares sold pursuant to Article 0 or 77; and
(iv) receive any disclosure document, including a financial services guide, as agent for the applicable Shareholders.

(c) The validity of the sale of Shares pursuant to Article 0 or 77 may not be called into question by any person after the transfer has been registered, and the buyer of the Shares need not enquire as to the validity of the sale or application of the sale proceeds by the Company.
(d) The title of the buyer of Shares sold pursuant to Article 0 or 77 is not affected by any irregularity or invalidity in connection with the sale.
(e) The sole remedy (if any) of any person aggrieved by a sale of Shares pursuant to Article 0 or 77 is in damages only and against the Company exclusively.
(f) A certificate in writing from the Company signed by a Director or Secretary that a Share was sold in accordance with Article 0 or 77 is sufficient evidence of those matters.
(g) If the Company exercises the powers pursuant to Article 0, the person to whom a Share is sold, or if permitted by the Applicable Law the Company, must pay the expenses of the sale.
(h) The Company must apply the proceeds of any sale of any Shares sold pursuant to Article 0 or 77 in the following order:
(i) in the case of an exercise of the powers pursuant to Article 77, the expenses of the sale;
(ii) the amounts due and unpaid in respect of those Shares; and
(iii) the balance (if any) to, or at the direction of, the person entitled to the Shares immediately prior to the sale, on delivery by that person of any evidence of ownership of or entitlement to those Shares prior to the sale as the Board may require.
(i) Subject to the Listing Rules, the Company may by resolution of the Board revoke a notice given pursuant to Article 0 or 77 at any time prior to the sale of the Shares pursuant to those Articles.

Takeover approval provisions
79. Refusal to register transfers
(a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract resulting from acceptance of an offer made under a proportional takeover bid in respect of a class of Shares unless and until a resolution to approve the takeover bid is passed in accordance with Article 80.
(b) This Article 79 and Article 80 cease to have effect on the day which is 3 years after the later of their adoption or last renewal in accordance with the Corporations Act.

80. Approval procedure
(a) Where offers are made under a proportional takeover bid, the Board must, subject to the Corporations Act, call and arrange to hold a meeting of persons entitled to vote on a resolution to approve the proportional takeover bid.
(b) Subject to this Constitution, each person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid:
(i) is entitled to vote on the resolution referred to in Article 80(a); and
(ii) has one vote for each Share in the bid class securities that the person holds.
(c) The provisions of this Constitution concerning meetings of Shareholders apply to a meeting held pursuant to Article 80(a) with any modifications that Board resolves are required in the circumstances.
(d) A resolution referred to in Article 80(a) that has been voted on is passed if more than 50% of votes cast on the resolution are in favour of the resolution, and otherwise is taken to have been rejected.
(e) If a resolution referred to in Article 80(a) has not been voted on as at the end of the day before the fourteenth day before the last day of the bid period under the proportional takeover bid, or a later day allowed by the Australian Securities and Investments Commission, then that resolution is taken to have been passed.
DIRECTORS’ REPORT

The directors of Magnum Gas & Power Limited submit herewith the annual financial report of the Company for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the directors of the company during or since the end of the financial year are:

Thomas Fontaine – Non-Executive Chairman

Tom Fontaine is a professional engineer who has considerable experience in the Oil and Gas Industry including Coal Seam Methane. He was one of the original founders of Pure Energy Resources Limited which was a Coal Seam Methane focussed company which listed on the ASX and was subsequently bought by British Gas.

Trent Wheeler – Managing Director

Trent is professional engineer (Mechanical (Honours) and Oil & Gas), manager and director with over 16 years’ experience in the energy and resources sector. He has been involved with or responsible for the successful initiation, definition, development, operation and expansion of significant upstream and downstream oil, gas, mineral, metal, chemical and power projects throughout Australia, Canada, America, South East Asia and Botswana.

Trent has been instrumental in co-founding and funding private and public companies, developing and executing business strategy, capital raising, corporate and commercial roles.

Brett Montgomery – Non-Executive Director

Brett Montgomery has over 28 years’ experience in the gold mining industry and management of public companies. Having been the Managing Director of Kalimantan Gold NL, a Director of Grants Patch Mining Limited, and Chairman and Joint Managing Director of Eurogold Limited. Mr Montgomery was Chair of the audit committee.

Mr Montgomery is a director of Tanami Gold NL.

Raalin Wheeler – Non-Executive Director

A Fellow of the Australian Institute of Company Directors, Raalin is a professional Director, with over 31 years of private and public company experiences. He has a broad range of experience in engineering and manufacturing for the resource industry, including oil and gas directional drilling technology, downstream process plants, remote area greenfields project establishment and services.

He has held senior executive management positions including Chairman, Vice-President (USA NASDAQ listed company), Managing Director, Project Manager and Business Development Manager. Mr Wheeler was chair of the Remuneration Committee.
Company Secretary

Mark Pitts BBus, FCA – Company Secretary

Mr Pitts is a Chartered Accountant with over 25 years experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a Partner in the corporate advisory firm Endeavour Corporate providing secretarial support, corporate and compliance advice to a number of ASX listed public companies.

Directorships of other listed companies in last 3 years

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
<th>Period of directorship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr B. Montgomery</td>
<td>Tanami Gold NL</td>
<td>Appointed 6 February 2013</td>
</tr>
</tbody>
</table>

DIRECTORS’ SHAREHOLDINGS

The following table sets out each director’s relevant interest in shares and options in shares of the Company as at the date of this report:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of shares</th>
<th>Number of options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr T. Fontaine – indirect</td>
<td>101,425,190</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Mr R. Wheeler – direct &amp; indirect</td>
<td>84,960,933</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Mr T. Wheeler – direct &amp; indirect</td>
<td>69,051,842</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Mr B. Montgomery – direct</td>
<td>-</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out below in the remuneration report which forms part of the Directors’ Report.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

No options to purchase shares have been issued to Directors and key consultants of the Company during the current financial year.

PRINCIPAL ACTIVITIES, REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS

The principal activities of the consolidated entity during the financial year were;

Corporate Activities

The 2014 financial year saw the completion of a Share purchase plan and an entitlement offer to shareholders raising a total of $430,680. Magnum is continuing to consider various funding arrangements in order to progress its projects further.

Share Purchase Plan

Magnum completed a Share Purchase Plan in November 2013 with subscriptions for 26,338,316 ordinary shares raising a total of $316,060.

Entitlement Offer

On the 14th May 2014, Magnum announced a non-renounceable entitlement issue to raise $1.3
millions.

The offer closed on 20th June 2014 and Magnum received applications for and allotted 11,462,011 shares totalling $114,620.

Given the nature of the capital markets the Directors were not surprised by the result and are continuing to progress various avenues for placing the shortfall of the offer.

**Botswana Stock Exchange**

Magnum has made an application to the Botswana Stock Exchange (“BSE”) to complete a secondary listing on the exchange. Magnum believes the benefits of a secondary listing on the BSE include: enabling Botswana investors to participate in what may become significant projects for the country, enables Magnum to broaden its shareholder base to include Botswana investors that understand the current energy shortage in Botswana, while also providing a more convenient portal for African and European investors to participate.

**Exploration Activities**

**Botswana Coal Bed Methane Project**

The Magnum CBM exploration portfolio consists of multiple CBM prospecting licences, focused on two separate project areas, within the overall central Kalahari Karoo basin. The “Central CBM Project” consists of 1,205 km² of prospecting licences over prospective CBM acreage in the Mmashoro Region. The “Northern CBM Project” consists of 1,132 km² of prospecting licences over prospective CBM acreage in the Nata Region. The Botswana Department of Geological Survey reports that 196 Tcf of "gas in place" is estimated to be present in the coal and carbonaceous shale sequences in the central Kalahari Karoo Basin in Botswana.

During the year Magnum successfully completed a drilling programme on the Company’s Central CBM project area. The discovery of Coal and Coal Bed Methane and subsequently the presence of 95% methane in the gas composition results were promising. Magnum informed the Botswana Ministry of Mines, Energy and Water Resources that a discovery of Coal Bed Methane had been made on the Company’s prospecting licences.

This result is very important to Magnum as it is a significant step towards the company's goal of certifying gas reserves within the Karoo Basin.

**New South Wales CSG Project**

NSW imports 95% of its gas and is currently producing just 5% of its gas needs from Coal Seam Gas (“CSG”) compared to Queensland where CSG comprises about 90% of its gas production. According to an ACIL Tasmin report, ‘Economic Significance of Coal Seam Methane in New South Wales”, gas prices could double by 2014 without the development of a significant local gas supply.

A recent report received from the independent NSW Chief Scientist and Engineer concluded that there no evidence that current long-wall or CSG activities in the Catchment should be stopped, that modern treatment processes are sufficient in protecting the quality of Sydney’s drinking water against any adverse impact. Unfortunately there has been no positive action from the NSW Government as a result.

The Company remains confident in the potential of the project in New South Wales however, the Directors have elected to take a prudent approach and impair the carried forward exploration and assets and its related investment in APEX Energy NL to nil.

A more detailed analysis of operating activities is set out in the Managing Directors Report.
Operating results for the year
The Group incurred an after tax loss for the year of $7,659,146 (2013: $1,316,637), the current year loss includes an amount of $6,725,948 relating to the impairment of NSW assets and investments. The Company successfully complete a share purchase plan and a rights issue during the year which raised a total of $430,680 upon the issue of 37,800,327 shares.

Risk Management
The Board as a whole is ultimately responsible for establishing and reviewing the Company’s policies on risk profile, oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

The Company’s risk management program is implemented by Managing Director in conjunction with the Safety Committee as follows:

- ensuring that matters affecting the goals, objectives and performance of the Company and the safety of its stakeholders are identified and assessed by an operational risk management framework in accordance with industry accepted standards;
- obtaining and regularly reviewing insurance for the Company relevant to managing material risks;
- implementing and maintaining internal control systems which will be identified in conjunction with the external auditors;
- monitoring and verifying the Company’s compliance with record keeping and operating requirements, including all requirements of law including indigenous and community rights and environmental obligations;
- minimising the potential for loss or damage resulting from risks affecting the Company; and
- reporting to the Board when relevant as to the effectiveness of the Company’s management of its material risks.

SUBSEQUENT EVENTS

Unsecured loan
Subsequent to the end of the financial year the Company entered into a loan for $300,000. The loan is subject to normal commercial terms, is unsecured and repayable by 30 June 2015. The loan was made available by the Company’s Chairman Mr Tom Fontaine.

Placement
Subsequent to the end of the financial year the Company placed 32,500,000 ordinary shares to sophisticated investors at 1 cent each to raise $325,000.

Other than those matters noted above, there were no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

FUTURE DEVELOPMENTS

Magnum expects to add value through the continued focus on the exploration activities in Botswana, while continuing to work with the various government departments in New South Wales in order to obtain the necessary approvals to drill there. Magnum is also identifying and reviewing other opportunities, both in existing project regions and internationally.

DIVIDENDS

No dividend has been declared for the year, and the directors do not recommend the payment of a dividend in respect of the financial year (2013: $nil).
ENVIRONMENTAL REGULATIONS

The operation of the group is solely within Australia and due to its current operations is not subject to any specific environmental laws. The Company is not aware of any breach of any environmental regulations during or since the end of the financial year from its activities.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option by Magnum Gas & Power Limited as at the date of this report are:

<table>
<thead>
<tr>
<th>Expiry date of option</th>
<th>Number of shares under option</th>
<th>Class of shares</th>
<th>Exercise price of option</th>
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</thead>
<tbody>
<tr>
<td>30 June 2015</td>
<td>18,500,000</td>
<td>Ordinary</td>
<td>$0.06</td>
</tr>
</tbody>
</table>

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate, except to the extent permitted by law, against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

DIRECTORS’ MEETINGS

The following table sets out the number of Directors’ meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member). During the financial year, 4 Board meetings and 2 Audit Committee meeting were held:

<table>
<thead>
<tr>
<th>Directors’ Meetings</th>
<th>Audit Committee Meetings</th>
<th>Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attended</td>
<td>Held</td>
<td>Attended</td>
</tr>
<tr>
<td>Mr T. Fontaine</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

REMUNERATION REPORT

This report, which forms part of the directors’ report, outlines the remuneration arrangements in place for the key management personnel (KMP) of the Company for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, and includes all directors.

The following persons were key management personnel (KMP) of the Company during the financial year:

Directors:
Mr T. Fontaine (Non-Executive Chairman)
Mr B. Montgomery (Non-Executive Director)  
Mr R. Wheeler (Non-Executive Director)  
Mr T. Wheeler (Managing Director)

Executives:  
Mr M Pitts (Company Secretary)

Other than the Company Secretary, there were no senior executives of the Company or the group during or since the end of the financial year that did not hold a position as a Director of the Company.

**REMUNERATION REPORT (CONTINUED)**

The Company’s policy for determining the remuneration of KMP of the Company is based on a number of factors including length of service, the particular experience of the individual concerned and the overall performance of the Company.

The remuneration policy has been framed with particular regard to the early stage of the Company’s operations. At this stage it is not considered appropriate for base remuneration to be dependent upon an individual’s performance rated against key performance indicators or the Company’s performance as measured by earnings or the Company’s share price. Rather, this is indirectly remunerated through the increase in value of the granted share options.

Certain Directors and consultants to the Company have been granted options over unissued ordinary shares in the Company. The details of these options are set out below and also in the Notes to the Financial Statements.

The value of these options is anticipated to increase in accordance with the increase in the price at which the Company’s shares are traded and in accordance with an increase in shareholder wealth.

Hedging positions over shares and options over shares or the loaning of shares and options over shares held by KMP in the Company are not permitted.

As at balance date no service agreements were in place for the directors of the Company other than for the Managing Director Mr Trent Wheeler.

**Mr T. Wheeler**  
On 27th September 2012 Mr T. Wheeler was appointed Managing Director. The Company has entered into an Employment Agreement with Mr Wheeler who is paid a salary of $261,468 per annum (plus superannuation) and $1,000 per calendar month Vehicle Lease Payments and additional vehicle operating costs, for a term of 2 years. The Company may terminate the agreement by giving 12 month’s notice in writing or such shorter period of notice as may be agreed. Mr Wheeler may terminate this agreement at any time by six month’s written notice.

Details of other contractual arrangements with KMP are as follows:

**Mr T. Fontaine** The Company remunerated Mr Fontaine $5,000 per month for his services as Chairman. The Company has also entered into a consulting agreement with Mr Fontaine and his company to provide technical services as and when required. Payment under this agreement is $1,200 per day.
**Mr R. Wheeler** The Company remunerated Mr R Wheeler $2,500 per month as a Non-Executive Director. The Company has also entered into a consulting agreement with Mr R Wheeler and his company to provide operational and management services as and when required. Payment under this agreement is $1,200 per day.

**Mr B. Montgomery** The Company remunerated Mr Montgomery $2,500 per month as a Non-Executive Director. Company secretary receives remuneration as set out below.

**Mr M. Pitts** The Company remunerates Mr Pitts $6,000 per month as Company Secretary plus other consulting fees as required for services rendered.

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options to any Director during the year.
Details of remuneration
Details of the remuneration of each KMP of the Company including their personally related entities are set out in the following table.

### 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Cash salary and fees</th>
<th>Bonus</th>
<th>Super-annuation</th>
<th>Other Retirement benefits</th>
<th>Options</th>
<th>% of Remuneration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr T. Fontaine</td>
<td>60,000</td>
<td>-</td>
<td></td>
<td></td>
<td>-</td>
<td>-</td>
<td>60,000</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>273,468</td>
<td>-</td>
<td>26,201</td>
<td></td>
<td>-</td>
<td>-</td>
<td>299,669</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>33,960</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>33,960</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>30,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Secretary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>72,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>72,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>469,428</td>
<td>-</td>
<td>26,201</td>
<td></td>
<td>-</td>
<td>-</td>
<td>495,629</td>
</tr>
</tbody>
</table>

### 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Cash salary and fees</th>
<th>Bonus</th>
<th>Super-annuation</th>
<th>Other Retirement benefits</th>
<th>Options</th>
<th>% of Remuneration</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr T. Fontaine</td>
<td>120,700</td>
<td>-</td>
<td>600</td>
<td></td>
<td>37,533</td>
<td>23.63%</td>
<td>158,833</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>254,018</td>
<td>-</td>
<td>17,649</td>
<td></td>
<td>27,787</td>
<td>9.28%</td>
<td>299,454</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>218,900</td>
<td>-</td>
<td>-</td>
<td></td>
<td>13,894</td>
<td>5.97%</td>
<td>232,794</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>30,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td>6,947</td>
<td>18.80%</td>
<td>36,947</td>
</tr>
<tr>
<td>Mr E. Ellyard*</td>
<td>57,500</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>57,500</td>
</tr>
<tr>
<td>Mr P. Curry</td>
<td>5,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Secretary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>60,000</td>
<td>-</td>
<td>-</td>
<td></td>
<td>6,947</td>
<td>10.38%</td>
<td>66,947</td>
</tr>
<tr>
<td>Mr M. Ohlsson+</td>
<td>7,530</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>7,530</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>753,648</td>
<td>-</td>
<td>18,249</td>
<td></td>
<td>93,108</td>
<td></td>
<td>865,005</td>
</tr>
</tbody>
</table>

*Mr E. Ellyard resigned 14 June 2013
<Mr P. Curry resigned 27 September 2012
+Mr M Ohlsson resigned 4 September 2012
The table below sets out summary information about the group’s earnings and movements in shareholder wealth for the five years to 30 June 2014:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2014</th>
<th>30 June 2013</th>
<th>30 June 2012</th>
<th>30 June 2011</th>
<th>30 June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>17,768</td>
<td>58,635</td>
<td>87,150</td>
<td>98,327</td>
<td>53,547</td>
</tr>
<tr>
<td>Loss attributable to equity holders</td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
<td>(718,522)</td>
<td>(534,932)</td>
<td>(2,735,355)</td>
</tr>
<tr>
<td>Share price at start of year</td>
<td>$0.02</td>
<td>$0.02</td>
<td>$0.02</td>
<td>$0.04</td>
<td>$0.01</td>
</tr>
<tr>
<td>Share price at end of year</td>
<td>$0.01</td>
<td>$0.02</td>
<td>$0.02</td>
<td>$0.02</td>
<td>$0.04</td>
</tr>
<tr>
<td>Loss per share (cents)</td>
<td>(0.96)</td>
<td>(0.20)</td>
<td>(0.24)</td>
<td>(0.18)</td>
<td>(2.22)</td>
</tr>
</tbody>
</table>

There have been no dividends paid during the period of analysis.

Options granted to Directors and Executives vested immediately and are exercisable at various dates as set out in detail in the notes to the financial statements. No options have been exercised in the current financial year. The following table sets out the options that were granted and those that have vested and are exercisable at balance date:

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of options granted</th>
<th>Grant date</th>
<th>Expiry date</th>
<th>Grant date fair value $</th>
<th>Amount vested &amp; exercisable at 30/06/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr B. Montgomery</td>
<td>1,000,000</td>
<td>28/11/2012</td>
<td>30/06/2015</td>
<td>6,947</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Mr T. Fontaine</td>
<td>10,000,000</td>
<td>27/09/2012</td>
<td>30/06/2015</td>
<td>37,533</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>4,000,000</td>
<td>28/11/2012</td>
<td>30/06/2015</td>
<td>27,787</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>2,000,000</td>
<td>28/11/2012</td>
<td>30/06/2015</td>
<td>13,894</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>1,000,000</td>
<td>28/11/2012</td>
<td>30/06/2015</td>
<td>6,947</td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,000,000</strong></td>
<td><strong>28/11/2012</strong></td>
<td><strong>30/06/2015</strong></td>
<td><strong>93,108</strong></td>
<td><strong>18,000,000</strong></td>
</tr>
</tbody>
</table>

**LOANS TO DIRECTORS AND EXECUTIVES**

No loans have been made to Directors or Senior Executives of Magnum Gas & Power Limited, including their personally related entities.

**SHARE OPTIONS ISSUED**

No Options to purchase shares have been issued to Directors or to key consultants of the Company during the financial year (2013: 18,000,000 unlisted options).

The following share-based payment arrangements were in existence during the current and comparative reporting periods. All options have vested as at balance date.
### Options series

<table>
<thead>
<tr>
<th>Options series</th>
<th>Number</th>
<th>Grant date</th>
<th>Expiry date</th>
<th>Exercise price ($)</th>
<th>Fair value at grant ($)</th>
<th>Days prior to expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued 26/10/12 to Mr T. Fontaine</td>
<td>10,000,000</td>
<td>27/09/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.004</td>
<td>365</td>
</tr>
<tr>
<td>Issued 28/12/12 to Mr T. Wheeler</td>
<td>4,000,000</td>
<td>28/11/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.007</td>
<td>365</td>
</tr>
<tr>
<td>Issued 28/12/12 to Mr R. Wheeler</td>
<td>2,000,000</td>
<td>28/11/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.007</td>
<td>365</td>
</tr>
<tr>
<td>Issued 28/12/12 to Mr B. Montgomery</td>
<td>1,000,000</td>
<td>28/11/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.007</td>
<td>365</td>
</tr>
<tr>
<td>Issued 28/12/12 to Mr M. Pitts</td>
<td>1,000,000</td>
<td>28/11/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.007</td>
<td>365</td>
</tr>
</tbody>
</table>

### Option holdings

The number of options over ordinary shares in the Company held during the financial year by each key management personnel of Magnum Gas & Power Limited, including their personally-related entities, are set out below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Balance at the start of the year</th>
<th>Granted during the year as remuneration</th>
<th>Exercised during the year</th>
<th>Other changes during the year</th>
<th>Balance at the end of the year</th>
<th>Vested and exercisable at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr T. Fontaine</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>4,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>2,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

### 30 June 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Balance at the start of the year</th>
<th>Granted during the year as remuneration</th>
<th>Exercised during the year</th>
<th>Other changes during the year</th>
<th>Balance at the end of the year</th>
<th>Vested and exercisable at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr T. Fontaine</td>
<td>-</td>
<td>10,000,000</td>
<td>-</td>
<td>-</td>
<td>10,000,000</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>2,500,000</td>
<td>1,000,000</td>
<td>-</td>
<td>(2,500,000)</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>-</td>
<td>2,000,000</td>
<td>-</td>
<td>-</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>-</td>
<td>4,000,000</td>
<td>-</td>
<td>-</td>
<td>4,000,000</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Mr E. Ellyard *</td>
<td>-</td>
<td>4,000,000</td>
<td>-</td>
<td>(4,000,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr P.A. Curry &lt;</td>
<td>2,500,000</td>
<td>-</td>
<td>-</td>
<td>(2,500,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>-</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

*Resigned 14 June 2013

< Resigned 27 September 2012
REMUNERATION REPORT (CONTINUED)

Shareholdings

The numbers of shares in the Company held during the financial year by each key management personnel of Magnum Gas & Power Limited, including their personally-related entities, are set out below:

### 30 June 2014

<table>
<thead>
<tr>
<th>Name</th>
<th>Balance at the start of the year</th>
<th>Received during the year on the exercise of options</th>
<th>Other changes during the year</th>
<th>Balance at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr T. Fontaine</td>
<td>92,258,524</td>
<td>-</td>
<td>9,166,666</td>
<td>101,425,190</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>84,960,933</td>
<td>-</td>
<td>-</td>
<td>84,960,933</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>69,051,842</td>
<td>-</td>
<td>-</td>
<td>69,051,842</td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>900,000</td>
<td>-</td>
<td>-</td>
<td>900,000</td>
</tr>
</tbody>
</table>

### 30 June 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Balance at the start of the year</th>
<th>Received during the year on the exercise of options</th>
<th>Other changes during the year</th>
<th>Balance at the end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr T. Fontaine</td>
<td>44,123,069</td>
<td>-</td>
<td>48,135,455</td>
<td>92,258,524</td>
</tr>
<tr>
<td>Mr B. Montgomery</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mr R. Wheeler</td>
<td>-</td>
<td>-</td>
<td>84,960,933</td>
<td>84,960,933</td>
</tr>
<tr>
<td>Mr T. Wheeler</td>
<td>-</td>
<td>-</td>
<td>69,051,842</td>
<td>69,051,842</td>
</tr>
<tr>
<td>Mr E. Ellyard *</td>
<td>-</td>
<td>-</td>
<td>12,333,334</td>
<td>12,333,334</td>
</tr>
<tr>
<td>Mr P.A. Curry &lt;</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
</tr>
<tr>
<td>Mr M. Pitts</td>
<td>-</td>
<td>-</td>
<td>900,000</td>
<td>900,000</td>
</tr>
</tbody>
</table>

*Resigned 14 June 2013  
< Resigned 27 September 2012

Other transactions with Directors

A number of Directors, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control, for transactions other than services as director, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs J Wheeler</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transactions during the year</td>
<td>-</td>
<td>30,000</td>
</tr>
<tr>
<td>• Balance outstanding at 30 June</td>
<td>-</td>
<td>30,000</td>
</tr>
</tbody>
</table>

Mrs. J Wheeler is a related party to Mr. T Wheeler. The amounts above are in relation to director’s fees payable to Mrs. Wheeler by Energy Botswana Pty Ltd a subsidiary of the Group.
REMUNERATION REPORT (CONTINUED)

<table>
<thead>
<tr>
<th>Kalahari Resources Pty Ltd</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transactions during the year</td>
<td>3,960</td>
<td>226,616</td>
</tr>
<tr>
<td>• Balance outstanding at 30 June</td>
<td>-</td>
<td>129,360</td>
</tr>
</tbody>
</table>

Kalahari Resources Pty Ltd is a Company associated with Messrs Trent and Raalin Wheeler. The Company has entered into an agreement with Kalahari Resources Pty Ltd for the provision of consulting services of Mr R Wheeler and the amounts above are in relation to fees for these services.

<table>
<thead>
<tr>
<th>Rhino Energy Pty Ltd (formerly Taz Consulting Pty Ltd)</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Transactions during the year</td>
<td>-</td>
<td>85,653</td>
</tr>
<tr>
<td>• Balance outstanding at 30 June</td>
<td>-</td>
<td>65,434</td>
</tr>
</tbody>
</table>

Rhino Energy Pty Ltd (formerly Taz Consulting Pty Ltd) is a Company associated with Mr Thomas Fontaine. The Company has entered into an agreement with Rhino Energy Pty Ltd for the provision of consulting services of Mr T Fontaine and the amounts above are in relation to fees for these services.

- End of Remuneration Report -

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares of Magnum Gas & Power Limited were issued during the year ended 30 June 2014 on the exercise of options.

NON-AUDIT SERVICES

No non-audit services were provided during the year by the auditor.

AUDITOR’S INDEPENDENCE DECLARATION

The auditor’s independence declaration is included on page 28 of the annual report.

This report is made in accordance with a resolution of the Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Mr T Wheeler
Managing Director
Perth, 26 September 2014
AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Magnum Gas & Power Limited for
the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no
contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
26 September 2014
N G Neill
Partner
### STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 30/06/14</th>
<th>Year ended 30/06/13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest revenue</td>
<td>17,768</td>
<td>58,635</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>(108,490)</td>
<td>(89,510)</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(842,476)</td>
<td>(1,285,762)</td>
</tr>
<tr>
<td>Impairment of financial assets</td>
<td>9</td>
<td>(2,833,772)</td>
</tr>
<tr>
<td>Impairment of exploration and evaluation assets</td>
<td>11</td>
<td>(3,892,176)</td>
</tr>
<tr>
<td>Loss before tax</td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>Loss from continuing operations</td>
<td>5</td>
<td>(7,659,146)</td>
</tr>
<tr>
<td><strong>LOSS FOR THE YEAR</strong></td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
</tr>
</tbody>
</table>

**Other comprehensive income**

*Item that may be subsequently reclassified to profit and loss:*

- Exchange differences on translation of foreign operations | (160,729) | (12,851) |

**TOTAL COMPREHENSIVE LOSS FOR THE YEAR**

(7,819,875) (1,329,488)

<table>
<thead>
<tr>
<th>Loss per share</th>
<th>Note</th>
<th>Year ended 30/06/14</th>
<th>Year ended 30/06/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic (cents per share)</td>
<td>16</td>
<td>(0.96)</td>
<td>(0.20)</td>
</tr>
<tr>
<td>Diluted (cents per share)</td>
<td>16</td>
<td>(0.96)</td>
<td>(0.20)</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these financial statements.*
## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>30/06/14</th>
<th>30/06/13</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>26</td>
<td>234,752</td>
</tr>
<tr>
<td>Receivables</td>
<td>8</td>
<td>145,193</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>379,945</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>10</td>
<td>15,036</td>
</tr>
<tr>
<td>Exploration and evaluation assets</td>
<td>11</td>
<td>11,551,247</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT ASSETS</strong></td>
<td></td>
<td>11,566,283</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td></td>
<td>11,946,228</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>12</td>
<td>355,750</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td></td>
<td>355,750</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>13</td>
<td>1,962,729</td>
</tr>
<tr>
<td><strong>TOTAL NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td>1,962,729</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td></td>
<td>2,318,479</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>9,627,749</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>14</td>
<td>30,552,440</td>
</tr>
<tr>
<td>Reserves</td>
<td>15</td>
<td>(76,999)</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>15</td>
<td>(20,847,692)</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td></td>
<td>9,627,749</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th></th>
<th>Issued capital $</th>
<th>Accumulated losses $</th>
<th>Foreign Currency Translation Reserve $</th>
<th>Share Based Payment Reserve $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 1 July 2012</strong></td>
<td>18,931,368</td>
<td>(11,871,909)</td>
<td>-</td>
<td>-</td>
<td>7,059,459</td>
</tr>
<tr>
<td><strong>Loss for the year</strong></td>
<td>-</td>
<td>(1,316,637)</td>
<td>-</td>
<td>-</td>
<td>(1,316,637)</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td>-</td>
<td>-</td>
<td>(12,851)</td>
<td>-</td>
<td>(12,851)</td>
</tr>
<tr>
<td><strong>Total comprehensive loss</strong></td>
<td>-</td>
<td>(1,316,637)</td>
<td>(12,851)</td>
<td>-</td>
<td>(1,329,488)</td>
</tr>
<tr>
<td>Shares issued</td>
<td>11,372,965</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,372,965</td>
</tr>
<tr>
<td>Share issue costs</td>
<td>(154,521)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(154,521)</td>
</tr>
<tr>
<td>Share based payments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>96,581</td>
<td>96,581</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2013</strong></td>
<td>30,149,812</td>
<td>(13,188,546)</td>
<td>(12,851)</td>
<td>96,581</td>
<td>17,044,996</td>
</tr>
<tr>
<td><strong>Loss for the year</strong></td>
<td>-</td>
<td>(7,659,146)</td>
<td>-</td>
<td>-</td>
<td>(7,659,146)</td>
</tr>
<tr>
<td><strong>Other comprehensive loss</strong></td>
<td>-</td>
<td>-</td>
<td>(160,729)</td>
<td>-</td>
<td>(160,729)</td>
</tr>
<tr>
<td><strong>Total comprehensive loss</strong></td>
<td>-</td>
<td>(7,659,146)</td>
<td>(160,729)</td>
<td>-</td>
<td>(7,819,875)</td>
</tr>
<tr>
<td>Shares issued</td>
<td>457,680</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>457,680</td>
</tr>
<tr>
<td>Share issue costs</td>
<td>(55,052)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(55,052)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2014</strong></td>
<td>30,552,440</td>
<td>(20,847,692)</td>
<td>(173,580)</td>
<td>96,581</td>
<td>9,627,749</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these financial statements.*
# STATEMENT OF CASH FLOWS
## FOR YEAR ENDED 30 JUNE 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Year ended 30/06/14 $</th>
<th>Year ended 30/06/13 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Interest received</td>
<td>17,768</td>
</tr>
<tr>
<td></td>
<td>Payments to suppliers &amp; employees</td>
<td>(1,046,941)</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash used in operating activities</strong></td>
<td>26</td>
</tr>
<tr>
<td></td>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Purchase of property plant &amp; equipment</td>
<td>(4,400)</td>
</tr>
<tr>
<td></td>
<td>Payments for exploration expenditure</td>
<td>(1,334,215)</td>
</tr>
<tr>
<td></td>
<td>Acquisition of cash on acquisition of subsidiary</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash used in investing activities</strong></td>
<td>(1,338,615)</td>
</tr>
<tr>
<td></td>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Proceeds from issue of shares</td>
<td>430,680</td>
</tr>
<tr>
<td></td>
<td>Share issue costs</td>
<td>(55,052)</td>
</tr>
<tr>
<td></td>
<td><strong>Net cash provided by financing activities</strong></td>
<td>375,628</td>
</tr>
<tr>
<td></td>
<td>Net increase/(decrease) in cash held</td>
<td>(1,992,160)</td>
</tr>
<tr>
<td></td>
<td>Cash at beginning of year</td>
<td>2,226,912</td>
</tr>
<tr>
<td></td>
<td>Cash at end of year</td>
<td>26</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these financial statements.*
NOTE 1: GENERAL INFORMATION

Magnum Gas & Power Limited (the “Company”) is a public company listed on the Australian Securities Exchange trading under the symbol ‘MPE’, incorporated in Australia and operating in Australia and Botswana.

Magnum Gas & Power Limited’s registered office and its principal place of business are as follows:

Registered office & principal place of business

Suite 8, 7 The Esplanade
Mt. Pleasant WA 6153
Tel: 61 8 9380 6766

NOTE 2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretation effective for the current reporting period that are relevant to the Group include:

AASB10  Consolidated Financial Statements (2011)
AASB 10 (2011) introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, AASB 10 (2011) requires the Group consolidate investees that it controls on the basis of de facto circumstances. The Group has reassessed the control conclusion for its investees at 1 July 2013 and there have been no changes in the control determination of subsidiaries and or associates at that point in time. Consequently there has been no impact on the financial statements.
AASB11  *Joint Arrangements*
Under AASB 11, the Group has classified its interests in joint arrangements as either joint operations or joint ventures depending on the Group’s rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.
The Group has evaluated its involvement in its joint arrangements and accordingly, there has been no material impact to the financial statements as result.

AASB13  *Fair Value Measurement*
AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7 *Financial Instruments: Disclosures*.
In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the application of this standard has had no significant impact on the measurements of the Group’s assets and liabilities.

AASB119  *Employee Benefits (2011)*
AASB 119 revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. The standard requires a measurement of annual leave liability of the Group’s employees as a long term benefit, where the benefits are expected to be settled after 12 months after the end of the reporting period. There has been no material impact on the financial statements with the application of this standard.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.
NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements were authorised for issue by the directors on 26 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS) and the Corporations Act 2001. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Basis of preparation

These financial statements have been prepared on an accruals basis and based on historic costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a. Going concern

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

As at 30 June 2014 the company has $234,752 in cash and net current assets of $24,195. For the year then ended the company expended net cash from operations of $1,029,173 and net cash from investing activities of $1,338,615. The Directors have undertaken an analysis of the Company and the Group’s minimum cash flow requirements for the coming 12 month period and are confident that assuming the preferred work plans are put in place there will be sufficient cash reserves for that period, subject to the successful completion of a capital raising in 2014/15 and if necessary the reduction of operating costs.

Subsequent to the end of the financial year the Company raised $625,000 through an unsecured loan from a Director and major shareholder and the partial placement of the shortfall to an entitlement issue completed during the year. The Directors will continue to closely monitor operations to ensure the momentum of transformation and growth can be maintained but within available resources.
NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a. Going concern (continued)

The Directors are cognisant of the fact that future exploration and administration activities are constrained by the available cash assets and the Company may require raising additional funds to meet its ongoing obligations and subject to the result of its ongoing exploration activities, expand or accelerate its work programs.

The Company also has the capacity, if necessary, to reduce the ongoing costs and commitments significantly. In addition, non-core projects can be sold or farmed-out as required, to enable ongoing commitments to be met.

The Company enjoys the support of its Directors and major shareholders and the Directors believe that the Company will be able to raise sufficient equity funds to enable operations to continue.

The Directors have reviewed the Group’s overall position and, in light of those matters mentioned above, are confident of securing funds if and when necessary to meet the Company’s exploration and development plans and obligations as and when they fall due, and consider the adoption of the going concern basis to be appropriate in the preparation of this interim report. However, in the unlikely event that the Company is unsuccessful in raising sufficient funding, there exists a material uncertainty that the Company or the Group will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries (referred to as ‘the Group’ in these financial statements). Control is achieved when the Company:

- has power over the investee
- is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability in its power to affect its returns

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes do one or more of the three elements listed above.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All
intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of consolidation (continued)

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

c. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group’s previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the
Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Business combinations (continued)

The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively;
- Liabilities or equity instruments related to the replacement by the Group of an acquiree’s share-based payment awards are measured in accordance with AASB 2 Share-based Payment; and
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

d. Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

e. Employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Employee benefits (continued)

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

f. Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

g. Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Taxation (continued)

The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting
Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Taxation (continued)

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

h. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

i. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash
flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, ‘available-for-sale’ (AFS) financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

After initial recognition the Group measures financial assets, including derivatives that are assets, at their fair values, without any deduction for transaction costs it may incur on sale or other disposal, except investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which is measured at cost.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
It has been acquired principally for the purpose of selling it in the near term; or
On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at
FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j. Financial assets (continued)**

It forms part of a contract containing one or more embedded derivatives, and AASB 139 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other gains and losses’ line item in the statement of comprehensive income.

**AFS financial assets**

Listed shares and listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

The Group also has investments in unlisted shares that are not traded in an active market but that are classified as AFS financial assets and stated at cost less any impairment. Given the uncertainty around the ability to recommence work on the New South Wales projects, the Directors have determined that the more prudent approach is to impair the investment in its entirety (refer note 4(b)).

Dividends on AFS equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.
Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial assets (continued)

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis.

Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in
the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Financial assets (continued)

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

k. Financial liabilities and equity instruments issued by the Group

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

l. Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

or

For receivables and payables which are recognised inclusive of GST.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Goods and services tax (continued)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

m. Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable “area of interest”. An area of interest may be determined by reference to one or more interest, lease or licence holdings, by geological association or by economic association or dependency.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for association or dependency.

Exploration and evaluation costs are fully capitalised as incurred so long as the rights to tenure of the area of interest are current and the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operation in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.
Capitalised exploration costs are reviewed each reporting date to determine whether an indication of impairment exists. For each exploration licence, this would involve consideration of an extensive field evaluation that has yielded no expected results. If any such indication exists, the recoverable amount of the capitalised exploration costs is estimated to determine the extent of the impairment loss (if any).

**NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m. Exploration and evaluation (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Accumulated costs (net of any impairment losses) in relation to an abandoned exploration area are written off in full against profit in the year in which the decision to abandon the area is made.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance will be classified to Development. At this point in time the Company does not have any assets in the Development stage.

**n. Foreign currency translation**

Both the functional and presentation currency of the Company is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations, Nata Energy (Pty) Ltd and Boabab
Resources (Pty) Ltd, is Pula (BWP) and for Nata Energy (Mauritius) Inc and Gasco International Ltd is US Dollars (US$).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Investment in associates and joint ventures

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised on the consolidated statement of financial position and adjusted thereafter to recognised the Groups’ share of the profit or loss in other comprehensive income of the associate if joint venture. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in associate or joint venture, the Group discontinues to recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment.
Any excess of the Group’s share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in associate or joint venture. When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 ‘Impairment of Assets’ as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. Investment in associates and joint ventures (continued)

The Group discontinues the use of the equity method from the date when the investment ceased to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassified to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive
income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and loss resulting from the transactions with the associate or joint venture are recognised in the Group’s consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

p. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Interests in joint operations (continued)

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interests a joint operation:

Its assets, including its share of any assets held jointly;
Its liabilities, including its share of any liabilities incurred jointly;
   Its revenue from the sale of its share of the output arising from the joint operation; Its share of the revenue from the sale of the output by the joint operation; and
Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group’s consolidated financial statements only to the extent of other parties’ interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.
NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to financial statements

NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Impairment of exploration assets

Whether exploration assets require impairment is based on whether the company no longer wishes to hold that exploration licence or whether a detailed exploration programme has been completed across an entire licence that has yielded no results.

During the prior year, the New South Wales Government announced its intention to amend the State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007 (Mining SEPP) and called for public submissions on the proposed amendments.

The proposed changes include exclusion zones for coal seam gas exploration and development within two kilometres of residential areas. The Group currently has an interest in three Petroleum Exploration licences that may be affected by these changes.

In mid-November 2013 the NSW government imposed a hold on CSG activities pending an investigation by the NSW Chief Scientist and Engineer. In June 2014, the Minister for Resources and Energy received a report from the independent NSW Chief Scientist and Engineer examining the cumulative impacts on ground water and surface water in the Sydney Water Catchment and analysed the impacts of activities in the Sydney Water Catchment. The Report concluded that there was no evidence that current long-wall or CSG activities in the Catchment should be stopped, that modern treatment processes are sufficient in protecting the quality of Sydney’s drinking water against any adverse impact. Despite these findings, the NSW Government announced that it will maintain its ban on CSG exploration and extraction until it fully considers all the recommendations in this latest report. Currently, no drilling activities can take place in these areas.

The Directors and management believe that in their judgement, the potential impact of the above triggers the requirement for an assessment of impairment under Australian accounting standards.
Although the Directors remain confident in the potential of the project in New South Wales, the proposed changes are still subject to consultation and not yet enacted which constitutes a material uncertainty over the recoverability of its assets in this region. As a result the Directors have elected to take a prudent approach and impair the carried forward exploration and assets to $nil.

(b) AFS Investment
The Group has investments in unlisted shares of that are not traded in an active market but that are also classified as AFS financial assets and stated at cost less any impairment. These assets relate to the exploration assets in NSW subject to proposed Mining SEPP changes as discussed in note 4(a), and the Directors have therefore determined to impair the asset to $nil consistent with the treatment of the NSW exploration expenditure.

NOTE 4: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(c) Deferred tax assets
The application of accounting judgments is established in the Group’s approach to the recognition of deferred tax assets arising from operating losses. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 5: LOSS FOR THE YEAR

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of property, plant &amp; equipment</td>
<td>9,254</td>
<td>4,320</td>
</tr>
<tr>
<td>Operating lease rental</td>
<td>103,432</td>
<td>84,576</td>
</tr>
<tr>
<td>Accounting and administrative expenses</td>
<td>470,348</td>
<td>445,109</td>
</tr>
<tr>
<td>Consulting and legal fees</td>
<td>141,893</td>
<td>121,154</td>
</tr>
<tr>
<td>Other employee benefits expenses</td>
<td>199,838</td>
<td>397,918</td>
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<tr>
<td>Superannuation expenses</td>
<td>26,201</td>
<td>18,249</td>
</tr>
<tr>
<td>Share based payments</td>
<td>-</td>
<td>96,851</td>
</tr>
</tbody>
</table>

NOTE 6: SEGMENT NOTE

The Board has determined that the Group has two reportable segments, being mineral exploration and evaluation in Australia and Botswana.

As the Group is focused on mineral exploration and evaluation, the Board monitors the Group based on actual versus budgeted exploration and evaluation expenditure incurred.

This internal reporting framework is the most relevant to assist the Board with making
decisions regarding the Group and its ongoing exploration and evaluation activities, while also taking into consideration the results of exploration and development work that has been performed to date.

NOTE 6: SEGMENT NOTE (CONTINUED)

<table>
<thead>
<tr>
<th>30 June 2014</th>
<th>Exploration Botswana</th>
<th>Exploration Australia</th>
<th>Total Segments</th>
<th>Corporate</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,768</td>
<td>17,768</td>
</tr>
<tr>
<td>Segment result</td>
<td>-</td>
<td>(6,725,948)</td>
<td>-</td>
<td>(933,198)</td>
<td>(7,659,146)</td>
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<tr>
<td>Segment assets</td>
<td>11,551,247</td>
<td>-</td>
<td>11,551,247</td>
<td>394,981</td>
<td>11,946,228</td>
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<tr>
<td>Capital expenditure</td>
<td>1,153,528</td>
<td>67,476</td>
<td>1,221,004</td>
<td>4,400</td>
<td>1,225,404</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>(2,135,806)</td>
<td>(12,402)</td>
<td>(2,148,208)</td>
<td>(170,271)</td>
<td>(2,318,479)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 June 2013</th>
<th>Exploration Botswana</th>
<th>Exploration Australia</th>
<th>Total Segments</th>
<th>Corporate</th>
<th>Consolidated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Segment revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>58,635</td>
<td>58,635</td>
</tr>
<tr>
<td>Segment result</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,316,637)</td>
<td>(1,316,637)</td>
</tr>
<tr>
<td>Segment assets</td>
<td>10,495,551</td>
<td>6,659,125</td>
<td>17,154,676</td>
<td>2,463,720</td>
<td>19,618,396</td>
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<tr>
<td>Capital expenditure</td>
<td>834,362</td>
<td>301,220</td>
<td>1,135,582</td>
<td>23,373</td>
<td>1,158,955</td>
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<tr>
<td>Segment liabilities</td>
<td>(2,261,796)</td>
<td>(85,198)</td>
<td>(2,346,994)</td>
<td>(226,406)</td>
<td>(2,573,400)</td>
</tr>
</tbody>
</table>

NOTE 7: INCOME TAX EXPENSE

The expense for the year can be reconciled to the accounting profit as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss from continuing operations:</td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
</tr>
<tr>
<td>Income tax benefit using the Company’s domestics tax rate of 30% (2013: 30%)</td>
<td>(2,297,744)</td>
<td>(394,991)</td>
</tr>
<tr>
<td>Effect of tax rates in foreign jurisdictions</td>
<td>16,676</td>
<td>4,901</td>
</tr>
<tr>
<td>Effect of impairment expense</td>
<td>2,017,784</td>
<td>-</td>
</tr>
<tr>
<td>Effect of unused tax losses and temporary differences not recognised as deferred tax assets</td>
<td>263,284</td>
<td>390,090</td>
</tr>
<tr>
<td>Total tax expense relating to continuing operations</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
NOTE 7: INCOME TAX EXPENSE (CONTINUED)

The effective tax rate used for the reconciliations above is the corporate tax rate payable by on taxable profits under applicable tax law from each jurisdiction that the Group operates in.

<table>
<thead>
<tr>
<th>Deferred tax balances not recognised at the reporting date:</th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax losses (revenue)</td>
<td>3,381,105</td>
<td>2,784,829</td>
</tr>
<tr>
<td>Tax losses (capital)</td>
<td>1,471,141</td>
<td>1,471,141</td>
</tr>
<tr>
<td>Temporary differences</td>
<td>47,519</td>
<td>47,461</td>
</tr>
<tr>
<td>Exploration and evaluation expenditure</td>
<td>(1,502,645)</td>
<td>(1,840,802)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,397,120</td>
<td>2,462,629</td>
</tr>
</tbody>
</table>

This benefit for tax losses will only be recognised if:

(a) It is probable that the group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) The group continues to comply with the conditions for deductibility imposed by tax legislation; and

(c) No changes in tax legislation adversely affect the group in realising the benefit from the deductions for the losses.

At the current stage, the Company is unable to ascertain whether the condition as set in part (a) will eventuate and hence no deferred tax asset is recognised as a result.

NOTE 8: RECEIVABLES

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Input tax credits receivable</td>
<td>20,511</td>
<td>104,305</td>
</tr>
<tr>
<td>Security deposit</td>
<td>67,464</td>
<td>82,464</td>
</tr>
<tr>
<td>Other receivables</td>
<td>57,218</td>
<td>30,149</td>
</tr>
<tr>
<td>TOTAL</td>
<td>145,193</td>
<td>216,918</td>
</tr>
</tbody>
</table>
NOTE 9: OTHER FINANCIAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>INVESTMENTS CARRIED AT COST:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NON-CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available for sale investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment in Apex Energy N.L.*</td>
<td>-</td>
<td>2,833,772</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>653</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-</td>
<td>2,834,425</td>
</tr>
</tbody>
</table>

*Investment carried at cost less impairment, refer to note 3 (j). The Directors have determined that the investment be impaired as the investment is in exploration activities related to the exploration assets in NSW subject to proposed Mining SEPP changes. Given the uncertainty of the recoverability of the assets in this region, the Directors have elected to take a prudent approach and impair the investment in APEX Energy NL to $nil (refer to note 4(b)). Impairment expense of $2,833,772 has been recognised for the current financial year.

NOTE 10: PROPERTY, PLANT & EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cost</td>
<td>58,067</td>
<td>53,667</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(43,031)</td>
<td>(33,777)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15,036</td>
<td>19,890</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at start of the year</td>
<td>19,890</td>
<td>577</td>
</tr>
<tr>
<td>Additions</td>
<td>4,400</td>
<td>23,633</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(9,254)</td>
<td>(4,320)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15,036</td>
<td>19,890</td>
</tr>
</tbody>
</table>
NOTE 11: EXPLORATION & EVALUATION ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>NON-CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at start of year</td>
<td>14,320,251</td>
<td>3,523,480</td>
</tr>
<tr>
<td>Acquisition of exploration and evaluation assets of business</td>
<td>-</td>
<td>9,661,189</td>
</tr>
<tr>
<td>Expenditure incurred during the year</td>
<td>1,123,172</td>
<td>1,135,582</td>
</tr>
<tr>
<td>Less: impairment of exploration and evaluation assets</td>
<td>(3,892,176)</td>
<td>-</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>11,551,247</td>
<td>14,320,251</td>
</tr>
</tbody>
</table>

Recoverability of the carrying amount of exploration assets is dependent upon the successful exploration and sale of resources (refer to note 4(a)). Although the Directors remain confident in the potential of the project in New South Wales, the proposed changes to the regulatory system are still subject to consultation and not yet enacted. This constitutes a material uncertainty over the recoverability of its assets in this region and as a result the Directors have elected to take a prudent approach and impair the carried forward exploration and assets to $nil. Impairment expense of $3,892,176 has been recognised for the current financial year.

NOTE 12: PAYABLES

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sundry payables and other accruals</td>
<td>355,750</td>
<td>610,671</td>
</tr>
<tr>
<td>TOTAL</td>
<td>355,750</td>
<td>610,671</td>
</tr>
</tbody>
</table>

NOTE 13: DEFERRED TAX LIABILITY

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Deferred tax liability recognised</td>
<td>1,962,729</td>
<td>1,962,729</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,962,729</td>
<td>1,962,729</td>
</tr>
</tbody>
</table>

The Company completed the acquisition of Energy Botswana Pty Ltd during the previous year. Differences in the fair value at the acquisition date and the carrying value of exploration and evaluation assets of Energy Botswana Pty Ltd has given rise to a difference between the accounting and taxation base of these assets and a deferred tax liability has been recognised for that difference. The Group has deferred tax assets from tax losses (refer Note 7) which have not been offset against the liability above, as the
Company is unable to ascertain whether it is probable that benefit from those tax losses will be able to be offset against this liability.

**NOTE 14: ISSUED CAPITAL**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>817,875,705 (2013: 778,575,378) fully paid ordinary shares</td>
<td>30,552,440</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>a. ORDINARY SHARES</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
<td>$</td>
</tr>
<tr>
<td>At the beginning of reporting period</td>
<td>778,575,378</td>
<td>30,149,812</td>
</tr>
<tr>
<td>Shares issued in lieu of services provided at 1.8 cents per share</td>
<td>1,500,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Shares issued pursuant to share purchase plan at 1.2 cents per share</td>
<td>26,338,316</td>
<td>316,060</td>
</tr>
<tr>
<td>Shares issued pursuant to rights issue at 1.0 cent per share</td>
<td>11,462,011</td>
<td>114,620</td>
</tr>
<tr>
<td>Shares issued for the acquisition of Energy Botswana Pty Ltd at 2.5 cents per share</td>
<td>-</td>
<td>293,258,856</td>
</tr>
<tr>
<td>Shares issued pursuant to rights issue at 2.2 cents per share</td>
<td>-</td>
<td>183,704,272</td>
</tr>
<tr>
<td>Less: Share issue cost</td>
<td>(55,052)</td>
<td>-</td>
</tr>
<tr>
<td>As at 30 June</td>
<td>817,875,705</td>
<td>30,552,440</td>
</tr>
</tbody>
</table>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

<table>
<thead>
<tr>
<th>b. SHARE OPTIONS</th>
<th>Number of Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2013</td>
</tr>
<tr>
<td>Options over ordinary shares in the parent entity</td>
<td>18,500,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>c. SHARE OPTIONS ISSUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 30 June 2014, the company had 18,500,000 share options on issue (2013: 18,500,000), exercisable on a 1:1 basis for 18,500,000 ordinary shares of the company</td>
</tr>
</tbody>
</table>
(2013: 18,500,000) at an exercise price of $0.06. The options expire at the earlier of when the option holder ceases to be employed by the Company and 30 June 2015 (2013: 30 June 2015), and carry no rights to dividends and no voting rights.

NOTE 14: ISSUED CAPITAL (CONTINUED)

d. SHARE OPTION EXPIRY

No options expired or lapsed during the financial year to 30 June 2014.

The following options expired or lapsed during the previous financial year:
- 1,500,000 unlisted options with an exercise price of $0.50 expired 31 July 2012.
- 44,733,400 unlisted options with an exercise price of $0.06 expired 30 June 2013.
- 4,000,000 unlisted options with an exercise price of $0.06 lapsed on 17 June 2013 following the resignation of the former Chairman.

e. SHARE OPTION CANCELLATION

No options were cancelled during the financial year.

### NOTE 15: ACCUMULATED LOSSES AND RESERVES

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated losses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of financial year</td>
<td>(13,188,546)</td>
<td>(11,871,909)</td>
</tr>
<tr>
<td>Net loss attributable to equity holders of the parent entity</td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
</tr>
<tr>
<td><strong>Balance at end of financial year</strong></td>
<td>(20,847,692)</td>
<td>(13,188,546)</td>
</tr>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(173,580)</td>
<td>(12,851)</td>
</tr>
<tr>
<td>Share based payment reserve</td>
<td>96,581</td>
<td>96,581</td>
</tr>
<tr>
<td><strong>Nature and purpose of reserves</strong></td>
<td>(76,999)</td>
<td>83,730</td>
</tr>
</tbody>
</table>

**Foreign currency translation reserve**
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Share based payment reserve**
The share based payment reserve is used to record the fair value of options issued to Directors and key consultants under various share based payment schemes.
NOTE 16: EARNINGS PER SHARE

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic loss per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>(0.96)</td>
<td>(0.20)</td>
</tr>
<tr>
<td><strong>Diluted loss per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>(0.96)</td>
<td>(0.20)</td>
</tr>
<tr>
<td><strong>Loss used to calculate earnings per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>From continuing operations</td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of ordinary shares outstanding during the period used in calculating basic loss per share</td>
<td>795,022,632</td>
<td>664,825,959</td>
</tr>
</tbody>
</table>

The dilutive loss per share is the same as the basic loss per share as the group is in a loss position. There is no dilution of earnings on the exercise of options as there are no options ‘in the money’ and the Company is in a loss making position.

NOTE 17: DIVIDENDS

There have been no dividends paid or proposed during the current financial year.

NOTE 18: COMMITMENTS

<table>
<thead>
<tr>
<th>Commitments</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Gas properties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not longer than 1 year</td>
<td>667,125</td>
<td>964,286</td>
</tr>
<tr>
<td>Longer than 1 year and not longer than 5 years</td>
<td>3,948,699</td>
<td>1,125,300</td>
</tr>
<tr>
<td>Longer than 5 years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating leases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not longer than 1 year</td>
<td>17,663</td>
<td>70,650</td>
</tr>
<tr>
<td>Longer than 1 year and not longer than 5 years</td>
<td>-</td>
<td>17,663</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,633,487</strong></td>
<td><strong>2,177,899</strong></td>
</tr>
</tbody>
</table>

The commitments above include balance of commitments payable in Stages 1 and 2 of the Apex Energy N.L. Joint venture (refer Note 20) and commitments relating to the Botswana licences held.

Operating lease commitments relate to the office lease at an annual rent of $70,650 expiring in October 2014 with an option to renew.

At balance date there were no other commitments not otherwise disclosed in these accounts.
NOTE 19: CONTINGENT LIABILITIES

The directors do not believe there are any contingent liabilities in existence at balance date, not otherwise disclosed in the financial statements.

NOTE 20: JOINTLY CONTROLLED OPERATIONS

(a) Share of contingent liabilities and expenditure commitments of jointly controlled operations

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenditure commitments</td>
<td>1,057,824</td>
<td>1,125,300</td>
</tr>
</tbody>
</table>

Total commitments payable in Stages 1 and 2 of the Apex Energy N.L. Joint venture are $3,200,000. As at 30 June 2014, $2,142,176 has been expended in relation to the Joint Venture (2013: $2,074,700)

(b) Interests in joint arrangements

On 24 August 2010 the Company acquired from Apex Energy N.L. the whole of the issued capital of Sydney Basin CBM Pty Limited which owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin for Coal Seam Methane and a 20% interest in agreements with the owners of Coal Mining Leases CCL703, 379, 700 and 740 and Authorisation 200 which are prospective for CMM.

At the same time the Company entered into a joint venture agreement with Apex Energy N.L. under which Magnum Gas & Power Limited has agreed to spend $3,200,000 in Stages 1 and 2 of a 3 stage joint venture. After spending the $3,200,000 in Stages 1 and 2 of the joint venture the conditions for the completion of the acquisition of Sydney Basin CBM Pty Limited will have been fulfilled and the Company will own outright 20% of the exploration areas. The Company at its election may earn a further 30% in the areas by spending a further $7,000,000 on the areas on or before 30 June 2015 in Stage 3 of the joint venture.

The NSW Planning and Assessment Commission (PAC) did not approve an extension application made by joint venture parties on Exploration Licences 442 and 444 and as such no drilling activities can take place on these areas. Accordingly the joint venture parties have entered into a standstill agreement to allow for appropriate approvals in order to conduct further exploration activities in these areas. The NSW Government is considering all the recommendations made by the NSW Chief Scientist and Engineer’s review on CSG activities (Refer Note 4(a)). The Board, however, remains confident that activity in NSW will resume and that the extension applications will be
NOTE 21: SUBSIDIARIES

<table>
<thead>
<tr>
<th>Subsidiaries of Magnum Gas &amp; Power Limited:</th>
<th>Country of Incorporation</th>
<th>Percentage Owned (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ormil Operations Pty Limited+</td>
<td>Australia</td>
<td>100</td>
</tr>
<tr>
<td>Sydney Basin CBM Pty Ltd</td>
<td>Australia</td>
<td>100</td>
</tr>
<tr>
<td>Ormil Developments Pty Ltd ^</td>
<td>Australia</td>
<td>100</td>
</tr>
<tr>
<td>Energy Botswana Pty Ltd</td>
<td>Australia</td>
<td>100</td>
</tr>
<tr>
<td>Nata Energy (Mauritius) Inc</td>
<td>Mauritius</td>
<td>100</td>
</tr>
<tr>
<td>Nata Energy (Pty) Ltd</td>
<td>Botswana</td>
<td>100</td>
</tr>
<tr>
<td>Boabab Resources (Pty) Ltd</td>
<td>Botswana</td>
<td>100</td>
</tr>
<tr>
<td>Gasco International Ltd</td>
<td>Mauritius</td>
<td>100</td>
</tr>
</tbody>
</table>

* Percentage of voting power is in proportion to ownership

+ Ormil Operations Pty Limited owns 2,000,000 shares (approximately 2.63%) of the issued shares of Apex Energy N.L.

^ Ormil Developments Pty Ltd was incorporated on 19 August 2011 and has not yet traded

NOTE 22: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through holding cash only to the extent necessary to meet Group commitments and its immediate exploration program. The Group’s overall capital strategy remains unchanged from 2013.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent comprising issued capital and accumulated losses as disclosed in the notes 14 & 15 respectively. The Group operates in Australia and Botswana and none of the Group’s entities are subject to externally imposed capital requirements going forward.
(b) Categories of financial instruments

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>234,752</td>
<td>2,226,912</td>
</tr>
<tr>
<td>Receivables (includes GST)</td>
<td>145,193</td>
<td>216,918</td>
</tr>
<tr>
<td>Available for sale investments at cost</td>
<td>-</td>
<td>2,834,425</td>
</tr>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>(355,750)</td>
<td>(610,671)</td>
</tr>
</tbody>
</table>

The carrying amount reflected above represents the Company’s and the Group’s maximum exposure to credit risk for other loans and receivables.

(c) Financial risk management objectives

The Board monitors and manages financial risks relating to the operations of the Group on an individual case basis. These risks include market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Group does not use derivatives to manage its exposure nor trade instruments for speculative purposes.

(d) Market risk

The Group’s current activities do not expose it to market risk.

(e) Credit risk management

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group attempts to deal with only creditworthy counterparties and obtain sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. As at the reporting date of 30 June 2014 the Directors could not reliably measure the fair value of the investment as the investment is in exploration activities that are still in the early stages of the project and is therefore carried at cost. Once the investment can be reliably measured the investment will be carried at fair value. Hence the directors have not performed any equity price sensitivity analysis.
(f) **Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who are informed of current cash burn and all liquidity issues at each board meeting. The Group manages liquidity by continuously monitoring forecast and actual cash flows against cash held.

**Liquidity and interest risk tables**

The following tables detail the Group’s and the Company’s remaining contractual maturity profile for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the Group will receive/pay the funds. Note that the following tables exclude the commitments identified and disclosed in note 18.

<table>
<thead>
<tr>
<th>30 June 2014</th>
<th>Weighted average effective interest rate</th>
<th>Less than 1 month</th>
<th>1-3 months</th>
<th>3 months to 1 year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash - variable interest rate receivable – not interest bearing</td>
<td>2.87%</td>
<td>234,752</td>
<td>-</td>
<td>-</td>
<td>234,752</td>
</tr>
<tr>
<td>Receivable – not interest bearing</td>
<td></td>
<td>145,193</td>
<td>-</td>
<td>-</td>
<td>145,193</td>
</tr>
<tr>
<td>Payables – not interest bearing</td>
<td></td>
<td>379,945</td>
<td>-</td>
<td>-</td>
<td>379,945</td>
</tr>
<tr>
<td></td>
<td></td>
<td>355,750</td>
<td>-</td>
<td>-</td>
<td>355,750</td>
</tr>
<tr>
<td></td>
<td></td>
<td>355,750</td>
<td>-</td>
<td>-</td>
<td>355,750</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 June 2013</th>
<th>Weighted average effective interest rate</th>
<th>Less than 1 month</th>
<th>1-3 months</th>
<th>3 months to 1 year</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash - variable interest rate receivable – not interest bearing</td>
<td>2.11</td>
<td>2,226,912</td>
<td>-</td>
<td>-</td>
<td>2,226,912</td>
</tr>
<tr>
<td>Receivable – not interest bearing</td>
<td></td>
<td>216,918</td>
<td>-</td>
<td>-</td>
<td>216,918</td>
</tr>
<tr>
<td>Payables – not interest bearing</td>
<td></td>
<td>2,443,830</td>
<td>-</td>
<td>-</td>
<td>2,443,830</td>
</tr>
<tr>
<td></td>
<td></td>
<td>610,671</td>
<td>-</td>
<td>-</td>
<td>610,671</td>
</tr>
<tr>
<td></td>
<td></td>
<td>610,671</td>
<td>-</td>
<td>-</td>
<td>610,671</td>
</tr>
</tbody>
</table>
NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

(g) Currency risk

The Group is exposed to currency risk on purchases and cash balances that are
denominated in a currency other than the respective functional currencies of Group
entities; which are Australian Dollar (AUD), US Dollar (USD) or Botswana Pula (BWP). The currencies which these transactions primarily are denominated are AUD and USD. The Group did not have exposure to foreign currency risk in the previous year.

The Group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

The Group’s investments in subsidiaries are not hedged as those currency positions are considered to be long term in nature.

Exposure to currency risk
The summary of quantitative data about the Group’s exposure to currency risk at balance date was as follows:

<table>
<thead>
<tr>
<th>30 June 2014</th>
<th>PULA:AUD</th>
<th>USD:AUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalent</td>
<td>-</td>
<td>2,726</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(167,950)</td>
<td>-</td>
</tr>
<tr>
<td>Net statement of financial position exposure</td>
<td>(167,950)</td>
<td>2,726</td>
</tr>
</tbody>
</table>

The following significant exchange rates applied during the year:

<table>
<thead>
<tr>
<th></th>
<th>Average rate</th>
<th>Reporting date spot rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>PULA:AUD</td>
<td>8.10</td>
<td>8.43</td>
</tr>
<tr>
<td>USD:AUD</td>
<td>0.92</td>
<td>0.94</td>
</tr>
</tbody>
</table>

Sensitivity analysis
A strengthening or weakening of the AUD at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and increased or decreased equity and profit and loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable at the end of the reporting period. The analysis assumes all other variables, in particular interest rates, remain constant. The analysis for 2013 is performed on the same basis.
NOTE 22: FINANCIAL INSTRUMENTS (CONTINUED)

(g) Currency risk (continued)

<table>
<thead>
<tr>
<th>Date</th>
<th>Strengthening</th>
<th>Weakening</th>
<th>Profit or loss</th>
<th>Strengthening</th>
<th>Weakening</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 June 2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PULA:AUD (2 percent movement)</td>
<td>-</td>
<td>-</td>
<td>3,293</td>
<td>(3,428)</td>
<td></td>
</tr>
<tr>
<td>USD:AUD (2 percent movement)</td>
<td>-</td>
<td>-</td>
<td>57</td>
<td>(59)</td>
<td></td>
</tr>
<tr>
<td>30 June 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PULA:AUD (2 percent movement)</td>
<td>-</td>
<td>-</td>
<td>1,591</td>
<td>(1,656)</td>
<td></td>
</tr>
<tr>
<td>USD:AUD (2 percent movement)</td>
<td>-</td>
<td>-</td>
<td>73</td>
<td>(76)</td>
<td></td>
</tr>
</tbody>
</table>

(h) Net Fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities as disclosed in the balance sheet equate to their estimated net fair value.

*Equity securities*

The Group holds an investment in equity shares of Apex Energy N.L. At the reporting date, the Directors have determined that given the uncertainty surrounding the activities in New South Wales as described in Note 4 (a) and (b); the value of this asset be impaired to $Nil.

NOTE 23: SHARE BASED PAYMENTS

Options to purchase shares have been issued to Directors, and to key consultants of the Company as approved by the Board of Directors and General Meetings of Shareholders. Each share option converts into one ordinary share of Magnum Gas & Power Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

In the prior year options to purchase shares were issued in consideration for the acquisition of Energy Botswana Pty Ltd.

The following share-based payment arrangements were in existence during the current and comparative reporting periods. All options have vested as at balance date.
NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

<table>
<thead>
<tr>
<th>Options series</th>
<th>Number</th>
<th>Grant date</th>
<th>Expiry date</th>
<th>Exercise price ($)</th>
<th>Fair value at grant ($)</th>
<th>Days prior to expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued 31</td>
<td>27,233,400</td>
<td>31/07/12</td>
<td>30/06/13</td>
<td>0.06</td>
<td>0.0026</td>
<td>-</td>
</tr>
<tr>
<td>Issued 27</td>
<td>10,000,000</td>
<td>27/09/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.0038</td>
<td>365</td>
</tr>
<tr>
<td>Issued 28</td>
<td>8,500,000</td>
<td>28/11/12</td>
<td>30/06/15</td>
<td>0.06</td>
<td>0.0069</td>
<td>365</td>
</tr>
</tbody>
</table>

No options were issued to directors and key consultants during the financial year (2013: 22,500,000). No options expired or lapsed during the financial year (2013: 4,000,000). In the prior year, 27,233,400 unlisted options were issued as consideration for the acquisition of Energy Botswana Pty Ltd at an exercise price of $0.06 and expired 30 June 2013.

No options have been exercised during the financial year (2013: Nil).

**Measurement of fair values**

The fair value attributable to options issued to directors and key consultants is calculated using the Black Scholes option pricing model at grant date. The fair value is based upon the following inputs and assumptions:

<table>
<thead>
<tr>
<th>Number of options</th>
<th>10,000,000</th>
<th>8,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options Expiring</td>
<td>30 June 2015</td>
<td>30 June 2015</td>
</tr>
<tr>
<td>Share price at grant date</td>
<td>$0.019</td>
<td>$0.020</td>
</tr>
<tr>
<td>Exercise price</td>
<td>$0.06</td>
<td>$0.06</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>88.17%</td>
<td>100%</td>
</tr>
<tr>
<td>Option life</td>
<td>33 months</td>
<td>31 months</td>
</tr>
<tr>
<td>Risk free rate</td>
<td>2.9%</td>
<td>2.83%</td>
</tr>
<tr>
<td>Fair value per option</td>
<td>$0.0038</td>
<td>$0.0069</td>
</tr>
</tbody>
</table>
NOTE 23: SHARE BASED PAYMENTS (CONTINUED)

The number and weighted average exercise prices of options issued as share based payments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Options</td>
<td>Weighted Average</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exercise Price $</td>
</tr>
<tr>
<td>Outstanding at the</td>
<td>18,500,000</td>
<td>0.06</td>
</tr>
<tr>
<td>beginning of the year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Forfeited / Lapsed</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Exercised</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expired</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Outstanding at year-end</td>
<td>18,500,000</td>
<td>0.06</td>
</tr>
<tr>
<td>Exercisable at year-end</td>
<td>18,500,000</td>
<td>0.06</td>
</tr>
</tbody>
</table>

The options outstanding at 30 June 2014 have an exercise price of $0.06 (2013: $0.06) and a weighted average contractual life of 2.6 years (2013: 2.6 years).

NOTE 24: RELATED PARTY TRANSACTIONS

Key management personnel compensation

The following were key management personnel of the group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors
Mr T Fontaine
Mr B Montgomery
Mr R Wheeler
Mr T Wheeler

Executives:
Mr M Pitts

The aggregate compensation made to directors and other members of key management personnel of the company and Group is set out below:
NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Short-term employee benefits</td>
<td>469,428</td>
<td></td>
<td>753,648</td>
<td></td>
</tr>
<tr>
<td>Post-employment benefits</td>
<td>26,201</td>
<td></td>
<td>18,249</td>
<td></td>
</tr>
<tr>
<td>Share based payment</td>
<td>-</td>
<td></td>
<td>93,108</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>495,629</td>
<td></td>
<td>865,005</td>
<td></td>
</tr>
</tbody>
</table>

**Loans to Directors and Executives**

No loans were made to Directors of Magnum Gas & Power Limited, including their personally-related entities.

**Other transactions with Directors**

A number of Directors, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control, for transactions other than services as director, were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th></th>
<th>2013</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td></td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Mrs J Wheeler</td>
<td></td>
<td></td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>• Transactions during the year</td>
<td>-</td>
<td></td>
<td>30,000</td>
<td></td>
</tr>
<tr>
<td>• Balance outstanding at 30 June</td>
<td>-</td>
<td></td>
<td>30,000</td>
<td></td>
</tr>
</tbody>
</table>

Mrs. J Wheeler is a related party to Mr. T Wheeler. The amounts above are in relation to director’s fees payable to Mrs. Wheeler by Energy Botswana Pty Ltd a subsidiary of the Group.
### NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Kalahari Resources Pty Ltd</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transactions during the year</td>
<td>3,960</td>
<td>226,616</td>
</tr>
<tr>
<td>• Balance outstanding at 30 June</td>
<td>-</td>
<td>129,360</td>
</tr>
</tbody>
</table>

Kalahari Resources Pty Ltd is a Company associated with Messrs Trent and Raalin Wheeler. The Company has entered into an agreement with Kalahari Resources Pty Ltd for the provision of consulting services of Mr R Wheeler and the amounts above are in relation to fees for these services.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Rhino Energy Pty Ltd (formerly Taz Consulting Pty Ltd)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transactions during the year</td>
<td>-</td>
<td>85,653</td>
</tr>
<tr>
<td>• Balance outstanding at 30 June</td>
<td>-</td>
<td>65,434</td>
</tr>
</tbody>
</table>

Rhino Energy Pty Ltd (formerly Taz Consulting Pty Ltd) is a Company associated with Mr Thomas Fontaine. The Company has entered into an agreement with Rhino Energy Pty Ltd for the provision of consulting services of Mr T Fontaine and the amounts above are in relation to fees for these services.

### NOTE 25: AUDITORS’ REMUNERATION

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Remuneration of the auditor of the parent entity for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Auditing or reviewing the financial reports for the current year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Current auditors</td>
<td>47,000</td>
<td>52,500</td>
</tr>
<tr>
<td>- Previous auditors</td>
<td></td>
<td>57,750</td>
</tr>
</tbody>
</table>

### NOTE 26: CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash at bank and on hand</td>
<td>82,702</td>
<td>504,858</td>
</tr>
<tr>
<td>Cash at call</td>
<td>152,050</td>
<td>1,722,054</td>
</tr>
<tr>
<td>TOTAL</td>
<td>234,752</td>
<td>2,226,912</td>
</tr>
</tbody>
</table>
NOTE 26: CASH AND CASH EQUIVALENTS (CONTINUED)

Reconciliation of loss for the period to net cash flows from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the year</td>
<td>(7,659,146)</td>
<td>(1,316,637)</td>
</tr>
</tbody>
</table>

ADJUSTMENTS FOR NON CASH ITEMS
- Depreciation expense        | 9,254       | 4,320       |
- Share based payment         | -           | 96,581      |
- Impairment                  | 6,725,948   | -           |

CHANGES IN WORKING CAPITAL
- (Increase)/Decrease in receivables and prepayments | (49,092)    | (57,738)    |
- Decrease in payables & borrowings          | (56,137)    | 156,635     |

Net cash from operating activities | (1,029,173) | (1,116,839) |

The Company issued 1,500,000 shares in lieu of payment for services rendered by a contractor during the year to the value of $27,000.

During the previous financial year the Company acquired Energy Botswana Pty Ltd, the purchase price was settled by the issue of shares and options.

There were no other non-cash transactions.

NOTE 27: PARENT ENTITY DISCLOSURES

**Financial Position**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>269,750</td>
<td>2,125,700</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td>9,517,664</td>
<td>15,373,702</td>
</tr>
<tr>
<td>Total Assets</td>
<td>9,787,414</td>
<td>17,499,402</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities</strong></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>159,665</td>
<td>454,405</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>159,665</td>
<td>454,405</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Assets</strong></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,627,749</td>
<td>17,044,997</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Equity</strong></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued Capital</td>
<td>30,552,440</td>
<td>30,149,812</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>(21,021,272)</td>
<td>(13,201,396)</td>
</tr>
<tr>
<td>Reserves</td>
<td>96,581</td>
<td>96,581</td>
</tr>
<tr>
<td>Total Equity</td>
<td>9,627,749</td>
<td>17,044,997</td>
</tr>
</tbody>
</table>
NOTE 27: PARENT ENTITY DISCLOSURES
(CONTINUED)

Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>2014 $</th>
<th>2013 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the year</td>
<td>(7,819,876)</td>
<td>(1,329,487)</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Loss</td>
<td>(7,819,876)</td>
<td>(1,329,487)</td>
</tr>
</tbody>
</table>

NOTE 28: EVENTS AFTER THE REPORTING DATE

Unsecured loan
Subsequent to the end of the financial year the Company entered into a loan for $300,000. The loan is subject to normal commercial terms, is unsecured and repayable by 30 June 2015. The loan was made available by the Company’s Chairman Mr Tom Fontaine.

Placement
Subsequent to the end of the financial year the Company placed 32,500,000 ordinary shares to sophisticated investors at 1 cent each to raise $325,000.

Other than those matters noted above, there were no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.
DIRECTORS’ DECLARATION

1. In the opinion of the directors of Magnum Gas & Power Limited (the ‘Company’):
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the Group’s financial position as at 30 June 2014 and of its performance for the year then ended; and
      ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

[Signature]

Mr T Wheeler
Managing Director

Perth, 26 September 2014
INDEPENDENT AUDITOR’S REPORT

To the members of Magnum Gas & Power Limited


We have audited the accompanying financial report of Magnum Gas & Power Limited (“the company”), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors’ responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 3, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.
Auditor’s opinion

In our opinion:

(a) the financial report of Magnum Gas & Power Limited is in accordance with the Corporations Act 2001, including:
    (i) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2014 and of its performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 3a to the financial report which indicates that the company may require raising additional funds to meet its ongoing obligations. In the unlikely event that the Company is unsuccessful in raising sufficient funding, there exists a material uncertainty that the Company or the Group will be able to continue as a going concern and be able to realised its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors’ report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor’s opinion


HLB Mann Judd
Chartered Accountants
Perth, Western Australia
26 September 2014

N G Neill
Partner
Additional information required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report is set out below. Information regarding share and option holdings is current as at 13 October 2014.

(a) Ordinary shareholders

<table>
<thead>
<tr>
<th>Twenty largest holders of ordinary shares</th>
<th>Number of shares</th>
<th>% held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avatar Energy Pty Ltd</td>
<td>84,023,069</td>
<td>9.88%</td>
</tr>
<tr>
<td>Mr Raalin Wheeler</td>
<td>60,300,001</td>
<td>7.09%</td>
</tr>
<tr>
<td>Mr Trent Wheeler</td>
<td>60,300,001</td>
<td>7.09%</td>
</tr>
<tr>
<td>Mr David John Newman</td>
<td>48,816,000</td>
<td>5.74%</td>
</tr>
<tr>
<td>Mr Benny Ben Otim</td>
<td>34,812,000</td>
<td>4.09%</td>
</tr>
<tr>
<td>Sebastian Holdings Pty Ltd</td>
<td>29,036,667</td>
<td>3.41%</td>
</tr>
<tr>
<td>Eurogold Limited</td>
<td>28,229,708</td>
<td>3.32%</td>
</tr>
<tr>
<td>Mr Douglas Allan Brooks &lt;Brooks Family a/c&gt;</td>
<td>25,636,364</td>
<td>3.01%</td>
</tr>
<tr>
<td>Sebastian Holdings Pty Ltd</td>
<td>23,289,218</td>
<td>2.74%</td>
</tr>
<tr>
<td>Alan Davis Pty Ltd</td>
<td>20,876,500</td>
<td>2.45%</td>
</tr>
<tr>
<td>Strategic Energy Resources Ltd</td>
<td>20,000,000</td>
<td>2.35%</td>
</tr>
<tr>
<td>Mr Colin Ashley Fletcher</td>
<td>18,000,000</td>
<td>2.12%</td>
</tr>
<tr>
<td>Sobu Energy Pty Ltd</td>
<td>16,545,455</td>
<td>1.95%</td>
</tr>
<tr>
<td>Gold Elegant (HK) Investment Limited</td>
<td>16,500,000</td>
<td>1.94%</td>
</tr>
<tr>
<td>Aero Classic Pty Ltd</td>
<td>15,909,091</td>
<td>1.87%</td>
</tr>
<tr>
<td>Faheem Investments Pty Ltd</td>
<td>15,732,000</td>
<td>1.85%</td>
</tr>
<tr>
<td>ABM Group Pty Ltd</td>
<td>15,480,000</td>
<td>1.82%</td>
</tr>
<tr>
<td>Sino Gold Limited</td>
<td>15,305,604</td>
<td>1.80%</td>
</tr>
<tr>
<td>Mr John Carmody</td>
<td>13,857,407</td>
<td>1.63%</td>
</tr>
<tr>
<td>Apex Energy NL</td>
<td>10,000,000</td>
<td>1.18%</td>
</tr>
<tr>
<td></td>
<td><strong>572,649,085</strong></td>
<td><strong>67.33%</strong></td>
</tr>
</tbody>
</table>

Each fully paid ordinary share entitles the holder to one vote at general meetings of shareholders and is entitled to dividends when declared.

The total number of shares on issue is 850,375,705

The number of shareholders holding less than a marketable parcel is 253.

There is no current on market buy back.
Substantial Holders are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of ordinary shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avatar Energy Pty Ltd</td>
<td>84,023,069</td>
</tr>
<tr>
<td>Mr Raalin Wheeler</td>
<td>*69,051,842</td>
</tr>
<tr>
<td>Mr Trent Wheeler</td>
<td>*69,051,842</td>
</tr>
<tr>
<td>Mr David John Newman</td>
<td>48,816,000</td>
</tr>
</tbody>
</table>

*Includes shares in a jointly owned entity

Distribution of ordinary shareholders

<table>
<thead>
<tr>
<th>Category of shareholding</th>
<th>Number of shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 1,000</td>
<td>24</td>
</tr>
<tr>
<td>1,001 – 5,000</td>
<td>23</td>
</tr>
<tr>
<td>5,001 – 10,000</td>
<td>66</td>
</tr>
<tr>
<td>10,001 – 100,000</td>
<td>170</td>
</tr>
<tr>
<td>100,001 and over</td>
<td>257</td>
</tr>
<tr>
<td>Total</td>
<td>540</td>
</tr>
</tbody>
</table>

(b) Options holders of listed options

There are currently no listed options on issue.

(c) Unquoted securities

The Company has the following unquoted securities on issue.

<table>
<thead>
<tr>
<th>Category of security</th>
<th>Number</th>
<th>Number of holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlisted options expiring 30 June 2015 @$0.06</td>
<td>18,500,000</td>
<td>6</td>
</tr>
</tbody>
</table>