

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

WHL ENERGY LIMITED

ABN

25 113 326 524

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	3	433
1.2 Payments for (a) exploration & evaluation	(361)	(6,588)
(b) development	-	-
(c) production	-	-
(d) administration	(709)	(2,885)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	58
1.5 Interest and other costs of finance paid	(213)	(322)
1.6 Income taxes paid	-	-
1.7 Other - GST paid on joint operations activity	-	-
Net Operating Cash Flows	(1,274)	(9,304)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(15)	(51)
1.9 Proceeds from sale of: (a) prospects	3,072	3,072
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Joint operations contribution	(266)	645
Net investing cash flows	2,791	3,666
1.13 Total operating and investing cash flows	1,517	(5,638)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	713
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	3,200	6,200
1.17 Repayment of borrowings	(3,080)	(3,080)
1.18 Dividends paid	-	-
1.19 Share issue costs	-	(51)
Net financing cash flows	120	3,782
Net increase (decrease) in cash held	1,637	(1,856)
1.20 Cash at beginning of quarter/year to date	2,163	5,723
1.21 Exchange rate adjustments to item 1.20	33	(34)
1.22 Cash at end of quarter	3,833	3,833

*+ See chapter 19 for defined terms.

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter
		\$A'000
1.23	Aggregate amount of payments to the parties included in item 1.25	163
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to Executive Directors and Non- Executive Directors. The breakdown of the amount is as follows:

	Amount \$A'000
Directors Fees - Non Executive	25
Salary- Executive Directors	131
Superannuation	7
Other	
	<u>163</u>
Fees to associates of Non-Executives	<u>-</u>

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the Quarter under the terms of the Bergen Financing Agreement the following conversions to shares were made:

- 24,718,958 ordinary shares converted for part principal payment of US\$200,000 at 0.873 cents per share
- 24,718,900 ordinary shares converted for part principal payment of US\$200,000 at 0.873 cents per share
- 12,409,049 ordinary shares converted for part principal payment of US\$69,140 and interest of US\$30,860 at 0.873 cents per share.

In consideration of the Term Loan Facility of \$3.2m with Argonaut Partners 40,000,000 unlisted options were issued. 25,000,000 unlisted options were issued to existing royalty holders in the Seychelles acreage as part of a renegotiation to complete the Seychelles farm-in transaction.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Under a farm-in agreement, concluded on 15 April 2014, Ophir will earn a 75% interest in WHL Energy's exploration interests offshore the Seychelles. Following the acquisition and evaluation of the Initial Seismic, and on or before 31 July 2015 (or 31 December 2015 if a seismic vessel has not commenced data acquisition by 31 May 2014), Ophir may either withdraw from the farm-in or exercise the option to continue to commit to exploration activity at set levels of participation as detailed in 2.2 Under the terms of the farm-in, Ophir will fully fund the acquisition of 1,500km² of 3D seismic, up to a total amount of US\$17 million. Ophir paid WHL Energy US\$4 million in cash for partial recovery of back costs. Following the acquisition and evaluation of the Initial Ophir may either withdraw from the farm-in or exercise the option to both:

- fully fund the acquisition of a further 1,000km² of 3D seismic, up to a total amount of US\$12 million (the "Additional Seismic"); and
- fund 90% of the costs of the first exploration well, up to a total amount of US\$30 million (the "Exploration Well").

Upon exercising the option to retain its interests, Ophir will pay WHL Energy a further US\$2 million in cash for further recovery of partial back costs.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	3,200**	3,200**
3.2 Credit standby arrangements	5,000*	-

* This facility was detailed in the market announcement dated 30 November 2013, titled "Company secures Acuity CPA Facility for \$5.0M"

** This financing facility was drawdown for \$3.2M with a premium of \$480K to be settled in full on 31 March 2015. Refer market announcement 27 May 2014 "WHL Receives A\$3.2M Funding Support".

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Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,333
4.2	Development	-
4.3	Production	-
4.4	Administration	744
4.5	Financing	0
Total		2,077

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,656	810
5.2	Deposits at call	1,360	110
5.3	Bank overdraft	-	-
5.4	Restricted funds held on behalf of Joint Operation	818	1,243
Total: cash at end of quarter (item 1.22)		3,833	2,163

Changes in interests in mining tenements

		Tenement reference	Nature of (note (2))	Interest at beginning of	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Offshore exploration blocks in the Seychelles	100% WI See Annexure "A" Pages 1 totalling 12,856 km ²	100% interest in offshore exploration blocks	25% interest in offshore exploration blocks (See Annexure "A") Relinquished, during the quarter, in terms of the Petroleum Agreement. See Annexure "B" for details of the relinquishments
6.2	Interests in mining tenements acquired or increased			N/A	

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see	Amount paid up per
7.1	Performance Rights at beginning of the quarter	6,000,000	-	Exercise price 0.00 cents	Expiry date 1/07/2015
7.2	Issued during quarter	24,000,000	-	Exercise price 0.00 cents	Expiry date 1/07/2016
	Exercised during quarter	Nil	-		
	Lapsed during quarter	Nil	-		
7.3	Ordinary securities - at beginning of the quarter	1,534,989,507	1,534,989,507	Not Required	Not Required
7.4	Changes during quarter				
	(a) Increases through issues	12,409,049 24,718,958 24,718,900	12,409,049 24,718,958 24,718,900	Conversion at 0.873 cents Conversion at 0.873 cents Conversion at 0.873 cents	
	(b) Decreases	Nil	-		
7.5	Convertible Debt Security at beginning of the quarter	One convertible note with a face value of US\$3,086,000	-	Refer to Note 1 below	Maturity date 31 March 2015
7.6	Changes during quarter				
	(a) Increases through	Nil	-		
	(b) Decreases	Partly converted into shares (US\$469,140 Refer 7.4(a).) and the balance of the face value of US\$3,086,000 retired in full.	-		
7.7	Options - at beginning of the quarter	401,734,157 128,000,000 11,400,000	401,734,157 - -	Exercise price 4.00 cents Exercise price 1.4 cents Exercise price 0.00 cents	Expiry date 30/11/2014 Expiry date 3/12/2017 Expiry date 1/07/2015
7.8	Issued during quarter	65,000,000	-	Exercise price 1.4 cents	Expiry date 3/12/2017
7.9	Exercised during	Nil	-		
7.10	Lapsed during quarter	(1,200,000)	-	Exercise price 0.00 cents	Expiry date 1/07/2015
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

Note 1: The Convertible Debt Security was partly converted during the period and the remaining balance retired in full on 5 May 2014. Refer to the market announcement 6 May 2014 "Finance update".

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Managing Director)

Date: 28 July 2014

David Rowbottom

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Annexure A

Description of Seychelles Offshore Exploration Blocks- 25% WI

Block Number	Block Number	Block Number	Block Number	Block Number
Block 5B/1	Block 5B/2	Block 5B/3		
B38/81	B39/136	B40/129	B51/65	B51/113
B38/82	B50/4	B40/141	B51/66	B51/114
B38/83	B50/5	B40/142	B51/67	B51/115
B38/84	B50/6	B40/130	B51/68	B51/116
B38/93	B50/7	B51/9	B51/69	B51/117
B38/94	B50/8	B51/10	B51/70	B51/118
B38/95	B50/9	B51/11	B51/71	B51/119
B38/96	B50/10	B51/12	B51/72	B51/120
B38/103	B50/11	B51/21	B51/77	B51/125
B38/104	B50/12	B51/22	B51/78	B51/126
B38/105	B50/17	B51/23	B51/79	B51/127
B38/106	B50/18	B51/24	B51/80	B51/128
B38/107	B50/19	B51/33	B51/81	B51/129
B38/108	B50/20	B51/34	B51/82	B51/130
B38/115	B50/21	B51/35	B51/83	B51/131
B38/116	B50/22	B51/36	B51/84	B51/132
B38/117	B50/23	B51/45	B51/89	B51/137
B38/118	B50/24	B51/46	B51/90	B51/138
B38/119	B50/35	B51/47	B51/91	B51/139
B38/120	B50/36	B51/48	B51/92	B51/140
B38/128	B51/1	B51/51	B51/93	B51/141
B38/129	B51/2	B51/52	B51/94	B51/142
B38/130	B51/13	B51/53	B51/95	B51/143
B38/131	B51/14	B51/54	B51/96	B51/144
B38/132	B51/25	B51/55	B51/101	B52/25
B39/97	B51/26	B51/56	B51/102	B52/26
B39/109	B51/38	B51/57	B51/103	B52/37
B39/121		B51/58	B51/104	B52/38
		B51/59	B51/105	B52/49
		B51/60	B51/106	B52/50
		B51/63	B51/107	B52/61
		B51/64	B51/108	B52/62

On 3 June 2014 PetroSeychelles Ltd confirmed the names of the blocks in the Ophir/WHL Licences as 5B/1, 5B/2 and 5B/3

Annexure B

Description of Seychelles Offshore Exploration Blocks Relinquished - 25% WI

Block Number	Block Number	Block Number	Block Number	Block Number
B38/127	B38/111	B50/27	B50/42	B51/88
B38/139	B38/112	B50/28	B50/43	B51/99
B38/140	B39/122	B50/29	B50/44	B51/100
B38/141	B39/123	B50/30	B50/45	B51/111
B38/142	B39/124	B50/31	B50/46	B51/112
B38/143	B39/133	B50/32	B50/47	B51/123
B38/144	B39/134	B50/33	B50/48	B51/124
B38/98	B39/135	B50/34	B51/37	B51/135
B38/99	B50/3	B50/39	B51/75	B51/136
B38/100	B50/15	B50/40	B51/76	
B39/110	B50/16	B50/41	B51/87	