



25 May 2011

ASX Release

ASX Code: WHE

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**UCG SITE SELECTION PROGRAM YIELDS MAIDEN JORC INFERRED RESOURCE OF 81Mt  
AT MECSEK HILLS UCG GAS PROJECT**

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**Highlights:**

- **Positive results from the first hole of the Company's drilling campaign at the Mecsek Hills UCG Gas Project ('the Project') – objective of drilling program is to facilitate the selection of the first underground coal gasification ('UCG') site.**
- **Maiden JORC Inferred Coal Resource of 81 million tonne (80.6) for the Komló Target Area – Project area has a 1-1.25 billion tonne ('Bt') Exploration Target<sup>1</sup> with coal quality in the range 18-29MJ/kg.**
- **Results of the confirmation drilling program have improved confidence in the historic data and potential suitability of the Project area for UCG.**
- **The Company's Preliminary Feasibility Study ('PFS') findings completed thus far indicate the need to establish the existence of approximately 20Mt (JORC Measured) of UCG suitable coal for the Project (Phase I and II inclusive) to have a 25 year project life. An update on the PFS will be released imminently.**
- **Seam Group 10 identified as the thickest and most continuous seam group in this part of the Resource comprising 42 million tonne (Mt) and one seam in particular identified consisting of 35Mt and an average seam thickness of 4.4 metres.**
- **Drilling is nearing completion at the Pécs target area and will then commence at the Varalja target area.**

Wildhorse Energy Ltd ('WHE' or 'the Company') is pleased to announce initial results from its drill program being conducted primarily to facilitate the identification of the most prospective UCG site at the Mecsek Hills UCG Gas Project. An initial JORC compliant Inferred Coal Resource of 81 million tonnes ('Mt') of coal ('Coal Resource') for the Komló target area ('Komló') in the central part of the Mecsek Hills UCG Gas Project has been published based on results from 29 historical drill holes and the initial confirmation drill hole CH2A. The Coal Resource estimate is held under the Company's coal bed methane (CBM) licences at Komló as well

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<sup>1</sup> The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

as its coal licence at Mecsek Hills East and forms the first stage of the ongoing investigation into the resource potential of the entire Project, which has a current Exploration Target<sup>2</sup> of 1-1.25 billion tonnes with coal quality in the range 18-29MJ/kg.

The confirmatory drilling program at the Project is comprised of multiple drill holes across the Komló, Pécs and Varalja target areas, using a mixture of Poly Crystalline Diamond ('PCD') and diamond coring techniques. The program is aimed at improving confidence in the large historic database, comprising approximately 500 drill holes, to evaluate the resource potential of parts of the Mecsek Exploration Target and to facilitate UCG site selection. The CBM licence drilling at Komló has provided a resource of 48.2Mt under the CBM licence area as well as 32.4Mt for the adjacent Mecsek Hills East coal licence.

The Company intends to collect drilling data on both its coal and CBM licences in order to fully understand the distribution of coal within the Mecsek Hills Project area. Final site selection will be determined after completion of the drilling program and assessment of factors including geological structure, coal suitability, environmental permitting, hydrogeology as well as regulatory confirmation as to what mining licence(s) shall be required to permit conversion of coal into Syngas utilising UCG technology.

WHE Managing Director Matt Swinney said, "This ongoing drilling campaign is providing us with invaluable information regarding the UCG potential of the Mecsek Hills UCG Project, as we rapidly move forward with development of the Project in conjunction with the upcoming publication of a PFS. The results from this first confirmatory hole are pleasing as they have confirmed what we expected from our modelling of the historic drill hole database. It has therefore improved our confidence in the historic drill hole data from the Project and the potential for the area to provide coal resources suitable for UCG. Our PFS findings completed thus far indicate we need to establish the existence of approximately 20Mt (JORC Measured) of UCG suitable coal for the Project (Phase I and II) to have a 25 year project life. An update on the PFS will be released imminently. Our goal from this ongoing site selection drilling program is to identify the ideal UCG suitable site for our first project. Drilling will next be completed on the Pécs target and then this will be followed by drilling at the Varalja target area."

## **Resource Definition**

The Resource has been classified as an Inferred Resource based on the level of confidence in the mapping, geological interpretation, drill spacing, confirmation drilling and geostatistical analysis of drill hole data. CSA has based the Coal Resource on 1m cut off which represents a minimum level that is likely to be extractable using UCG methods. The Coal Resource is reported for coal likely to be present in a 2km radius of the Komló drill holes, CH2A (and K173), excluding areas already subjected to underground and open cast mining. It is estimated an Inferred Resource of 81Mt is present at Komló with coal quality as shown in the table below.

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<sup>2</sup> The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## Inferred Coal Resource summary for the Komló Target:

Inferred Resources (Tonnes)	Average Coal Quality						
	Ash ar (%)	GCV (Kcal/Kg)	VM (%)	FC (%)	Rd (Ton/m <sup>3</sup> )	TM ar (%)	TS ar (%)
81,000,000	39.1	7403	18.24	38.14	1.47	5.00	2.13

Approximately half of the resource (42Mt) is contained within Seam Group 10, the thickest and most continuous seam group in the resource. This seam group was the main target of historic mining and appears the most suitable for UCG in the Komló area. Seam 10\_2 is the main seam within the group averaging 4.4m in thickness for a total resource of 35.4Mt. Seams 10\_1 and 10\_3 comprise another 6.6 Mt and average 1.8 and 1.55m respectively. The next largest component of the Coal Resource, of 13.6Mt, occurs in Seam 12. This unit is also quite widespread but is generally thinner averaging 2.03m, and represents another target for UCG. The remainder of the resource is spread amongst 19 other seams with average thicknesses ranging from 1m to 2.92m. A more detailed breakdown of the distribution of coal is provided in the summary Resource report attached to this announcement.

### Confirmation Drilling

To assess the reliability of the historic drilling, a twin hole (CH2A) was collared 54m northwest of the historic drill hole K173 – a diamond core hole completed in 1973. Hole CH2A was completed using a mixture of open hole PCD drilling for the precollar (0-560m), HQ diamond coring through the upper part of the coal sequence (560-766m) and PCD drilling for the lower sequence (766-1103m). The drill hole was examined in detail and logged for geology, geotechnical data and a full suite of down hole geophysics. Four samples were taken from selected coal seams and sent for proximate analysis, ultimate analysis, trace elements, total sulphur, total fluorine and gross calorific value analysis at SGS Laboratories in the Netherlands.

The data from CH2A and K173 were compared and demonstrated a good overall correlation between the two holes. The geology and geophysics show a high degree of correlation for the main coal seams units and non-coal lithologies. The analytical data was compared with the historic data and showed reasonable correlation. The comparison indicates, on average, the coal quality results achieved in CH2A are higher than those in K173. This suggests the historic data is a more conservative estimate of calorific value which is most likely a result of inaccurate assessment of moisture content or possible oxidation in the historic coal samples. The reasonable correlation demonstrates that the historic data is likely to be reliable for the purposes of Inferred Coal Resource estimation but will require more investigation if it is to be used for a higher Coal Resource category.

Due to the reasonably broad drill spacing, the large amount of historic drilling data (1953 to 1993) used in the estimate, the complexity of geological structure of the area and the small amount of data collected directly by WHE, the Komló Coal Resource has been classified in the Inferred Coal Resource category. A technical summary report of the Inferred Coal Resource, completed by CSA Global Pty Ltd, is attached to this announcement for further reference.

## Further Information on Wildhorse:

### *Wildhorse Business Model*

The WHE business model is focussed upon applying UCG technology to convert coal into syngas and then selling the syngas to power stations as a gas feedstock. The business model also includes the potential to develop UCG syngas into synthetic natural gas ('SNG') for distribution through international pipeline networks. The development and expansion of the UCG portfolio is underpinned by a potentially world class uranium project which the Company is advancing with its Hungarian uranium development partners Mecsek-Öko and Mecsekérc, with the support of the Hungarian Government.

### *Business Strategy*

The Company's business strategy is to become a major supplier of gas feedstock to power stations in Central Europe. WHE's project development strategy is based primarily upon acquiring strategic UCG sites in key locations in Central Europe where gas markets are dominated by Russian gas imports, energy security is a major factor for governments and large scale industrial consumers of gas and gas prices are correspondingly high. The expansion is underpinned by the development of the Mecsek Hills Uranium Project.

### *UCG Technical Team*

WHE has assembled a world class UCG technical team which consists of international specialists including:

- Johan Brand (Technical Director) – previously the UCG business leader at Sasol, the world's leading coal gasification company, where he was responsible for the establishment and management of UCG as a business unit
- David LeClair (COO) – previously Manager of Engineering & Production for Hungarian Horizon Energy Limited which produces 20% of Hungary's gas
- Peter van Vuuren (UCG Technology Manager) – previously the lead process engineer on the UCG team at Sasol
- Andries du Plooy (UCG Senior Geologist) – previously the senior UCG geologist at Eskom (Primary Energy Division)
- Conrad Kahts (Directional Drilling Strategic Alliance Partner) – managed Sasol's directional drilling division for seven years, prior to forming Aqua Alpha Drilling Limited
- Derrick du Preez (Oxygen Management and UCG Engineering Services Strategic Alliance Partner) – ex senior Sasol management executive prior to forming CDE Process Limited, key supplier to companies such as Sasol and Eskom

### *UCG Projects*

- Four UCG licence areas with a combined acreage of 528.5 sq km in known coal regions
- The Mecsek Hills Gas (UCG) Project, is a 418 sq km licence in the historically mined Mecsek Coal Formation in Pécs in Southern Hungary which has a current Exploration Target<sup>3</sup> of between 1-1.25 billion tonnes of coal at 18.8 to 29.3 GJ/t and is in close proximity to power stations

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<sup>3</sup> The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

- The Izabela Gas (UCG) Project is a 47.5 sq km coal licence (containing 160 historic drill holes) located in a historic coal mining district in northern Hungary
- The Amelie Gas Project is a 25 sq km coal exploration licence (containing 84 historic drill holes) located in an historical coal mining district in Western Hungary and 10 km from a power station
- The Suki Gas Project is a 58 sq km coal exploration licence in North Eastern Hungary located in a historical coal mining district, which has undergone significant exploration (210 historic drill holes) and is close to a number of power generation plants

#### Uranium Project

- The Mecsek Hills Uranium Project in southern Hungary currently has an Inferred Resource of 48.3 Mt at 0.072% U<sub>3</sub>O<sub>8</sub> for 77 Mlbs of U<sub>3</sub>O<sub>8</sub> and an Exploration Target<sup>4</sup> of 55 to 90 Mlbs of U<sub>3</sub>O<sub>8</sub> with a grade range of 0.075 - 0.10% U<sub>3</sub>O<sub>8</sub>. The Project is comprised of the WHE owned Pécs and Abaliget licences and the adjoining Mecsek Mining Lease East ('MML-E') licence owned by Mecsek-Öko.

<b>Table 1</b> <b>Mecsek Hills Uranium Project - 2010 Resource Estimate</b> Estimated using Block Ordinary Kriging (2D estimate) using a Parent Block of 100m x 100m. Reported above 0.04% U <sub>3</sub> O <sub>8</sub> using an Insitu Dry Bulk Density of 2.5 t/m <sup>3</sup> .					
Classification	Region	Tonnes (Mt)	Grade (% U <sub>3</sub> O <sub>8</sub> )	Contained U <sub>3</sub> O <sub>8</sub> (T)	Contained U <sub>3</sub> O <sub>8</sub> (M lbs.)
Inferred	Pécs*	38.5	0.076	29,300	65
Inferred	MML-E**	9.8	0.057	5,600	12
<b>Inferred Total</b>		<b>48.3</b>	<b>0.072</b>	<b>34,900</b>	<b>77</b>

Note: Figures have been rounded

\* Pécs licence wholly owned by Hungarian subsidiary Wildhorse Energy Ltd.

\*\* The MML-E Inferred Resource is located on a licence which is owned by Mecsek-Öko and subject to the co-operation agreement with WHE. WHE does not yet have full rights to this resource.

#### For and on behalf of the Board

##### Competent Persons Statements

The geological modelling and estimation of the Exploration Target<sup>5</sup> of 1-1.25 billion tonnes of coal at 18.8 to 29.3GJ/t for Wildhorse Energy Limited's Mecsek UCG Project was completed under the overall supervision and direction of Mr Alan Millar BSc. MSc. MAusIMM, who was a full time employee of CSA Global Pty Ltd and is a Competent Person as defined by the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Alan Millar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Coal Resources is based on information compiled by Adrian Nurcahyo M AusIMM and Dr Bielin Shi MAusIMM, MAIG. Dr Bielin Shi has taken overall responsibility and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears

The information in the report to which this statement is attached that relates to the Mecsek Hills Uranium Project Mineral Resource is based on information compiled by Mr Lauritz Barnes and Mr Neil Inwood. The geological modelling and estimation of the Exploration Target for the Mecsek

<sup>4</sup> The size and grade of the Exploration Target is conceptual in nature and it is uncertain if further exploration will result in the determination of a mineral resource. There is currently insufficient data to define a JORC compliant Mineral Resource for the Exploration Target. Mr Barnes and Mr Inwood (Competent Persons) have reviewed the historical data available for the Mecsek Hills Uranium Project and both made site visits to the area. They consider the Exploration Target to be reasonable based on the data available.

<sup>5</sup> The potential quantity and grade is conceptual in nature, and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

*Hills Uranium Project of 55 to 90 Mlbs of U3O8 with a grade range of 0.075 to 0.10% U3O8 was also compiled by Mr Barnes and Mr Inwood. Messrs Barnes and Inwood are both Members of The Australasian Institute of Mining and Metallurgy. Mr Barnes is an independent consultant and Mr Inwood is employed by Coffey Mining. Mr Barnes is the Competent Person responsible for the database, modelling, estimation methodology and Classification. Mr Inwood has reviewed the resource estimate and consents to take dual responsibility for the estimation methodology and Classification. Both Messrs Barnes and Inwood and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Barnes and Mr Inwood consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*



CSA Global Pty Ltd  
Level 2, 3 Ord Street  
West Perth, WA 6005

PO Box 141  
West Perth, WA 6872  
Australia

T +61 8 9355 1677  
E csaaus@csaglobal.com

ABN 67 077 165 532

[www.csaglobal.com](http://www.csaglobal.com)

## MEMORANDUM

**To:** Matt Swinney  
**Cc:** David LeClair, Dires du Plooy, Stan Wholley, Dr Bielin Shi  
**Date:** 3<sup>rd</sup> May 2011  
**From:** Adrian Nurcahyo  
**Re:** Technical Summary on Wildhorse Energy Coal Resource Estimate for the Komlo target area  
**CSA Report Number:** R203.2011

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### Summary

CSA Global Pty Ltd (CSA) was engaged by Wildhorse Energy Ltd (WHE) to complete an interim Coal Resource estimate for the Mecsek Underground Coal Gasification Project (MUCG) project in Southern Hungary (Figure 1). The Coal Resource reported here covers the Komlo target area in the central part of the project area (Figure 2). This is the first area to undergo resource estimation at the MUCG due to the completion of the confirmatory drill hole CH2A in February 2011. This interim Coal Resource estimate forms part of the ongoing investigation of the resource potential of the entire MUCG.

Based on data collected from hole CH2A and the large historic drill hole database, CSA estimates an Inferred Coal Resource of 95 Million tonnes (Mt) of coal is present within a 2km radius of CH2A. The Komlo Coal Resource has been classified and reported in accordance with The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Resource classification is based on confidence in the mapping, geological interpretation, drill spacing, confirmation drilling and geostatistical analysis of drill hole data.

The project covers an area known as the Mecsek Coalfield, a Mesozoic coal complex which is a remnant of pre-Tertiary rocks within the Tertiary aged Pannonian basin. The coal complex has been the location of significant open cast and underground mining of coal from the 1800's through to 2004. The mined areas occur within the WHE tenure, which comprises an area of 418km<sup>2</sup> covering the majority of the coal field. The coal field has seen significant exploration with approximately 500 holes completed in areas of historic mining and the adjacent near mine areas. A large amount of the historic drill hole data has been compiled and translated by WHE which has enabled detailed modelling of the coalfield.

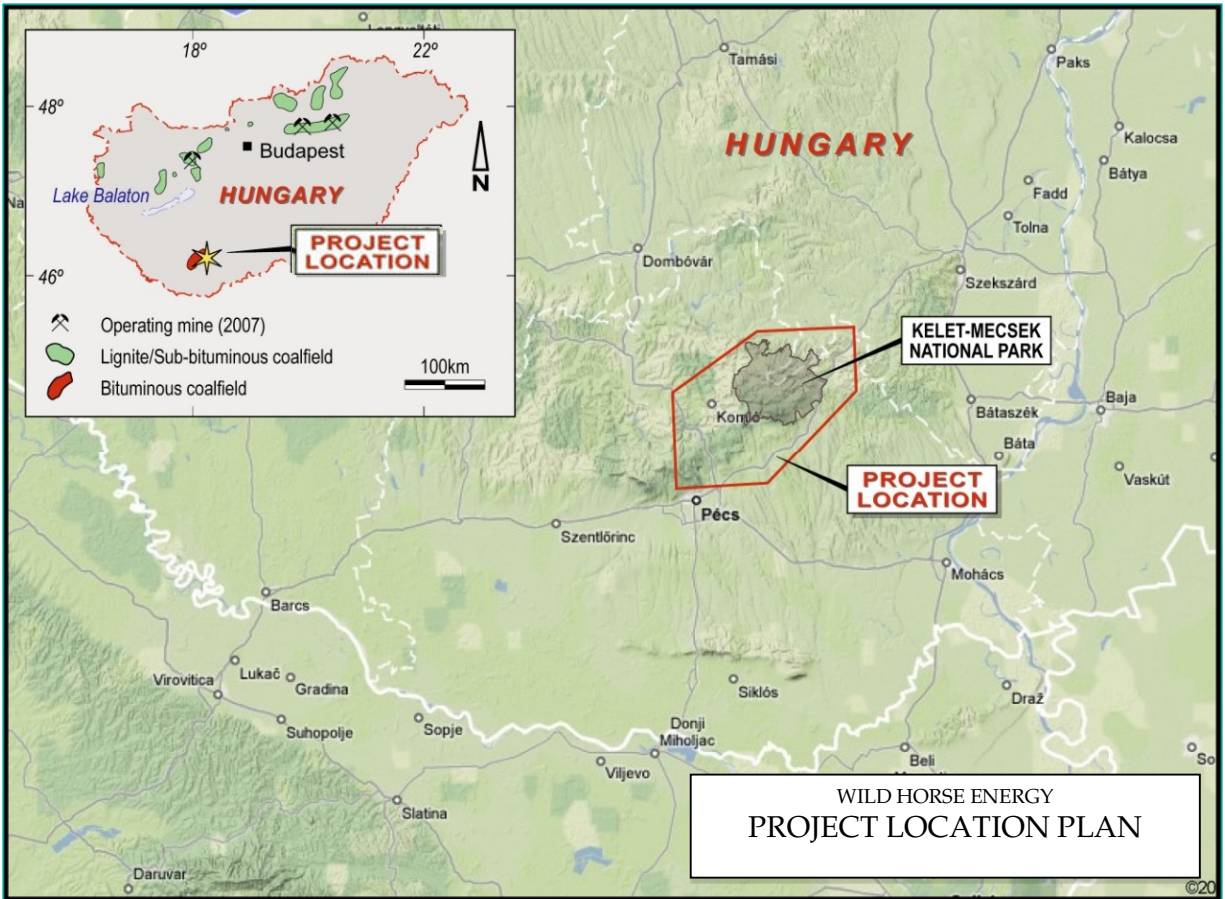


Figure 1. Mecsek Project Location Plan

**Geology**

The coalfield is an elongated basin striking south-west to north-east approximately 30km long and 20km wide (see Figure 2). The northern and southern margins are bounded by major structural lineaments and the east and west limits are marked by formation outcrop. The regional tectonic history is complex and four major extensional and compressional deformation phases have been identified between the Late Permian to Late Tertiary periods. Structurally, the field comprises an easterly plunging, complex faulted, open anticline/syncline fold system comprising Triassic, Jurassic and Cretaceous age rocks overlain unconformably by Tertiary age sediments and volcanics. There was a period of igneous activity from the Early Cretaceous to the Miocene with injection of sills and dykes into the sedimentary sequence which in places intrude into the coal seams.

On the basis of lithology and sedimentary facies the coal formation is divided into three members which can be traced across the entire Mecsek area:

- The Upper Member (Sinemurian lower part), a marine facies which developed as the basin was inundated (see Figure 3).



- The Middle Member (Hettangian), a fluvial flood plain facies with some brackish marine facies in the upper parts (see Figure 3); and
- The Lower Member (Rhaetian), a lacustrine and alluvial freshwater sequence with thin and discontinuous seams(see Figure 3);

These three coal bearing members contain between 10 and 42 individual seams greater than 0.5m thick with seam dips ranging from 20°-80° depending on their structural position in the basin. The Middle Member contains the most developed seams and is the primary target for UCG. The coal formation occurred in a half graben / monoclinial basin with thickest coal accumulation occurring in the south around Komló and Pécs.

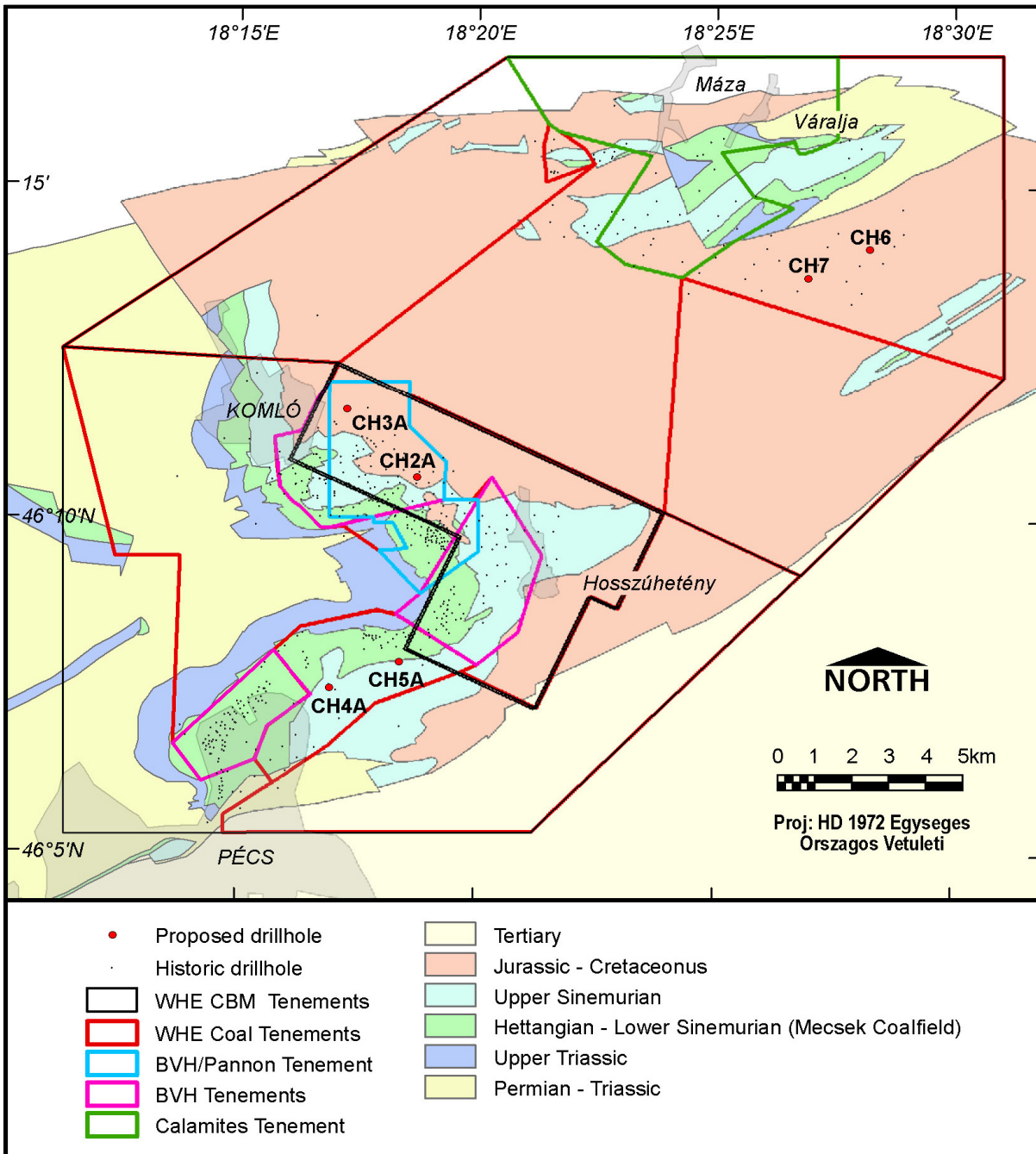


Figure 2. Geology of the Mecsek Project area

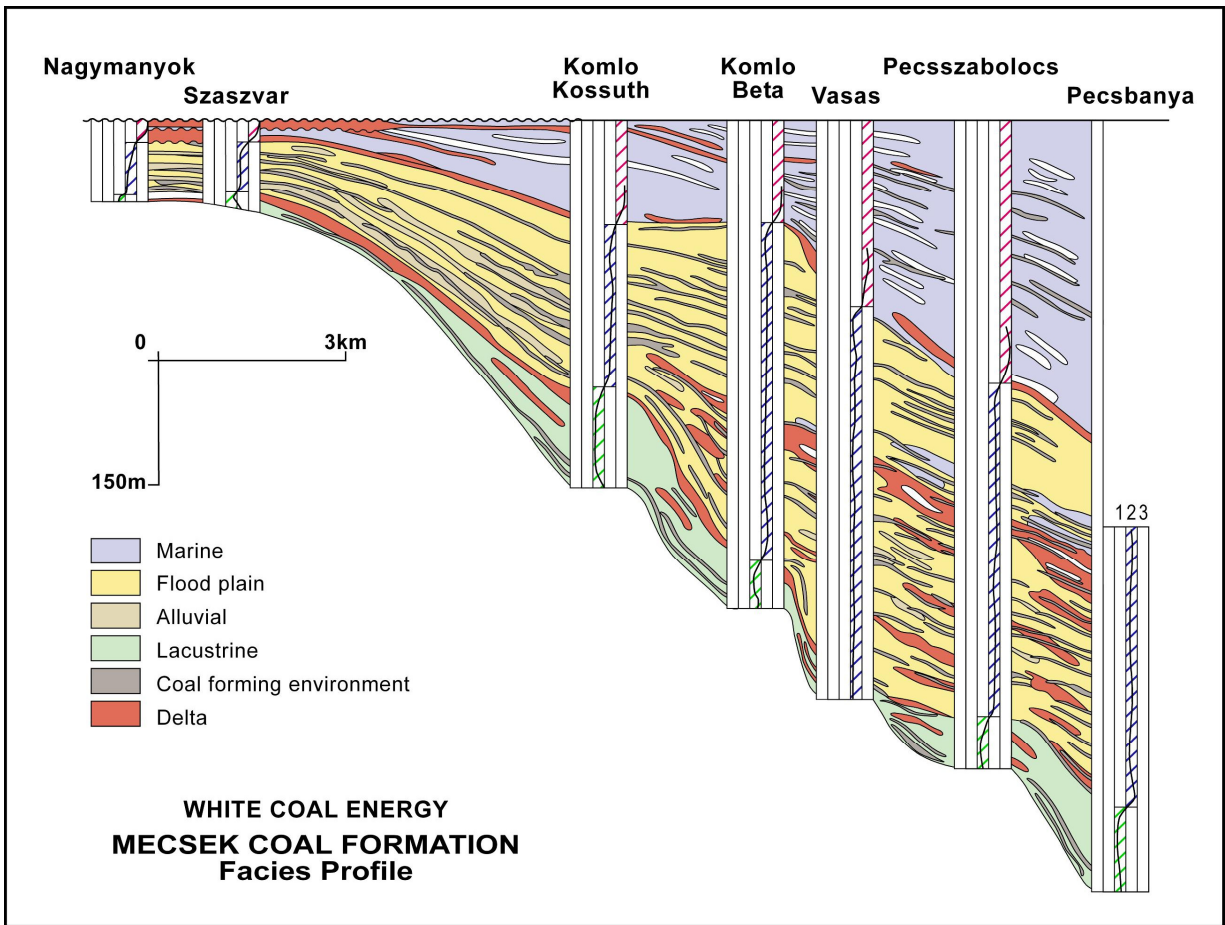


Figure 3: Schematic facies profile of Mecsek Coal Formation (Hamor-Vido et al, 2007)

### Data

The Coal Resource is based on data acquired up to April, 4th, 2011. The digital database was compiled from historic drilling collected and translated by WHE and the Eotvos Lorand Geophysical Institute (ELGI) of Hungary. The data comprised 485 historic drill holes, and a single new drill hole, CH2A completed by WHE in February 2011. The data comprised a series of Excel spreadsheets containing:

- Drill hole locations
- Drill hole orientations
- Coal quality data for selected coal seams and relative density data
- Summary lithology and coal seam correlations provided by ELGI
- down hole geophysical logs, scanned copies of historic drilling and the digital data for CH2A

The data set covers the seven main prospect areas Komlo, Hosszuheteny , Pecs, Vasas, Rucker, Maza and Varlaja. This report only covers an area in the Komlo target area within a two kilometre radius of the WHE drill hole CH2A (see Appendices 1 and 2).

Drill hole spacing varies from relatively close-spaced, 100m x 100m, in areas near to pits and historically worked areas to 500m x 500m or greater in other areas, and average drill hole spacing per coalfield is outlined in Table 1 below. Within the 2km Radius of CH2A the drill spacing ranges from 250m to 500m.

To date a total of 300 drill holes for 135,728m drilling including confirmation drilling were used to model the areas of Komlo, Vasas, Rucker, Hoszuheteny and Pecs (Appendix 1). The Maza and Varalja areas are yet to be modelled. A total of 27 drill holes noted to have problems were flagged and not used in model (see Table 1).

A total of 5,906 coal quality samples derived from 218 drillholes were used in the model with data comprising (as received basis): total moisture (TM%), total sulphur (TS%), volatile matter (VM%), ash content (ASH%), fixed carbon (FC%), relative density (RD Ton/m<sup>3</sup>), calorific value (CV kcal/kg), gross calorific value (GCV kcal/kg) and calorific value dry ash free basis (daf) (CVf kcal/kg).

Table 1: Drillholes data used in modelling

Coalfield	Holes				Average Drill hole Spacing
	Modeled		Exclude		
	Number of Holes	Total Depth (m)	Number of Holes	Total Depth (m)	
Pecs	94	20,542	-	-	500 x 500m
Hoszuheteny	29	30,997	1	-	400 x 400m
Rucker	20	7,579	1	536	500 x 500m
Vasas	56	9,167	-	-	500 x 800m
Komlo	101	67,443	25	14,509	200 x 200m
Total	300	135,728	27	15,045	200 x 200m

### **Confirmation Drilling**

To assess the reliability of the historic drilling a twin hole (CH2A) was collared 54m northwest of the historic drill hole K173 a diamond core hole completed in 1973. Hole CH2A was completed using a mixture of open hole PCD drilling for the precollar (0-560m), HQ diamond coring through the upper part of the coal sequence (560-766m) and PCD drilling for the lower sequence (766-1103m). The drill hole was examined in detail and logged for geology, geotechnical data and a full suite of down hole geophysics. Four coal samples were taken from selected coal seams and sent for proximate analysis and specific energy at HRL Laboratories in Australia.

The data from CH2A and K173 were compared and demonstrated good correlation between the two holes. The geology and geophysics show a high degree of correlation for the main coal seams units and non coal lithologies (see Figure 4). The analytical data were compared with the historic data and showed reasonable correlation (see Table 2). The comparison indicates, on average, the coal quality results achieved in CH2A are higher than those in K173 this suggest the historic data is a more conservative estimate of calorific value (CV) which is most likely a result of inaccurate assessment of moisture content in the historic data. The reasonable correlation demonstrates that the historic data is likely to be reliable for the purposes of Inferred Coal Resource estimation but will require more investigation if it is to be used for a higher Coal Resource category.

Coal within the Mecsek Formation has been strongly tectonised and such is difficult to recover during drilling. Throughout the exploration of the coal field drilling recoveries have been an issue the average recovery of coal seams recorded in the data base is 78%. Much of the coal in K173 had excellent recoveries and for the main coal seams it is recorded as 100%, the recoveries from CH2A were more variable and ranged from 60% to 95%. However, given to the large number of results, the fact that historic mining demonstrate the coal is of a quality comparable to that intersected in drilling as well as the good correlation between results CH2A and K173 it is proposed that much of the data although has recoveries less than 95% are suitable for the purpose of an Inferred Coal Resource.

In line with JORC guidance, data from CH2A has been extrapolated a maximum of 2km. However within this 2km there are 29 historic drill holes, which are a mixture of 12 diamond core holes, 10 open hole rotary holes and seven holes where no method has been recorded. CH2A can be considered a primary point of observation and the remaining 29 holes are supporting data which provides additional confidence in the resource for this area. Data from both the historic drillholes and CH2A have been used to estimate grade and thickness in the Coal Resource.

Table 2: Comparison of analytical results for CH2A and K173 (“ar” – denotes as received)

Sample Pairs	Hole	from (m)	to (m)	CV (ar) kj/kg	ASH % (ar)	VOLS % (ar)	S % ar)	Recovery %
Pair 1	CH2	543.87	544.13	29522	10.12	30.34	1	94
	K.173	535.40	535.70	27097	13.49	28.45	2.66	N/A
Pair 2	CH2	544.40	544.70	29987	8.99	27.94	1.18	95
	K.173	536.05	536.50	25722	17.16	26.18	2.66	N/A
Pair 3	CH2	625.03	625.77	24577	23.3	25.8	2.77	85
	K.173	629.70	631.50	22450	25.79	22.20	4.02	N/A
Pair 4	CH2	631.38	632.40	23254	24.56	21.77	2.91	60
	K.173	636.80	637.70	26602	15.30	23.78	2.87	N/A

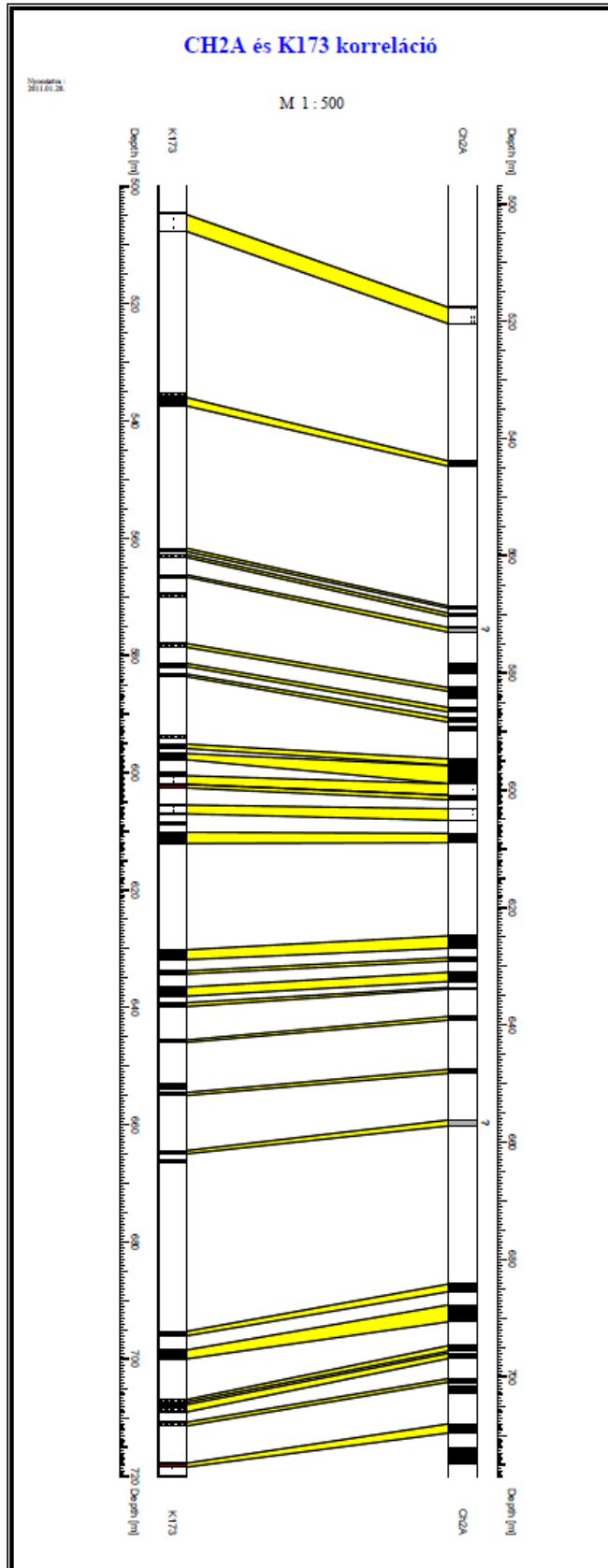


Figure 4. Comparison of cored coal seams between CH2A and K173

## **Modelling methods**

CSA imported the supplied drill hole database into Minescape 4.118 software and proceeded with the modelling in the extended precision environment. Topography data was received as contour layers and raw data generated from a digital elevation model of a 1:50,000 topographic map. All data were interpolated into a Minescape grid with 25m by 25m cell size.

CSA compiled a sectional interpretation through the modelled areas based on a combination of: historic drilling and geophysical data, the ELGI coal seam correlation, historic cross sections generated during the period of Hungarian exploration and coal mining as well as data collected from hole CH2A. The sectional interpretation for Komlo and surrounding areas were converted to a Minescape seam model, which included up to 40 seams (see Appendices 3 and 4). Not all seams have been reported due to lack of continuity, a lack of suitable coal quality data or thickness below the cut off. Structural interpretation was based on a combination of published geological maps (1:10,000 scale), logged structures in drill holes, and the structural model inferred by ELGI during coal seam correlation. The resource has been reported based on the Hungarian coal seam numbering system which is numbered from top to bottom of the sequence.

The coal seams were modelled based on a 0.5m cut off and included non coal partings up to 1m in thicker seams, the cut off parameter used to estimate resource are summarized in Table 3. The coal grades were interpolated using the Inverse Power Distance (ID<sup>2</sup>) method with search ellipses of 1km around each hole orientated to the overall geometry of sedimentation for the coal seams deposit. SG values were assigned to the resource model based on the data provided by WHE in the database, and where no SG was provided a default value of 1.44 was used.

The modelling included Komlo and the surrounding areas to gain a better understanding of the coal seam correlation for the whole coalfield, however, only the modelled seams within a 2km radius of CH2A have been reported. Areas of historic mining have been excised from the 2km radius area as shown in Appendix 1.

Table 3. Cut off parameters

No.	Cut Off Parameter	CSA
1	Minimum Coal Thickness	0.5m
2	Minimum Thickness of parting include in Coal seam	0.2m
3	Maximum Thickness of parting include in Coal seam	1m
4	Specific Gravity (SG)	Using laboratory analysis (Preston Sanders formula not applied). Defaults SG used is 1.44 Ton/m <sup>3</sup>

## **Wild Horse Energy Coal Resource Estimate**

The Wildhorse Energy Inferred Coal Resource for the Komlo target has been classified and reported in accordance with The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Resource classification is based on a number of variables including confidence in

the geology models derived from mining and exploration data, drill spacing, confirmation drilling results and geostatistical analysis of the coal quality data.

Due to the reasonably broad drill spacing, the large amount of historic drilling data (1953 to 1993) used in the estimate, the complexity of geological structure of the area and the small amount of data collected directly by WHE the Komlo Coal Resource has been classified as in the Inferred Coal Resource category. CSA has estimated an Inferred Coal Resource of 95Mt of coal is present with a gross calorific value of 7403 kcal/kg, Ash 40.4%, Volatile Matter 17.8%, Fixed Carbon 37.2% and Total Sulphur of 1.99% all on an as received basis(see Table 4). A detailed seam summary is presented in Appendix 5.

Table 4. Inferred Coal Resource summary for the Komlo Target

Inferred Resources (Tonnes)	Average Coal Quality								
	Ash ar (%)	Cvf (Kcal/Kg)	Cvr (Kcal/Kg)	FC (%)	GCV (Kcal/Kg)	Rd (Ton/m <sup>3</sup> )	TM ar (%)	TS ar (%)	VM (%)
95,000,000	40.37	4172	4047	37.2	7403	1.48	5.00	1.99	17.8

CSA has based the Coal Resource on 0.5 m cut off which represents a minimum level that is likely to be extractable using UCG methods. The Coal Resource is reported for coal likely to be present in a 2km radius of CH2A excluding areas already subjected to underground and open cast mining. For reference the tonnages that could be expected at higher cut offs of 1m and 2m are presented in Table 5 and in Appendices 6 and 7.

Seam group 10 is the thickest and most continuous seam group in the resource comprising 45Mt; almost half (47%) of the total resource (Appendix 5). Seam 10\_2 is the main seam within the group averaging 4.25m in thickness for total resource of 35Mt. Seams 10\_1 and 10\_3 comprise another 9.5Mt and average 1.35 and 0.95m respectively. Seam group 10 extends beyond the current resource boundary and was the main focus of mining. This seam should be the main focus for future development of UCG, a coal seam thickness plot for Seam group 10 is presented in Appendix 5. The next largest resource of 14Mt, occurs in seam group 12. This unit is also quite widespread but is generally thinner averaging 1.85m.

Table 5. Coal Resource estimate by thickness cut off

Cut Off Seam Thickness(m)	Plan Area(Ha)	Volume (m <sup>3</sup> )	Tonnage
0.5	3570	64,587,664	95,149,150
1	2200	54,729,378	80,617,137
2	840	35,472,488	51,283,856

### **Conclusion and Recommendation**

CSA recommends undertaking additional evaluation programs to better understand the geometry and distribution of coal present the Komlo target area. The recommendations below are aimed at improving the confidence and reliability of the data, with the aim of upgrading the Coal Resource classification. The key programmes that need to be considered are:

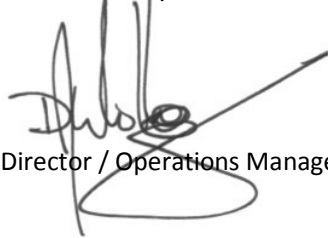
- Additional diamond core drill holes to penetrate the entire width of the middle unit of the coal formation to better delineate the seam model, improve data density within the model and to collect high quality samples for analysis.

- A bulk density programme with sufficient samples from the oxide, transitional and fresh layer to assess and improve the reliability of the historic density data.
- Improved data entry, storage and validation systems for all collected data.
- Collate additional historic data that describes the methodology of sampling and any QC measures used in historical drilling.
- Acquisition of seismic data to better understand the structures present at the project.
- More rigorous QA-QC programs to improve confidence in any new data collected. This may include duplicate sampling, inserting standard reference material or additional twin hole drilling.
- Convert all available scanned down hole geophysical data to digital data formats.

With respect to Coal Resource estimated at the Mecsek Coalfields, CSA has concluded that the geological interpretation for geology, weathering and mineralisation domains at the coal deposit is adequate for the estimation of Inferred Mineral Resources. The potential for the identification of additional resources and reserves in the Mecsek Coalfield area are promising. Ongoing evaluation is likely to result in additional resources or resources of a higher category.

*The information in this report that relates to Coal Resources is based on information compiled by Adrian Nurcahyo M AusIMM and Dr Bielin Shi MAusIMM, MAIG. Dr Bielin Shi has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Dr Shi consents to the inclusion of such information in this report in the form and context in which it appears.*

Daniel Wholley

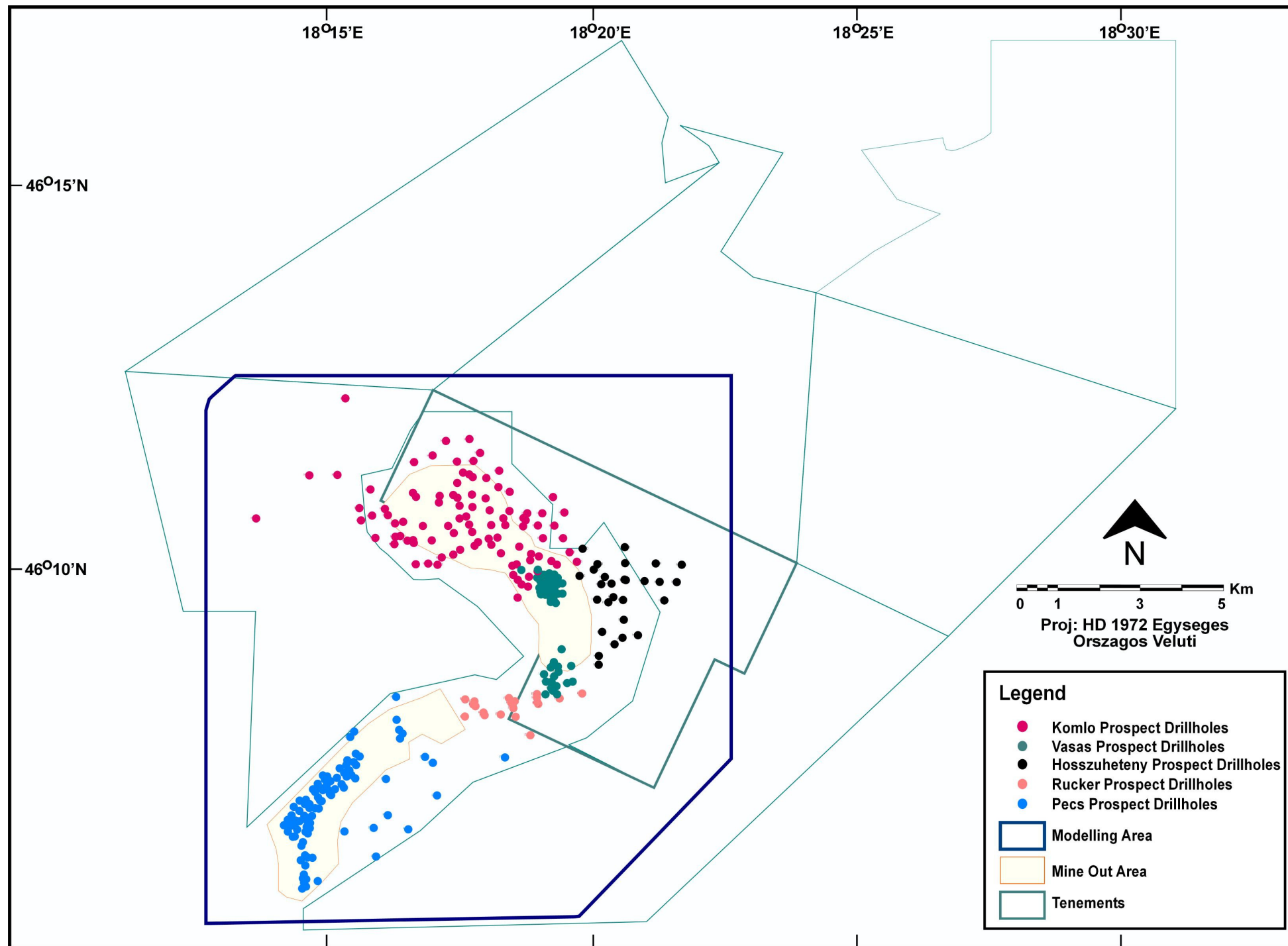
A handwritten signature in black ink, appearing to read 'D Wholley', with a long horizontal stroke extending to the right.

Director / Operations Manager



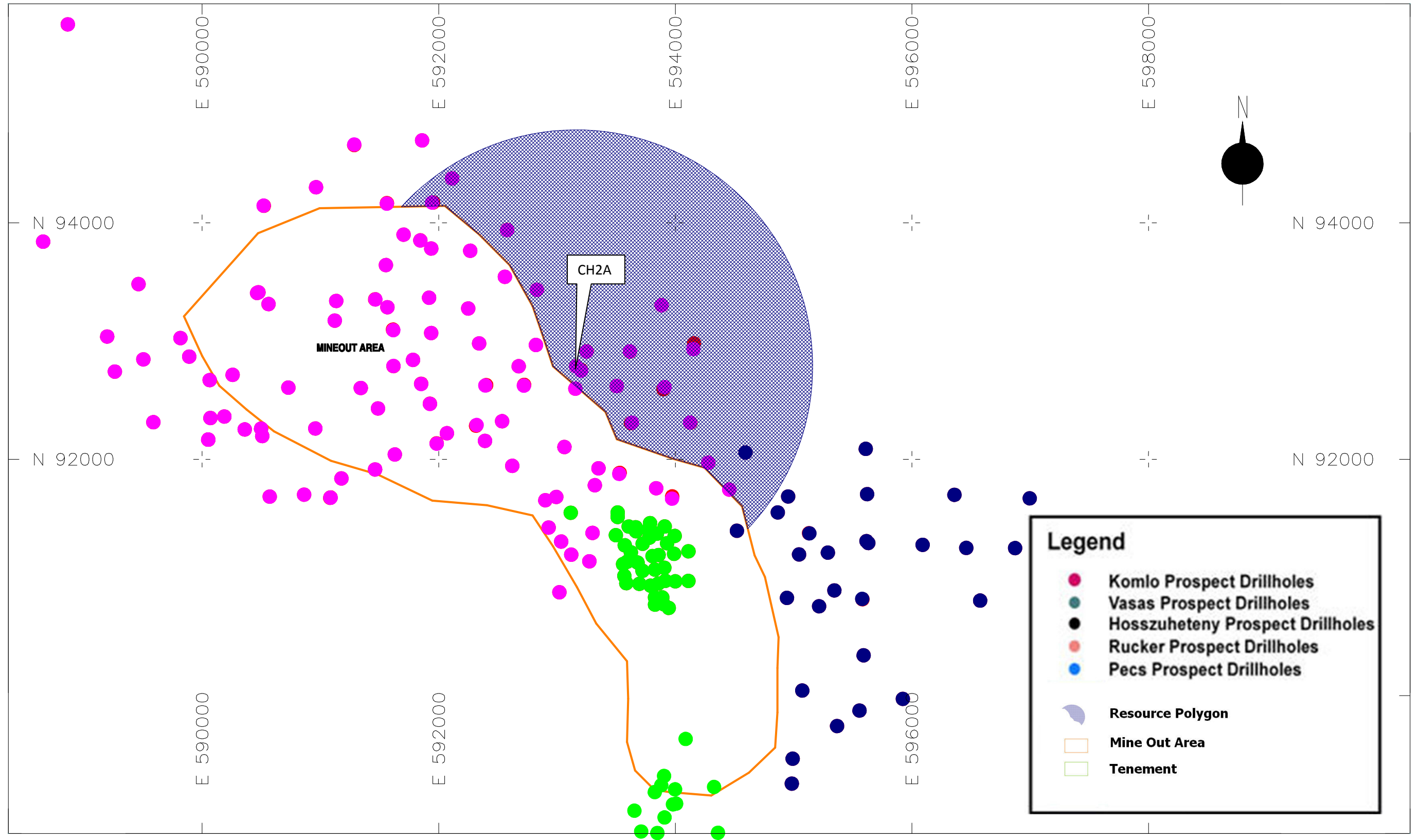
Appendix 1.

Geological modelling area.



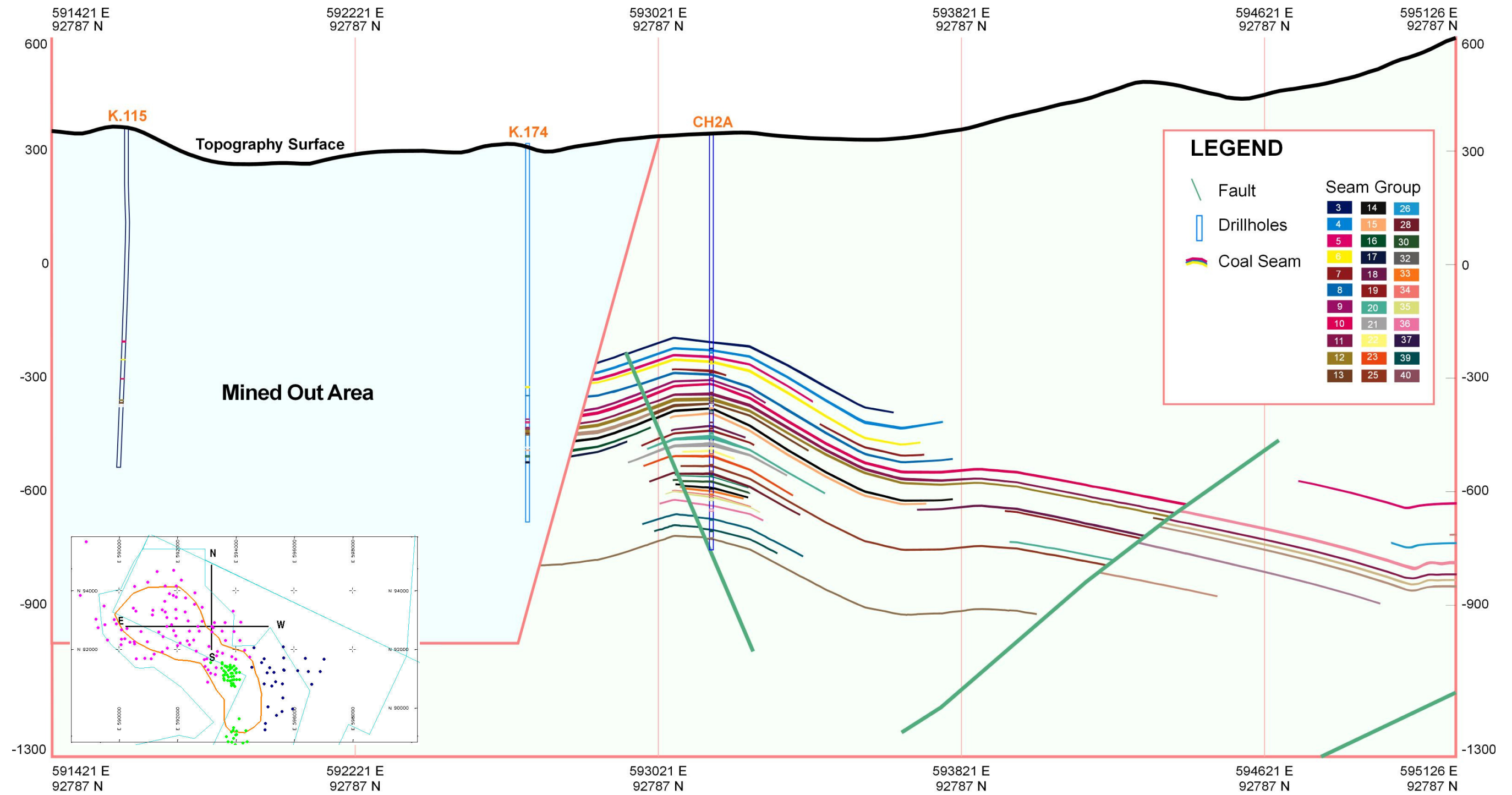
Appendix 2.

Resource Polygon.



Appendices 3

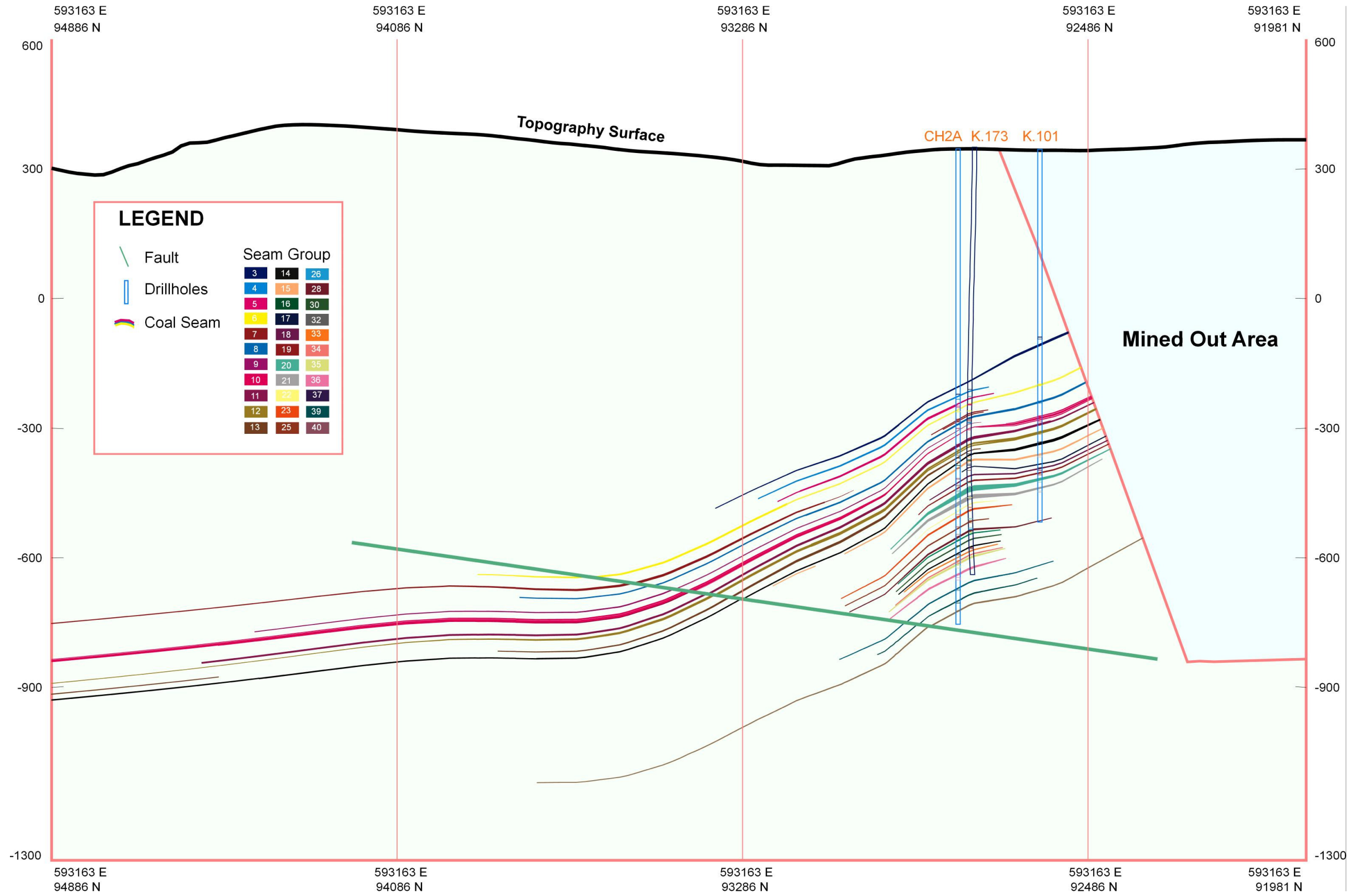
Representative E – W Cross Section



Appendices 4



Representative N – S Long Section



Appendices 5

Resource Estimation Table (Cut off seam thickness 0.5m)

CoalField	Seam Group	Seam ID	Interval Average	Plan Area (Ha)	Volume (m <sup>3</sup> )	Inferred Resources	Coal Quality								
							Ash ar (%)	Cvf (Kcal/Kg)	Cvr (Kcal/Kg)	FC (%)	GCV (Kcal/Kg)	Rd (Ton/m <sup>3</sup> )	TM ar (%)	TS ar (%)	VM (%)
KOMLO	3	3	1.22	32.11	390,532	546,745	-	-	-	-	-	1.40	-	-	-
		3_1	0.80	0.80	72,179	101,050	-	-	-	-	-	1.40	-	-	-
		3_2	1.13	14.05	158,208	221,492	-	-	-	-	-	1.40	-	-	-
	4	4_1	0.75	6.21	46,768	62,786	18.64	-	6005	50.76	8191	1.34	5.00	3.01	25.60
		4_2	1.75	55.50	969,888	1,396,251	58.11	-	2569	22.27	7333	1.44	5.00	3.09	14.62
	5	5_1	1.22	88.33	1,076,238	1,612,160	46.94	3711	3562	39.45	7816	1.50	5.19	0.53	8.49
		5_2	1.31	18.01	235,271	331,540	30.04	5427	5218	41.06	8310	1.41	5.00	2.62	24.16
	6	6	2.55	37.46	953,369	1,334,717	-	-	-	-	-	1.40	-	-	-
		6_1	1.05	55.39	582,024	814,834	-	-	-	-	-	1.40	-	-	-
		6_2	0.68	33.24	224,917	314,884	-	-	-	-	-	1.40	-	-	-
	7	7	2.35	93.53	2,198,215	3,077,501	-	-	-	-	-	1.40	-	-	-
		7_1	0.77	105.04	806,821	1,129,550	-	-	-	-	-	1.40	-	-	-
		7_2	0.68	39.20	265,916	372,283	-	-	-	-	-	1.40	-	-	-
	8	8	1.39	50.96	708,190	991,466	-	-	-	-	-	1.40	-	-	-
		8_1	0.77	174.12	1,335,735	1,924,645	32.47	4843	4684	41.47	8139	1.44	5.00	2.94	21.06
		8_2	0.70	56.11	394,006	630,388	53.47	3026.97	3062.74	26.84	7383.32	1.60	5.11	1.98	15.05
	9	9	1.19	13.37	158,479	221,871	-	-	-	-	-	1.40	-	-	-
		9_1	0.70	20.82	146,685	205,359	-	-	-	-	-	1.40	-	-	-
		9_2	1.12	50.25	563,876	789,427	-	-	-	-	-	1.40	-	-	-
	10	10	1.59	4.50	71,533	133,884	40.70	-	2630	20.31	-	1.87	10.86	-	28.13
		10_1	1.35	359.37	4,856,787	7,626,812	49.24	4395	3320	-	7310	1.57	5.00	0.75	9.95
		10_2	4.25	598.07	25,430,878	35,697,615	34.56	3421	4681	43.35	8037	1.40	5.33	2.09	19.23
		10_3	0.94	142.89	1,349,410	1,912,478	29.39	5381	5165	46.67	8191	1.42	5.00	2.07	18.87
	11	11	1.47	21.23	312,781	437,894	-	-	-	-	-	1.40	-	-	-
		11_1	0.91	126.83	1,149,778	1,609,689	-	-	-	-	-	1.40	-	-	-
		11_2	1.16	32.55	377,420	528,388	-	-	-	-	-	1.40	-	-	-
	12	12	1.85	439.29	8,127,432	14,438,144	46.96	3318	3563	36.11	7598	1.78	5.00	0.87	11.93
		12_1	1.29	36.19	427,145	613,100	32.66	-	4840	-	8077	1.44	5.00	3.77	21.38
		12_2	1.26	27.17	341,492	330,018	29.38	-	5423	49.28	8222	0.97	1.70	4.49	24.53
	13	13	1.51	169.63	2,539,277	3,743,662	39.34	4355	4190	41.44	7753	1.47	5.00	2.79	14.23
	14	14	1.24	274.31	3,263,760	4,734,434	59.90	-	3060	-	-	1.45	1.13	1.68	-
14_1		1.01	86.54	872,789	1,198,038	27.90	5476	5279	44.98	8146	1.37	5.01	2.95	22.16	
14_2		1.28	89.57	1,148,021	1,540,716	40.95	4284	3987	35.44	7846	1.34	5.00	2.17	18.56	
15	15	0.93	19.58	181,951	258,122	27.07	-	5462	45.23	-	1.42	-	0.00	22.70	
	15_1	0.65	4.53	29,435	44,400	45.15	4095	3733	31.55	7894	1.51	5.00	1.32	18.30	
	15_2	0.89	6.75	60,146	94,963	34.88	4494	4712	40.53	8107	1.58	5.00	1.56	19.59	
18	18	1.63	95.80	1,558,116	2,127,636	22.17	-	6028	51.65	-	1.37	-	0.00	21.17	
	18_1	0.67	7.32	48,849	73,180	46.49	3864	3619	31.51	7321	1.50	5.00	1.92	17.00	
	18_2	1.13	26.42	297,964	557,276	55.59	2798	2783	23.43	2922	1.87	5.74	1.81	13.82	
19	19	0.91	27.80	252,466	353,453	-	-	-	-	-	1.40	-	-	-	
	19_1	0.54	0.35	1,886	2,722	36.14	4813	4602	38.92	8130	1.44	4.95	2.40	19.18	
	19_2	0.77	2.58	19,855	33,656	63.02	2092	1893	22.97	1925	1.70	5.00	0.37	9.02	
20	20_1	0.77	2.55	19,635	41,872	67.26	-	1794	20.40	-	2.13	-	0.00	7.34	
	20_2	2.75	8.37	230,362	472,243	30.95	-	2362	42.63	-	2.05	5.00	3.63	21.42	
21	21	2.13	15.58	331,180	465,809	31.07	5294	5080	41.93	8218	1.41	5.00	3.06	22.00	
				<b>3570.28</b>	<b>Total Resources</b>		<b>Average Coal Quality</b>								
					<b>64,587,664</b>	<b>95,149,150</b>	<b>40.37</b>	<b>4172</b>	<b>4047</b>	<b>37.21</b>	<b>7403</b>	<b>1.48</b>	<b>5.00</b>	<b>1.99</b>	<b>17.84</b>

Appendices 6

Resource Estimation Table (Cut off seam thickness 1m)

CoalField	Seam Group	Seam ID	Interval Average	Plan Area (Ha)	Volume (m <sup>3</sup> )	Inferred Resources (Tonnes)	Coal Quality								
							Ash ar (%)	Cvf (Kcal/Kg)	Cvr (Kcal/Kg)	FC (%)	GCV (Kcal/Kg)	Rd (Ton/m <sup>3</sup> )	TM ar (%)	TS ar (%)	VM (%)
KOMLO	3	3	1.72	16.08	276,159	386,622	-	-	-	-	-	1.40	-	-	-
		3_1	1.20	1.13	13,588	19,023	-	-	-	-	-	1.40	-	-	-
		3_2	1.42	7.90	112,175	157,045	-	-	-	-	-	1.40	-	-	-
	4	4_1	1.09	0.79	8,588	11,529	18.64	-	6005	50.76	8191	1.34	5.00	3.01	25.60
		4_2	2.09	41.50	868,535	1,250,427	58.11	-	2569	22.27	7333	1.44	5.00	3.09	14.62
	5	5_1	1.48	56.92	841,951	1,254,922	47.09	3695	3554	39.69	7817	1.49	5.16	0.53	8.11
		5_2	1.72	10.34	178,295	251,251	30.04	5427	5218	41.06	8310	1.41	5.00	2.62	24.16
	6	6	2.82	32.47	915,118	1,281,166	-	-	-	-	-	1.40	-	-	-
		6_1	1.38	27.58	379,549	531,369	-	-	-	-	-	1.40	-	-	-
		6_2	0.97	0.16	1,509	2,112	-	-	-	-	-	1.40	-	-	-
	7	7	2.92	68.65	2,007,808	2,810,931	-	-	-	-	-	1.40	-	-	-
		7_1	1.13	13.16	148,789	208,304	-	-	-	-	-	1.40	-	-	-
		7_2	1.20	1.30	15,597	21,836	-	-	-	-	-	1.40	-	-	-
	8	8	1.67	35.69	594,595	832,433	-	-	-	-	-	1.40	-	-	-
		8_1	1.09	46.21	503,471	727,438	31.20	4829	4636	42.59	8131	1.44	5.00	2.87	21.21
		8_2	1.03	6.47	66,904	108,411	57.36	2845.12	2723.91	23.60	7247	1.62	5.04	1.72	14.36
	9	9	1.47	8.43	123,921	173,490	-	-	-	-	-	1.40	-	-	-
		9_1	1.20	0.45	5,402	7,562	-	-	-	-	-	1.40	-	-	-
		9_2	1.54	24.85	382,655	535,717	-	-	-	-	-	1.40	-	-	-
	10	10	1.88	3.35	63,020	117,951	40.70	-	2630	20.31	-	1.87	10.86	0	28.13
		10_1	1.81	199.30	3,614,344	5,651,684	49.15	4468	3326	-	7322	1.56	5.00	0.75	9.89
		10_2	4.43	568.99	25,204,101	35,360,664	34.49	3419	4688	43.36	8041	1.40	5.34	2.10	19.18
		10_3	1.55	42.67	662,604	940,101	29.12	5398	5176	46.51	8178	1.42	5.00	2.06	19.35
	11	11	2.14	11.46	245,299	343,418	-	-	-	-	-	1.40	-	-	-
		11_1	1.45	38.75	562,327	787,258	-	-	-	-	-	1.40	-	-	-
		11_2	1.52	17.52	266,150	372,611	-	-	-	-	-	1.40	-	-	-
	12	12	2.03	375.42	7,634,056	13,597,877	46.88	3318	3571	36.16	7598	1.78	5.00	0.86	11.96
		12_1	1.58	18.98	300,379	431,990	33.14	-	4794	-	8060	1.44	5.00	3.73	21.27
		12_2	1.77	14.51	257,119	218,079	21.94	-	6047	49.28	8222	0.85	1.70	5.45	27.08
	13	13	2.25	86.58	1,949,254	2,879,221	39.03	4416	4226	41.17	7782	1.48	5.00	2.84	14.65
	14	14	1.48	170.53	2,526,195	3,619,615	59.90	-	3060	-	-	1.43	1.13	1.68	-
14_1		1.16	48.80	567,419	777,385	27.91	5476	5278	44.98	8146	1.37	5.01	2.94	22.15	
14_2		1	75.92	1,036,761	1,389,426	40.95	4284	3987	35.44	7846	1.34	5.00	2.17	18.56	
15	15	1.17	9.60	112,109	159,041	27.07	-	5462	45.23	-	1.42	-	0.00	22.70	
17	17	1.25	5.17	64,658	90,521	-	-	-	-	-	1.40	-	-	-	
18	18	1.97	68.74	1,356,180	1,851,888	22.17	-	6028	51.65	-	1.37	-	0.00	21.17	
	18_1	1.63	0.40	6,511	9,365	38.47	4549	4347	38.67	7647	1.44	5.00	2.15	17.86	
	18_2	1	14.96	213,239	401,159	56.18	2766	2723	23.20	2840	1.88	5.82	1.79	13.71	
19	19	1.24	9.88	122,135	170,989	-	-	-	-	-	1.40	-	-	-	
20	20_1	1.12	0.36	4,040	8,615	67.26	-	1794	20.40	-	2.13	-	-	7.34	
	20_2	3.35	6.49	217,110	445,075	30.74	-	2362	42.76	-	2.05	5.00	3.66	21.51	
21	21	2.66	11.28	299,759	421,616	31.07	5294	5080	41.93	8218	1.41	5.00	3.06	22.00	
					<b>2199.73</b>	<b>Total Resources</b>	<b>Average Coal Quality</b>								
					<b>54,729,378</b>	<b>80,617,137</b>	<b>39.11</b>	<b>4299</b>	<b>4137</b>	<b>38.14</b>	<b>7607</b>	<b>1.47</b>	<b>5.00</b>	<b>2.13</b>	<b>18.24</b>

Appendices 7

Resource Estimation Table (Cut off seam thickness 2m)

CoalField	Seam Group	Seam ID	Interval Average Thickness (M)	Plan Area (Ha)	Volume (m <sup>3</sup> )	Inferred Resources	Coal Quality								
							Ash ar (%)	Cvf (Kcal/Kg)	Cvr (Kcal/Kg)	FC (%)	GCV (Kcal/Kg)	Rd (Ton/m <sup>3</sup> )	TM ar (%)	TS ar (%)	VM (%)
KOMLO	3	3	2.58	4.91	126,903	177,664	-	-	-	-	-	1.40	-	-	-
	5	5_1	2.24	5.83	130,692	188,295	48.22	3601	3490	41.30	7828	1.44	5.00	0.52	5.47
		5_2	2.72	2.85	77,461	109,157	30.04	5427	5218	41.06	8310	1.41	5.00	2.62	24.16
	6	6	3.43	22.11	757,747	1,060,846	-	-	-	-	-	1.40	-	-	-
	7	7	4.07	39.09	1,589,318	2,225,045	-	-	-	-	-	1.40	-	-	-
	10	10	2.41	1.36	32,729	61,256	40.70	-	2630	20.31	-	1.87	10.86	0	28.13
		10_1	3.03	52.00	1,576,286	2,486,361	50.25	4528	3221	1132.87	7266	1.58	5.00	0.74	9.68
		10_2	4.76	512.11	24,351,243	34,104,976	34.30	3414	4707	43.36	8053	1.40	5.35	2.15	19.04
		10_3	2.44	8.36	204,209	289,839	28.87	5400	5187	46.30	8162	1.42	5.00	2.06	19.83
	12	12	3.86	93.24	3,602,364	6,325,905	44.87	3318	3749	37.32	7598	1.76	5.00	0.61	12.82
		12_1	1.99	10.19	203,115	292,040	32.93	-	4814	3693.27	8067	1.44	5.00	3.75	21.32
		12_2	2.52	4.70	118,467	100,033	21.94	-	6047	49.28	8222	0.84	1.70	5.45	27.08
	13	13	4.47	26.67	1,191,256	1,769,504	38.29	4554	4317	40.54	7847	1.49	5.00	2.81	15.67
	14	14	2.34	23.13	541,624	760,134	59.90	-	3060	-	-	1.40	1.13	1.68	-
	15	15	1.98	0.21	4,236	6,010	27.07	-	5462	45.23	-	1.42	-	-	22.70
	18	18	2.76	26.72	738,188	1,008,009	22.17	-	6028	51.65	-	1.37	-	-	21.17
19	19	2.16	0.03	630	883	-	-	-	-	-	1.40	-	x	-	
21	21	3.65	6.19	226,019	317,899	31.07	5294	5080	41.93	8218	1.41	5.00	3.06	22.00	
			<b>839.70</b>	<b>Total Resources</b>		<b>Average Coal Quality</b>									
				<b>35,472,488</b>	<b>51,283,856</b>	<b>36.47</b>	<b>4442</b>	<b>4501</b>	<b>406.49</b>	<b>7957</b>	<b>1.44</b>	<b>4.92</b>	<b>2.12</b>	<b>18.92</b>	

Appendices 8.

Seam 10 Total Thickness Contour

