



ABN 98 117 085 748

27 October 2011

SEPTEMBER 2011 QUARTERLY REPORT

- **Ongoing development of the Mecsek Hills Underground Coal Gasification ('UCG') Project in Hungary ahead of the release of the Preliminary Feasibility Study ('PFS') in Q1 2012**
- **Successful listing on AIM in August 2011 to increase visibility within the European investor community**
- **Memorandum of Understanding ('MOU') signed with world leading gases company Air Liquide to evaluate the potential to supply all the oxygen needs for the Mecsek Hills Gas UCG Project**
- **Appointment of Csaba Bokor, a European energy and resource development specialist as Chairman of Wildhorse Energy Hungary Kft, the Company's wholly owned subsidiary, to advance the Company's uranium interests in Hungary**

WHE Managing Director Matt Swinney said, "With our increasing confidence in the solid economic fundamentals of WHE's primary Mecsek Hills UCG Project in Hungary underpinning our growth potential, we have successfully built on these initial foundations to increase our presence and exposure across both the financial and energy sectors in Central Europe over the past three months. Progress with the PFS and confirmatory site selection continues encouragingly at our flagship Mecsek Hills UCG Project, ahead of the release of the PFS in Q1 2012.

"The potential for UCG to unlock the value of stranded coal assets in order to provide domestic sources of gas feedstock for power stations in Hungary and Central Europe is increasingly being understood at senior and ministerial levels, which is significant for WHE. This was demonstrated by the recent positive comments of Sándor Jászai, President of the Hungarian Office of Mining and Geology, regarding the application of UCG in Hungary. With a first mover advantage in the region, we have successfully built strong relationships and enjoyed ongoing communication with the relevant authorities and industrial contacts which has built considerable traction for the Company.

"In line with this, we were pleased to announce our MOU with Air Liquide, a leader in industrial gases, to evaluate the technical and commercial conditions for the installation of a cutting edge air separation unit with the capacity to supply all the oxygen needs on site at our UCG Project in the Mecsek Hills. This is yet another key breakthrough towards the completion of our PFS and we look forward to receiving the final proposal for oxygen supply to WHE as this relationship develops.

“With solid progress made towards forging and strengthening our relationships with key authorities and industrial networks, we are now similarly focussed on communicating our growth and value proposition to increase our exposure in the investment community. In line with this, the completion of our AIM listing in August marked a key milestone for the Company and we have been actively conveying the Wildhorse investment case, which is bolstered by the fact that we are well funded, to a wide range of appropriate investors and parties. We are highly encouraged by feedback to date and look forward to strengthening these relationships further over the coming months.

“The WHE proposition continues to strengthen, particularly as the benefits of applying UCG technology in Hungary are increasingly understood. This, along with our listing on AIM during the period, has focussed our commitment to becoming a major supplier of gas feedstock in Central Europe more acutely and in line with this we are currently in ongoing discussions regarding the possible sale of our uranium assets in the USA. We have solid exposure to a highly prospective uranium asset in Hungary, and this initiative will ensure that our funds and focus are aligned with our regional growth strategy.”

Mecsek Hills UCG Project Pre-Feasibility Study

Activities to progress the Mecsek Hills UCG Project continue, following the announcement of initial results from its drill programme, which is primarily being conducted to facilitate the identification of the most prospective UCG site at the Mecsek Hills UCG Gas Project. The PFS is anticipated for release in Q1 2012.

The confirmatory drilling programme 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 programme is also aimed at improving confidence in the large historic database, comprising approximately 500 drill holes, and to evaluate the resource potential of parts of the Mecsek project.

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 programme 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.

Successful Listing on AIM

On 2 August 2011, we were delighted to announce that WHE has successfully commenced trading under the symbol ‘WHE’. WHE is now listed on both the AIM and ASX exchanges. The dual listing is intended to increase the Company’s exposure to European investment funds and communicate the Company’s significant value uplift potential through the development and expansion of its highly prospective European UCG and uranium assets.

GMP Securities Europe LLP is Broker to the Company and Grant Thornton UK LLP is its Nominated Adviser. Subsequent to this, we also announced the appointment of Liberum Capital Limited as Joint Brokers to the Company.

Memorandum of Understanding with Air Liquide

At the end of August 2011, we were pleased to announce an MOU which sets out the terms for exclusive negotiations and cooperation between the Company and Air Liquide, the world leader in gases for industry, health and the environment. Under the terms of the MOU, Air Liquide will evaluate the technical and commercial conditions for installation of a new state-of-the-art air separation unit on WHE's UCG site in Pécs, Hungary with the capacity to supply all the oxygen needs for WHE's UCG Project in Mecsek Hills, Hungary and shall develop its final proposal for oxygen supply to WHE based upon this evaluation.

In line with the initial findings of the ongoing PFS, focussed on utilising UCG technology for a >400 MWt UCG project on the Mecsek Hills UCG Project, WHE will require up to 300 tonnes of oxygen per day during phase 1 of the project. Phase 1 is centred on commercial demonstration where approximately 130 MWt of syngas will be supplied to a Combined Cycle Gas Turbine to generate approximately 60 MWe (megawatt electrical) of which around 2 MWe shall be consumed through self-consumption. In line with this, the project will have incremental oxygen needs of up to 600 tonnes per day in the second phase, bringing the total daily oxygen requirement to 900 tonnes per day.

The MOU follows a period of thorough evaluation conducted by WHE. Air Liquide was selected as a result of offering the most favourable set of solutions to supply the Company with oxygen at the site, on both a technical and economic basis. During the term of the MOU, the two parties will explore further avenues of cooperation, regarding the supply of gases for WHE's UCG project. Under the terms of the MOU, Air Liquide will have exclusive rights to negotiate the design and permitting of a Cryogenic Oxygen plant on WHE's UCG site in Pécs, Hungary and to build, own, and operate the plant which will produce at least 98% pure oxygen, providing favourable commercial value to both parties. Following completion of the PFS, Air Liquide and WHE will proceed with negotiations.

Appointment of European Energy and Resource Development Specialist as Chairman of Wildhorse Energy Hungary Kft

In line with WHE's strategy to create a world class team, we announced the appointment of Mr. Csaba Bokor as Non-executive Chairman of Wildhorse Energy Hungary Kft, the Company's wholly owned subsidiary which controls development of the Mecsek Hills Uranium Project ('Mecsek Hills').

Mr. Bokor has an intimate knowledge of the energy dynamic in Central Europe and a valuable network within the energy sector. Most recently, he was Exploration and Production ('E&P') Managing Director of the Hungarian national oil and gas company, MOL Rt., in charge of designing and implementing the Company's E&P strategies and cost efficiency programme in the region. During this time, MOL Rt. became the leading oil company in East - Central Europe. Additionally, Mr. Bokor has held positions on the Board of Ural Group Limited, a Kazakhstani oil company, and OOO ZMB, a Siberian oil company based in Moscow, Russia. In late 2010, the Hungarian government entrusted Mr. Bokor to design the Company's new strategy and to oversee the task of the MD in response to the red sludge spill from the Ajkai Timfoldgyar Zrt plant. Mr. Bokor also previously held the positions of Chairman and Vice Chairman of the Hungarian Mining Association.

Mr. Bokor's success in driving resource projects throughout his career and his knowledge of operating in Central Europe, both operationally and regulatory, will be highly advantageous to the Company as it looks to advance and maximise the value of the Mecsek Hills Uranium Project, alongside in-country uranium development partners Mecsek - Öko and Mecsekérc. Additionally, Csaba's experience and contacts within the Hungarian government will also play an important role in consulting with the government regarding a range of corporate matters across the Company.

Suki UCG Project

The Company has resolved not to pursue exploration and evaluation of the Suki UCG Gas Project in Hungary as WHE has been advised by the Hungarian Mining Authority that its initial exploration programme had been rejected. In line with this the grant of the Exploration Licence has been terminated. The decision is open to appeal, although after the Company conducted further exploratory work and evaluation on the project, the Board has decided not to pursue the project due to the expense the onerous exploration programme which would have been required at the expense of the other exploration projects the Company is developing.

US Uranium Exploration Projects

The Company has continued to seek expressions of interest in its three non-core uranium exploration projects in the United States, being its interests in the Sweetwater and Bison Basin projects in Wyoming, and the Golden Eagle project in Colorado. The Company is looking to dispose of its interests in these non-core exploration projects as they are no longer fit the Company's strategic focus of becoming a leading provider of fuel in Central Europe.

As part of this review and sale process, the Company during the quarter did not renew an acreage leasehold agreement that formed part of the Bison Basin project tenement package.

****ENDS****

For further information please visit www.wildhorse.com.au or contact:

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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 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Wildhorse Energy Limited

ABN

98 117 085 748

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(3,560) - - (1,216)	(3,560) - - (1,216)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	94	94
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Payments associated with AIM Listing	(257)	(257)
Net Operating Cash Flows	(4,939)	(4,939)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (27)	- - (27)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Intellectual Property)	-	-
Net investing cash flows	(27)	(27)
1.13 Total operating and investing cash flows (carried forward)	(4,966)	(4,966)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,966)	(4,966)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Cost of share issue	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(4,966)	(4,966)
1.20	Cash at beginning of quarter/year to date	13,494	13,494
1.21	Exchange rate adjustments to item 1.20	(72)	(72)
1.22	Cash at end of quarter	8,456	8,456

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 1.2	253
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, consulting fees, salaries and superannuation paid to or on behalf of directors and reimbursement of share corporate administration costs paid to related entities.

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

NIL

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

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,281
4.2 Development	-
4.3 Production	-
4.4 Administration	941
Total	3,222

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 accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	856	1,924
5.2 Deposits at call	7,600	11,570
5.3 Bank overdraft		-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	8,456	13,494

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	250,928,627	250,928,627		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

7.7	Options <i>(description and conversion factor)</i>	<i>Convert on a 1:1 basis</i>		<i>Exercise price</i>	<i>Expiry date</i>
		562,630		\$0.90	30/05/2012
		3,333,336		\$0.60	31/12/2011
		20,966,664		\$0.50, \$0.60 & \$0.70	26/02/2014
		1,666,665		\$0.60, \$0.90, \$1.20 & \$1.50	16/02/2014
		3,193,362		\$0.34	1/06/2012
		9,000,000		\$0.50, \$0.60 & \$0.70	1/06/2014
		2,000,000		\$0.225	30/06/2014
		5,000,000		\$0.30, \$0.40, \$0.50, \$0.60 & \$0.70	22/11/2014
		2,000,000		\$0.50, \$0.60 & \$0.70	30/06/2015
		1,133,871		\$0.31, \$0.372 & \$0.434	20/06/2013
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	1,039,000	-	\$1.97	21/08/2011
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

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 \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 27 October 2011

Executive Director

Print name: Brett Mitchell

+ See chapter 19 for defined terms.

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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