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## MEMORANDUM OF UNDERSTANDING BETWEEN WILDHORSE ENERGY AND AIR LIQUIDE

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Wildhorse Energy Ltd ('WHE' or 'the Company'), the AIM and ASX listed company focussed on developing underground coal gasification ('UCG') and uranium projects in Central Europe, is pleased to announce a Memorandum of Understanding ('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.

### Highlights

- The MOU outlines preliminary terms for securing the supply of oxygen, a vital gasification feedstock, and represents an important step towards bringing the Mecsek Hills Project on stream
- The MOU is an integral part of the Company's Preliminary Feasibility Study ('PFS') currently being conducted on the Project
- Air Liquide will further evaluate how best to supply WHE with gases other than oxygen, such as industrial gaseous nitrogen and compressed air
- The two parties will explore further avenues of cooperation with regards the Mecsek Hills UCG Project

WHE's Managing Director Matt Swinney said, "This agreement represents a significant milestone in completing our ongoing PFS on the Mecsek Hills UCG Project and in turn towards achieving our target of becoming a leading unconventional energy supplier in Central Europe. We believe that Air Liquide's decision to undertake an MOU with WHE demonstrates its support to our strategy, ambitions and prospects in the region. With our PFS due for completion during Q1 2012, we are very much looking forward to working closely with Air Liquide, the world leader in its field, as we develop our Mecsek concession towards production."

## Detailed Information

WHE has coal and coal bed methane exploration licences covering an area of approximately 418 sq km in the Mecsek Coal Formation in the Pécs region of southern Hungary. WHE's strategy is to unlock the value of the stranded coal deposits through the partial oxidation of the in situ coal to form a mixture of gases (syngas) which can be used for power generation or conversion into liquid fuels.

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 PFS is due for completion during Q1 2012.

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.

**\*\*ENDS\*\***

For further information please visit [www.wildhorse.com.au](http://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.