ABN 98 117 085 748

Financial Report
for the year ended 30 June 2011

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The financial report covers Wildhorse Energy Limited as the consolidated entity consisting of Wildhorse Energy Limited and its subsidiaries. The financial report is presented in Australian dollars.

The financial report was authorised for issue by the Directors on 30 September 2011.

CORPORATE DIRECTORY

DIRECTORS
Mark Hohnen (Chairman)
Matt Swinney (Managing Director)
Brett Mitchell (Executive Director)
Ian Middlemas (Non-Executive Director)
Johan Brand (Technical Director)
James Strauss (Non-Executive Director)
Dr Konrad Wetzker (Non-Executive Director)

COMPANY SECRETARY
Sophie Raven

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ASX & AIM CODE
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DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Wildhorse Energy Limited and its controlled entities for the year ended 30 June 2011.

All Directors have held office for the whole financial year unless otherwise stated.

1. Directors' profiles

Mr Mark Hohnen | *Chairman*
Appointed 19 February 2010

Experience and expertise: Mr Hohnen has been involved in the mineral business since the late 1970s. He has had extensive international business experience in a wide range of industries including mining and exploration, property, investment, software and agriculture. He has held a number of directorships in both public and private companies and was founding Chairman of Cape Mentelle and Cloudy Bay wines, as well as the oil and coal company Anglo Pacific Resources Plc. During the three year period to the end of the financial year, Mr Hohnen has been a Director of the publicly listed company, Frankland River Olive Company (Jul 2006 - Mar 2009). Mr Hohnen is a member of the Company's Remuneration Committee.

Mr Matt Swinney, BBus | *Managing Director*
Appointed 19 February 2010

Experience and expertise: Mr Swinney has 20 years experience in business and project development, project finance and business start-up situations across a number of industries, including the development of greenfield energy projects in emerging markets. During the three year period to the end of the financial year, Mr Swinney has held no directorships in publicly listed companies.

Mr Brett Mitchell, B Ec | Executive *Director*
Appointed 22 April 2009

Experience and expertise: Mr Mitchell has worked for both private and publicly listed entities for the past 18 years as a corporate finance executive. Mr Mitchell holds a Bachelor of Economics degree from the University of Western Australia and has specific experience in the financial markets and resources sectors and is a member of the Australian Institute of Company Directors (ACID). Mr Mitchell is currently executive director of the ASX and AIM listed Wildhorse Energy Limited, Non-Executive Director of Quest Petroleum NL, Kilgore Oil and Gas Limited. During the three year period to the end of the financial year, Mr Mitchell has also been a Director of the ASX listed company Energy Ventures Limited, Xstate Resources Ltd and Newland Resources Ltd. Mr Mitchell is a member of the Company's Audit Committee and, up until 9 August 2011, was the Company Secretary of Wildhorse Energy Limited.

Mr Ian Middlemas, B.Com, CA | Non-Executive *Director*
Appointed 21 January 2010

Experience and expertise: Mr Middlemas is a Chartered Accountant, a member of the Financial Services Institute of Australasia and holds a Bachelor of Commerce degree. He worked for a large international Chartered Accounting firm before joining the Normandy Mining Group where he was a senior group executive for approximately 10 years. He has had extensive corporate and management experience, and is currently a Director with a number of publicly listed companies in the resources sector. During the three year period to the end of the financial year, Mr Middlemas has held directorships in Papillon Resources Limited (May 2011 – present), Pacific Ore Limited (April 2010 – present), Wildhorse Energy Limited (January 2010 – present), Equatorial Resources Limited (November 2009 – present), WCP Resources Limited (September 2009 – present), Global Petroleum Limited (April 2007 – present), Sovereign Metals Limited (July 2006 – present), Sierra Mining Limited (January 2006 – present), Odyssey Energy Limited (September 2005 – present), Mantra Resources Limited (September 2005 – June 2011), Aguia Resources Limited (September 2008 – August 2010), Pacific Energy Limited (June 2006 – August 2010), Indo Mines Limited (December 2006 – June 2010), Neon Energy Limited (November 1995 – June 2010), Transaction Solutions International Limited (July 2001 – February 2010) and Fusion Resources Limited (May 2002 – March 2009). Mr Middlemas is a member of both the Company's Audit Committee and the Remuneration Committee.

DIRECTORS' REPORT

Mr Johan Brand | *Technical Director*
Appointed 23 November 2010

Experience and expertise: Mr Brand was previously an employee of Sasol Limited (Sasol) for 13 years and between the years of 2006 and 2009 held the position of UCG Business Manager. He was responsible for the establishment and management of UCG as a Sasol business unit to supply syngas to the CTL facility. He has extensive coal mining and coal gasification experience and is an internationally recognised leader in the field of UCG. Mr Brand has a degree in mechanical engineering from the University of Pretoria and an MBA from North West University, both in South Africa and is the in-country manager for the Hungarian UCG operations. During the three year period to the end of the financial year, Mr Brand has held no directorships in publicly listed companies.

Mr James Strauss | *Non-Executive Director*
Appointed 26 August 2010

Experience and expertise: Mr Jamie Strauss has worked for 25 years as a stockbroker in the city of London, specialising in the corporate resource arena. Having left BMO Capital Markets as Managing Director of the UK branch in 2009, Mr Strauss is currently a Director of a mining finance boutique, Strauss Partners Ltd as well as a Director of Extorre Gold Mines and Altius Minerals. Mr Strauss has raised in excess of $1bn in recent years for projects spanning the globe in both the energy and mineral world from leading institutions in North America, Australia and Europe. Mr Strauss has been a committee member of the Association of Mining Analysts for the last five years. During the three year period to the end of the financial year, Mr Strauss has held no directorships in publicly listed companies. Mr Strauss is a member of the Company's Remuneration Committee.

Dr. Konrad Wetzker | *Non-Executive Director*
Appointed 1 March 2011

Prof. Dr. Konrad Wetzker has an exceptionally strong understanding of, and network within, the Central European government and corporate arena with an emphasis on energy. Prof. Dr. Wetzker spent 20 years as Partner and Senior Partner of the Boston Consulting Group ('BCG'), a leading international management consultancy, and became Regional Head of Energy for BCG in Central and Eastern Europe and subsequently the founding Chairman of BCG in Hungary. During his time at BCG, Prof. Dr. Wetzker worked with multiple international companies in the region including E.ON, RWE, GDF/Suez, EDF Energy and the Hungarian Regulator. He is currently a Professor at the Corvinus University in Budapest and Chairman of the Corvinus School of Management as well as a member of a number of different boards and supervisory boards. Prof. Dr. Wetzker has strong academic and business expertise which has been reflected in almost 100 publications including the Financial Times and he has lectured at leading universities such as Harvard, Cambridge, ESSEC & Mannheim. During the three year period to the end of the financial year, Dr. Konrad Wetzker has held no directorships in publicly listed companies.

Mr Richard Pearce, BSc, MBA | *Non-Executive Director*
Appointed 10 November 2005
Resigned 26 August 2010

Mr János Csák | *Non-Executive Director*
Appointed 26 August 2010
Resigned 21 January 2011

2. Company Secretary's profile

Up until 9 August 2011, Mr Brett Mitchell (see above for profile) was the Company Secretary of the Company.

DIRECTORS' REPORT

Ms Sophie Raven | *Company Secretary*
Appointed 9 August 2011

Experience and expertise: Ms Sophie Raven has practised corporate law for over 20 years in Australia, Chile and the Cayman Islands. Upon graduating in 1991 from the University of Western Australia with a Bachelor of Laws degree, Ms. Raven joined Freehills, one of the largest law firms in Australia, and was admitted to practice law as a solicitor and barrister in 1993.

Ms. Raven moved to Chile in 1995 where she worked at Montt y Cia S.A., a medium-sized law firm, as the firm's foreign legal associate from 1995 to 1997 and as a partner from 1997 to 2001. Ms. Raven moved to the Cayman Islands in 2001 where she practised until early 2005 as a corporate attorney at a local law firm, specializing in the structuring of different types of investment funds and other investment vehicles, and generally advising and acting for investment fund managers, fund administrators and instructing law firms. In June 2006, Ms. Raven joined Superfund Group Monaco SAM as legal counsel, and since January 2007 has been a Non-Executive Director and company secretary for many of the Superfund group of investment companies' offshore funds. In addition to the Company, Ms. Raven is currently also the Company Secretary for Transerv Energy Limited, an ASX listed company.

3. Management profiles

Mr Chris Dinsdale | *Chief Financial Officer*
Experience and expertise: Prior to joining Wildhorse Energy, Mr. Dinsdale was a key member of the KPMG Global Power & Utilities Centre which was based in Budapest, Hungary. While at KPMG, Mr. Dinsdale has worked in numerous large scale energy projects in both the power generation and gas sectors throughout the Central and Eastern European region and beyond. Mr. Dinsdale is highly experienced in the European energy market specialising in regulation, strategy, financial feasibility, commercial structuring and M&A.

Mr Tim Horgan | *Legal & Commercial*
Experience and expertise: Tim Horgan is a qualified lawyer with seventeen years legal experience both in private practice (ex Australian law firm Minter Ellison) and in commerce and mining. Tim has held senior management and Director positions at major Australian, European and US public companies including the Gillette Company and Universal Coal Plc and has extensive commercial experience throughout Eastern Europe.

4. Review of operations

WHE has made significant operational progress over the past twelve months, as we remain centred on the rapid development of our UCG and uranium assets in Hungary. In tandem with this, the WHE team is committed to utilising our first mover advantage in the wider Central European region to facilitate our onward growth and ultimate fulfilment of our strategy to become a leading fuel supplier in Central Europe.

Coal gasification has been a recognised method of extracting the energy value of coal for many years, having been successfully demonstrated in countries such as South Africa since the 1950s. The gasification process, which has historically taken place above ground, is an extremely efficient one, extracting up to 80% of the energy content of coal. When compared to an energy source such as shale gas, where only approximately 35% is recoverable, the potential for UCG to play an important role in the future fuel generation of Central Europe is clearly evident.

Our primary focus remains the Mecsek Hills Gas (UCG) Project, which is the most advanced project within our portfolio. We have been conducting confirmatory drilling in order to improve our confidence in the historic data, to evaluate the resource potential of parts of the Mecsek Exploration Target and to facilitate potential UCG site selection. The entire project area has and a current Exploration Target of 1-1.25 billion tonnes with coal quality in the range 18-29MJ/kg[1], of which 81Mt has been delineated as a JORC Inferred Resource.
The next stage of development at the Mecsek Hills Gas Project is tied-in closely with the completion of a Preliminary Feasibility Study ('PFS'), which is anticipated for release in Q1 2012.

[1] 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.

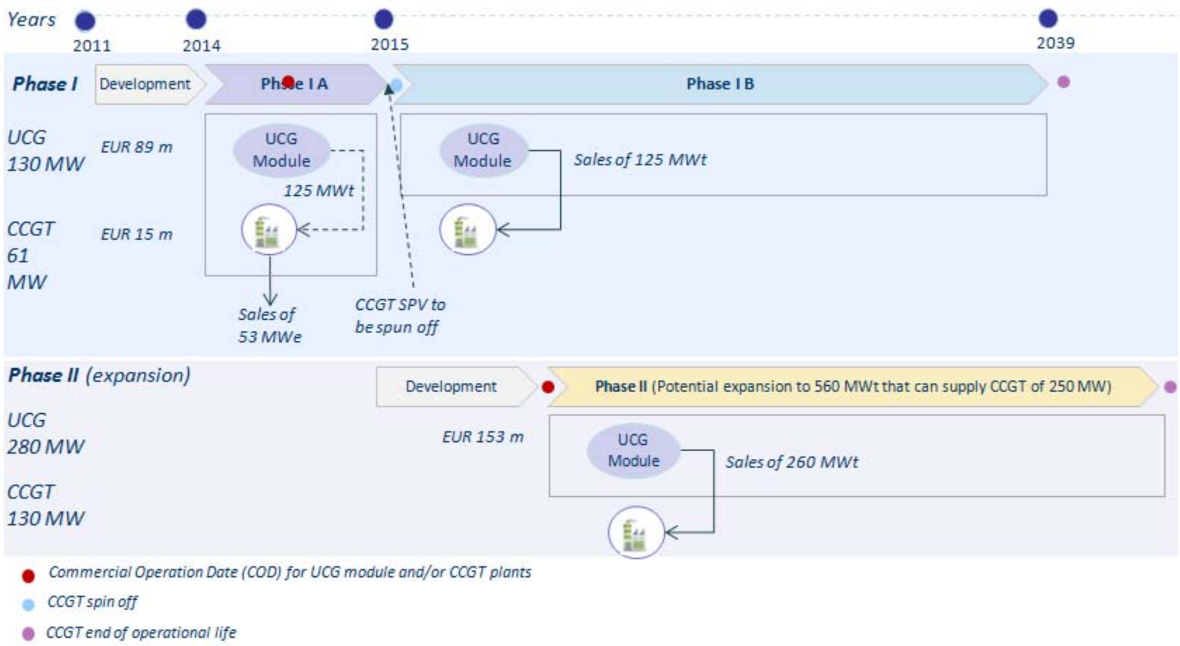
DIRECTORS' REPORT

The Company has already received encouraging preliminary key findings in relation to the PFS, with initial analysis indicating the highly attractive potential economics of the project.

The PFS focuses on utilising UCG technology and process for a >400 MWt UCG project consisting of two distinct development phases (see Figure 1 for more detailed megawatt (MW) production profiles and project timeline):

- Phase IA: Commercial Demonstration – approximately 130 MWt of syngas being supplied to a Combined Cycle Gas Turbine ('CCGT') to generate approximately 60 MWe (megawatt electrical) of which around 8 MWe shall be used internally and approximately 50 MWe shall be available for electricity sales.
- Phase IB: Following the successful demonstration of reliable syngas production and operation of the related CCGT power plant for a period of 6 to 12 months, it is assumed that the CCGT business unit (to be held by a special purpose vehicle) is sold to a strategic partner. From this point on (Phase IB) the Company will supply the strategic partner with syngas delivered in accordance with a long term gas sales agreement.
- Phase II: Commercial Scale – approximately 280 MWt of additionally generated syngas sales to a strategic partner supplied in accordance with a long term gas sales agreement.

Figure 1: Project production profiles and timeline



For further information regarding detailed megawatt production profiles, please see the Technical Assumptions section of the Australian Stock Exchange ('ASX') release dated 1 June 2011.

The completion of the PFS on the Mecsek Hills UCG Project will be a defining step in the Company's overall development, and as our maiden UCG project moves into its construction and production phase, the Board will be concentrating on the continued advancement of its additional UCG portfolio.

DIRECTORS' REPORT

In addition, the Board will remain focussed on expanding our UCG portfolio through the identification and evaluation of additional UCG sites, in order to maximise our first mover advantage in Central Europe. Countries of particular interest to WHE include Germany, Poland and the Czech Republic, due to their overreliance on gas imports from Russia, creating a favourable pricing environment for domestic fuel suppliers, in addition to all three countries' large stranded coal resources.

An important dimension to our business model is our interest in the Mecsek Hills Uranium Project, one of Europe's largest uranium projects, which provides an immediate and clearly visible valuation basis for the Company. Progress at the Mecsek Hills Uranium Project continues to advance in conjunction with state-owned Mecsek-Öko, with whom WHE has a Co-operation Agreement. Mecsek-Öko owns the 19.6 sq km MML-E licence which is contiguous to WHE's 42.9 sq km Pécs uranium licence and together form the Mecsek Hills Uranium Project.

The Co-operation Agreement between WHE, Mecsek-Öko and state owned Mecsekérc has been designed with the express aim to restart uranium mining in the Mecsek Hills vicinity. In line with this, progress to date has focussed on attaining further information regarding the Resource potential of the project. Following the completion of further analysis, an updated total JORC compliant Inferred resource of 48.3Mt at 0.072% U3O8 for 77Mlbs of U_3O_8 was published on 31 January 2011, followed by a new Exploration Target for of 55 to 90 Mlbs of U_3O_8 with a grade range of 0.075 - 0.10% U_3O_8. This Resource update, in addition to the upgraded Exploration Target[2], which is in addition to the Inferred Resource, underpins the high prospectivity of the Mecsek Hills Project and the significant value which it brings to the WHE stable of projects. In addition, the Co-operation Agreement with Mecsek-Öko provides further options for mine design through the provision of potential access to the down dip uranium bearing sandstone on the WHE's Pécs licence through the shallower uranium mineralisation on the contiguous MML-E licence.

With our dual focus on UCG and uranium project development, set against a backdrop of heightening concern regarding energy security and the overreliance on gas imports in Central Europe, WHE is perfectly positioned to capitalise on its first mover advantage. We have built a team of unrivalled technical and corporate experts with whom to achieve this, ensuring the onward development and growth of WHE into the next financial year and beyond as we build a leading supplier of fuel in Central Europe.

Competent Persons Statement

The geological modelling and estimation of the Exploration Target[1] 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 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 Hills Uranium Project of 55 to 90 Mlbs of U_3O_8 with a grade range of 0.075 to 0.10% U_3O_8 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.

[2] 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.

DIRECTORS' REPORT

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.

5. Principal activities

The principal activities of the consolidated entity during the course of the financial year were the evaluation of underground coal and gasification projects, and uranium deposits in Europe.

6. Company particulars

Wildhorse Energy Limited, incorporated and domiciled in Australia, is a public company limited by shares (ASX: WHE). The address of the registered office and principal place of business is:

Level 21, Allendale Square
77 St Georges Terrace
Perth, WA 6000

The Company is also listed and the Company's ordinary shares are admitted to trading on the Alternative Investment Market (AIM), the London Stock Exchange's international market for smaller growing companies (AIM: WHE).

7. Results and dividends

The Consolidated Entity reported a loss for the period of $10,374,610 (2010: $10,785,560). There was no income tax expense in either year. As at 30 June 2011 the Consolidated Entity has $13,494,340 (2010: $18,812,420) cash at bank. A detailed operational review is set out in the Directors' Report and Project Overview in this financial report.

8. Events subsequent to reporting date

AIM Listing

On 2 August 2011, the Company was listed and the Company's ordinary shares were admitted to trading on the Alternative Investment Market (AIM), the London Stock Exchange's international market for smaller growing companies.

Memorandum of Understanding with Air Liquide

On 30 August 2011, the Company announced that it had entered into a Memorandum of Understanding ("MOU") with Air Liquide, a 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 the Company's UCG site in Pécs, Hungary with the capacity to supply all the oxygen needs for the Company's UCG Project in Mecsek Hills, Hungary. The MOU is an integral part of the Company's Preliminary Feasibility Study ('PFS') currently being conducted on the project.

Czech Subsidiary

On 11 August 2011, the Company formally approved the transfer of a 5% ownership interest in the Company's Czech Republic subsidiary, Wildhorse Energy CZ s.r.o., to the Czech management team as part of their remuneration incentive structure.

Other than the above, no material matters or circumstances have arisen since the end of the financial year which have significantly affected or may affect the operations, results or state of affairs or the consolidated entity.

9. Future developments

The consolidated entity will continue to pursue its principal activities. It is not expected that the results in future years will be adversely affected by the continuation of these operations.

DIRECTORS' REPORT

Further disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

10. Environmental regulations

The consolidated entity's operations are subject to significant environmental regulation under international legislation in relation to its conduct of evaluation of uranium deposits. The directors are of the opinion that sufficient procedures and reporting processes have been established to enable the consolidated entity to meet its responsibilities and that the consolidated entity's other business segment operations are not subject to any significant environmental regulations under Australian Law and International Environmental Legislation where applicable.

11. Dividends

No dividends have been paid or declared by the Company during the financial period ended 30 June 2011.

12. Directors' meetings

The number of meetings of the Company's board of Directors held during the period ended 30 June 2011, and the number of meetings attended by each Director were:

DIRECTORS' MEETINGS	*Eligible to Attend*	*Attended*
Mr Mark Hohnen	4	4
Mr Matt Swinney	4	4
Mr Brett Mitchell	4	4
Mr Ian Middlemas	4	2
Mr Johan Brand[1]	2	2
Mr James Strauss[2]	3	3
Dr Konrad Wetzker[3]	1	1
Mr Richard Pearce[4]	1	0
Mr János Csák[5]	1	1

[1] Appointed 23 November 2010
[2] Appointed 26 August 2010
[3] Appointed 1 March 2011
[4] Resigned 26 August 2010
[5] Resigned 21 January 2011

Both an Audit Committee (comprising Ian Middlemas and Brett Mitchell) and a Remuneration Committee (comprising Mark Hohnen, James Strauss and Ian Middlemas) were formed by the Company on 4 October 2010.

There were no separate Non-Executive Director or committee meetings held during the financial year.

13. Remuneration report (Audited)

This information provided in this remuneration report has been audited as a requirement of section 308(3C) of the Corporations Act 2001.

This remuneration report sets out remuneration information for the Company's Non-Executive Directors, executive directors, other key management personnel and the five highest remunerated executives of the group and the company.

DIRECTORS' REPORT

Details of Directors and Key Management Personnel

Directors

Mr Mark Hohnen	Chairman
Mr Matt Swinney	Managing Director
Mr Brett Mitchell	Executive Director
Mr Ian Middlemas	Non-Executive Director
Mr Johan Brand	Technical Director – *appointed 23 November 2010*
Mr James Strauss	Non-Executive Director – *appointed 26 August 2010*
Dr Konrad Wetzker	Non-Executive Director – *appointed 1 March 2011*
Mr János Csák	Non-Executive Director – *resigned 21 January 2011*
Mr Richard Pearce	Non-Executive Director – *resigned 26 August 2010*

Key Management Personnel – Executives

Mr Chris Dinsdale	Chief Financial Officer
Mr Tim Horgan	Legal and Commercial
Mr David Le Clair	European Chief Operating Officer
Ms Sophie Raven	Company Secretary – *appointed 9 August 2011*
Mr Malcolm Shannon Jr	Vice President Wildhorse Energy Inc USA – *resigned 31 October 2010*
Mr Andràs Barabàs	Vice President Wildhorse Energy KFT (Hungary) – *resigned 31 December 2010*

Compensation of Key Management Personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate to attract and retain experienced Directors and Executives. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. As a result of the evaluation and development nature of the Company's activities, the overall level of compensation does not focus on the earnings of the Company.

Compensation is provided by the Company to its Executives by way of base salary, short-term bonus, performance shares, granting employee options, superannuation and health benefits. Non-Executive Directors are remunerated by way of fees, granting options and statutory superannuation. The Chairman is also eligible to receive performance shares.

Given the nature of the Company's business it continues to review and redesign the overall compensation plan for all employees.

Directors' Fees

Fees payable to Non-Executive Directors were calculated according to a base of $21,900, inclusive of superannuation, with an additional fee component for services provided. Due to the growth in operations during the year, the annual fee was revised to $70,000 for the Chairman and $36,000 to other Non-Executive Directors per annum, with an additional fee component for services provided.

Executive Pay

The executive pay and reward framework has three components:

- Base pay and benefits, including superannuation and health;
- Short-term bonus; and
- Long-term incentives through participation in the Company Employee Option Plan and performance shares.

The combination of these components comprises each executive's total remuneration.

DIRECTORS' REPORT

Base Pay

Structured as a total employment cost package which is delivered as a combination of cash, superannuation and, in the United States of America, health benefits.

A competitive base pay is calculated on a total cost basis and includes any fringe benefits tax (FBT) charges related to employee benefits, which comprises the fixed component of pay and rewards, necessary to attract and retain talented, qualified and effective executives.

Base pay is determined in accordance with both market standards and on the advice of external consultants such as Patterson and Associates, London when considered appropriate.

Performance- linked compensation

The consolidated entity currently has no fixed formula for the cash component of performance based remuneration built into Director or executive remuneration packages. Compensation levels are reviewed by the Board through a process that considers individual and overall performance of the consolidated entity. There is no direct link between shareholder wealth and performance linked compensation.

The Remuneration Committee of the Company is responsible for setting the remuneration packages of individual Directors. This includes agreeing, with the Board, the framework for remuneration of all executive Directors, the Company Secretary and such other members of the executive management of the Company as it is designated to consider.

The Remuneration Committee is, furthermore, responsible for determining the total individual remuneration packages of each Director including, where appropriate, bonuses, incentive payments and share options.

The Remuneration Committee agreed to pay Johan Brand 50% of his salary payable immediately. The other 50% payable upon successful completion of the Worley Parsons independent engineer review. The success of the review is to be determined at the discretion of the Remuneration Committee. The Worley Parsons review is expected to be completed in approximately 3 weeks.

Company Employee Option Plan

The consolidated entity believes encouraging its executives and other employees to become shareholders is a significant method of aligning their interests with those of shareholders. Equity participation is accomplished through the Company's employee option plan. Options are granted to employees taking into account a number of factors including the amount and term of options previously granted, base salary, performance and competitive factors.

There is no specific performance criteria required to be met to issue options. The issue of options is at the discretion of the Board.

There are no performance criteria, other than continued employment, required to be met to exercise options.

The consolidated entity does not currently have a policy to limit risk associated with the option holdings or other short term incentives of key management personnel.

Information on the Employee Share Option Plan is set out under Note 9 Share Based Payments. During the financial year, a number of options were granted to attract and retain high calibre executives.

DIRECTORS' REPORT

Consequences of performance on shareholder wealth

In considering the consolidated entity's performance and benefits for shareholders wealth, the Directors regard the following indices in respect of the current financial year and previous financial years:

	2011 $	2010 $	2009 $	2008 $
Company loss	(10,374,610)	(10,785,560)	(9,092,087)	(8,350,911)
Dividend	-	-	-	-
Change in share price	0.08	(0.05)	(0.10)	(2.20)

Although market capitalisation and increase/decrease in share price are monitored by the Directors, they do not form targets in setting short term incentives and long term incentives. The remuneration policy has been tailored to increase goal congruence between shareholders and Directors and executives. Currently, this is facilitated through the issue of options to Directors and executives to encourage the alignment of personal and shareholder interests. There are currently no financial targets set for the performance related remuneration.

The reduction in share price and associated decline in capitalisation are due primarily to market factors associated with the global economic conditions and uranium industry which are outside the direct control of management.

DIRECTORS' REPORT

i. Details of remuneration

Compensation of Key Management Personnel for the year ended 30 June 2011

	Short-Term Benefits			Post Employment		Share Based Payment	Total	
	Salary and fees	Cash Bonus	Non monetary benefits	Superannuation	Termination	Options		% Share Based
Directors	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**	**AUD**	**Payment**
Mark Hohnen	70,000	-	-	-	-	634,333	704,333	90%
Matt Swinney	250,000	-	-	22,500	-	737,222	1,009,722	73%
Brett Mitchell	120,000	-	-	-	-	-	120,000	-
Ian Middlemas	36,000	-	-	-	-	-	36,000	-
James Strauss	30,000	-	-	-	-	272,783	302,783	90%
Johan Brand	249,077	97,603	-	-	-	521,667	868,347	60%
Konrad Wetzker	23,000	-	-	5,149	-	99,388	127,537	78%
János Csák[1]	12,000	-	-	-	-	392,089	404,089	97%
Richard Pearce[2]	9,000	-	-	-	-	-	9,000	-
Key Management Personnel								-
Chris Dinsdale	-	-	-	-	-	-	-	-
Tim Horgan	145,107	-	-	-	-	-	145,107	-
Malcolm Shannon[3]	76,103	-	-	-	-	-	76,103	-
Sophie Raven[4]	-	-	-	-	-	-	-	-
David Le Clair	184,613	-	-	-	-	-	184,613	-
Andràs Barabàs[5]	50,205	-	-	-	-	-	50,205	
	1,255,105	97,603	-	27,649	-	2,657,482	4,037,839	

[1] János Csák was appointed on 26 August 2010 and resigned on 21 January 2011.
[2] Richard Pearce was appointed on 10 November 2005 and resigned on 26 August 2010.
[3] Malcolm Shannon changed from being an employee to consultant of the Company on 1 November 2010.
[4] Sophie Raven appointed on 9th August 2011.
[5] Andràs Barabàs resigned 31 December 2010.

DIRECTORS' REPORT

Compensation of Key Management Personnel for the year ended 30 June 2010

	Short-Term Benefits			Post Employment		Share Based Payment	Total	
	Salary and fees	Cash Bonus	Non monetary benefits	Superannuation	Termination	Options		% Share Based
Directors	AUD	AUD	AUD	AUD	AUD	AUD	AUD	Payment
Mark Hohnen	25,258	-	-	-		473,667	498,925	95%
Matt Swinney	213,333	-	-	7,500		550,667	771,500	71%
Brett Mitchell	120,000	50,000	-	-		380,000	550,000	69%
Richard Pearce	46,500	-	-	2,250		-	48,750	-
Ian Middlemas	15,000	-	-	-		-	15,000	-
Craig Burton*	14,533	-	-	-		-	14,533	-
Henry Neugebauer**	11,244	-	-	-	36,289	-	47,533	-
Key Management Personnel								
Johan Brand	102,872	-	9,969	-		321,417	434,258	74%
András Barabás	45,497	-	6,501	12,715		-	64,713	-
Malcolm Shannon Jr	118,394	-	35,499	6,504		-	160,396	-
	712,630	50,000	51,969	28,968	36,289	1,725,751	2,605,607	

* Craig Burton resigned 19 February 2010
** Henry Neugebauer resigned 1 September 2009

ii. Contracts for Services

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the terms, including compensation, relevant to the office of the Director.

Remuneration and other terms of employment for the Executive Directors and other key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of bonuses, other benefits including health and superannuation, and participation in the Company Employee Option Plan. Other major provisions of the agreement relating to remuneration are set out below (expressed in AUD unless otherwise stated).

DIRECTORS' REPORT

Contracts for services (continued)

Directors and Key Personnel	Terms of contract	Period	Amount
Mark Hohnen			
Chairman	-No fixed term, subject to re-election as required by constitution -No termination benefit is specified in the agreement	1 July 10 - 30 June 11	$70,000
Matt Swinney			
Managing Director	-Base salary inclusive of superannuation -Termination benefit 3 months Executive Remuneration Package	1 July 10 - 30 June 11	$272,500
Ian Middlemas			
Non-Executive Director	-No fixed term, subject to re-election as required by constitution -No termination benefit is specified in the agreement	1 July 10 - 30 June 11	$36,000
Brett Mitchell			
Executive Director	-No fixed term, subject to re-election as required by constitution -No termination benefit is specified in the agreement	1 July 10 - 30 June 11	$120,000
Johan Brand			
Technical Director	-Base Salary plus Employee Benefits -Termination benefit 6 months Executive Remuneration Package	1 July 10 - 30 June 11	€255,000
James Strauss			
Non-Executive Director	-No fixed term, subject to re-election as required by constitution -No termination benefit is specified in the agreement	1 July 10 - 30 June 11	$36,000
Konrad Wetzker			
Non-Executive Director	-No fixed term, subject to re-election as required by constitution -No termination benefit is specified in the agreement	1 July 10 - 30 June 11	$36,000
Chris Dinsdale			
Chief Financial Officer	-On going contract -Current base salary inclusive of medical, dental plan and pension Scheme -Three month termination benefit is specified in the agreement	1 July 2011	€148,000
Tim Horgan			
Legal and Commercial	-On going contract -Three month termination benefit is specified in the agreement	1 Feb 11 – 30 June 11	£130,000
András Barabás			
Vice President – Hungary Operations	-Terminated 31 December 2010	1 Jul 10 – 31 Dec 10	6,240,00 Ft
Malcolm Shannon Jr			
Vice President - Wildhorse Energy Inc (USA)	-Terminated on 1 November 2010 - Changed to consultancy agreement	1 Jul 10 – 31 Oct 10	USD$100,000

DIRECTORS' REPORT

iii. Analysis of options and rights over equity instruments granted as compensation to key management personnel

Directors	Year granted	Vested %	Forfeited %	Financial years in which options may vest
Mark Hohnen	2010	66.67%	-	2010, 2011, 2012
	2010	66.67%	-	2010, 2011, 2012
	2010	66.67%	-	2010, 2011, 2012
Matt Swinney	2010	66.67%	-	2010, 2011, 2012
	2010	66.67%	-	2010, 2011, 2012
	2010	66.67%	-	2010, 2011, 2012
Brett Mitchell	2010	100%	-	2010
	2010	100%	-	2010
	2010	100%	-	2010
Ian Middlemas	-	-	-	-
Johan Brand	2010	100%	-	2010
	2010	100%	-	2010
	2010	100%	-	2011
	2010	-	-	2012
James Strauss	2010	66.67%	-	2011, 2012
	2010	66.67%	-	2011, 2012
	2010	66.67%	-	2011, 2012
Konrad Wetzker	2011	50%	-	2011, 2012, 2013
	2011	50%	-	2011, 2012, 2013
	2011	50%	-	2011, 2012, 2013
János Csák	2010	66.67%	-	2011, 2012
	2010	66.67%	-	2011, 2012
	2010	66.67%	-	2011, 2012
Richard Pearce	-	-	-	-

* No options for key management personnel that were either previously issued or that vested during the year were exercised.

DIRECTORS' REPORT

iv. Options and rights over equity instruments granted as compensation

	Number of options granted during 2011	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	Number of options vested during 2011
Directors						
James Strauss	222,222	22/11/10	$0.1907	$0.30	22/11/14	222,222
James Strauss	222,222	22/11/10	$0.2058	$0.30	22/11/14	-
James Strauss	222,222	22/11/10	$0.2304	$0.30	22/11/14	-
James Strauss	222,222	22/11/10	$0.1823	$0.40	22/11/14	222,223
James Strauss	222,222	22/11/10	$0.1935	$0.40	22/11/14	-
James Strauss	222,223	22/11/10	$0.2167	$0.40	22/11/14	-
James Strauss	222,222	22/11/10	$0.1711	$0.60	22/11/14	222,223
James Strauss	222,222	22/11/10	$0.1770	$0.60	22/11/14	-
James Strauss	222,223	22/11/10	$0.1969	$0.60	22/11/14	-
Konrad Wetzker	166,667	08/06/11	$0.1659	$0.50	30/06/15	166,667
Konrad Wetzker	166,667	08/06/11	$0.1698	$0.50	30/06/15	-
Konrad Wetzker	166,667	08/06/11	$0.1812	$0.50	30/06/15	-
Konrad Wetzker	166,666	08/06/11	$0.2031	$0.50	30/06/15	-
Konrad Wetzker	166,667	08/06/11	$0.1625	$0.60	30/06/15	166,667
Konrad Wetzker	166,667	08/06/11	$0.1650	$0.60	30/06/15	-
Konrad Wetzker	166,667	08/06/11	$0.1746	$0.60	30/06/15	-
Konrad Wetzker	166,666	08/06/11	$0.1957	$0.60	30/06/15	-
Konrad Wetzker	166,667	08/06/11	$0.1591	$0.70	30/06/15	166,667
Konrad Wetzker	166,667	08/06/11	$0.1608	$0.70	30/06/15	-
Konrad Wetzker	166,667	08/06/11	$0.1691	$0.70	30/06/15	-
Konrad Wetzker	166,666	08/06/11	$0.1891	$0.70	30/06/15	-
János Csák[1]	222,222	17/11/10	$0.1907	$0.30	22/11/14	222,222
János Csák[1]	222,222	17/11/10	$0.2058	$0.30	22/11/14	222,222
János Csák[1]	222,223	17/11/10	$0.2304	$0.30	22/11/14	222,223
János Csák[1]	222,222	17/11/10	$0.1823	$0.40	22/11/14	222,222
János Csák[1]	222,222	17/11/10	$0.1935	$0.40	22/11/14	222,222
János Csák[1]	222,223	17/11/10	$0.2167	$0.40	22/11/14	222,223
János Csák[1]	222,221	17/11/10	$0.1711	$0.60	22/11/14	222,221
János Csák[1]	222,222	17/11/10	$0.1770	$0.60	22/11/14	222,222
János Csák[1]	222,223	17/11/10	$0.1969	$0.60	22/11/14	222,223

[1] János Csák was appointed on 26 August 2010 and resigned on 21 January 2011.

DIRECTORS' REPORT

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date. The fair value at grant date is independently determined using the binomial or black scholes method of valuing options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.
The following table lists the inputs to the model used for the year ended 30 June 2011

	31c Options	37.2c Options	43.4c Options	30c Options	40c Options
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	115%	115%	115%	110%	110%
Risk-free interest rate (%)	4.68%	4.68%	4.68%	5.24%	5.24%
Expected life of option (years)	2	2	2	4	4
Option exercise price ($)	$0.31	$0.372	$0.434	$0.30	$0.40
Weighted average share price at grant date ($)	$0.270	$0.270	$0.270	$0.33	$0.33

	50c Options	50c Options	60c Options	60c Options	70c Options	70c Options
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	110%	120%	110%	120%	110%	120%
Risk-free interest rate (%)	5.24%	5.02%	5.24%	5.02%	5.24%	5.02%
Expected life of option (years)	4	4.06	4	4.06	4	4.06
Option exercise price ($)	$0.50	$0.50	$0.60	$0.60	$0.70	$0.70
Weighted average share price at grant date ($)	$0.33	$0.305	$0.33	$0.305	$0.33	$0.305

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

DIRECTORS' REPORT

v. Analysis of movements in share options

Name	Grant Date	Number of options vested during the year	Value of options granted during the year $ **(A)**	Value of options exercised during the year $ **(B)**	Number of options lapsed during the year	Value of options lapsed in the year $**(C)**
Directors						
Mark Hohnen	26/02/2010	4,000,000	-	-	-	-
Matt Swinney	26/02/2010	4,666,666	-	-	-	-
Brett Mitchell	26/02/2010	2,000,000	-	-	-	-
Ian Middlemas	-	-	-	-	-	-
Johan Brand	1/06/2010	5,000,000	-	-	-	-
James Strauss	22/11/2010	666,668	392,089	-	-	-
Konrad Wetzker	08/06/2011	500,001	349,317	-	-	-
János Csák[1]	22/11/2010	666,666	392,089	-	-	-
Richard Pearce[2]	-	-	-	-	-	-
Total		17,500,001	1,133,495	-	-	-

Further details relating to options are set out below.

[1] Resigned 21 January 2011
[2] Resigned 26 August 2010

A = The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option pricing model. The value of the options granted is included in the above table. This amount is allocated to remuneration over the period.

B = The rate of options exercised during the year is allocated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

C = The value of the options that lapsed during the year represents the benefit foregone and is calculated at the date of the option lapsed using the Black Scholes option-pricing model assuming the performance criteria had been achieved.

DIRECTORS' REPORT

vi. Shareholdings of Key Management Personnel (Consolidated Entity)

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Shares held in Wildhorse Energy Ltd

30 June 2011	Balance 1 July 2010	Granted as Remuneration	On Exercise of Options	Net Other Changes	Balance 30 June 2011
Directors					
Mark Hohnen[1]	666,667	-	-	-	666,667
Matt Swinney[2]	66,667	-	-	-	66,667
Brett Mitchell	-	-	-	-	-
Ian Middlemas[3]	5,100,000	-	-	-	5,100,000
Johan Brand[4]	-	-	-	735,294	735,294
James Strauss	-	-	-	-	-
Konrad Wetzker	-	-	-	-	-
János Csák[5]	-	-	-	-	-
Richard Pearce[6]	3,750,000	-	-	(3,750,000)	-
Total	**9,583,334**			**(3,014,706)**	**6,568,628**

[1] Held by Vynben Pty Ltd
[2] Held by Bluesail Holdings Pty Ltd
[3] Held by Arredo Pty Ltd
[4] Held by Joint Blast Extractive Metallurgy (Pty) Ltd
[5] Resigned 21 January 2011
[6] Resigned 26 August 2010, therefore holding is excluded from Remuneration Report as Richard Pearce is no longer a Director of the Company.

DIRECTORS' REPORT

vii. Options Holdings of Key Management Personnel (Consolidated Entity)

Details of options and rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30 June 2011	Balance at beginning of year 1 July 2010	Granted as Remuneration	Net Other Changes	Balance at end of year 30 June 2011	Total	Not Exercisable**
Directors						
Mark Hohnen	6,000,000	-	-	6,000,000	6,000,000	2,000,000
Matt Swinney	7,000,000	-	-	7,000,000	7,000,000	2,333,334
Brett Mitchell	2,000,000	-	-	2,000,000	2,000,000	-
Ian Middlemas	-	-	-	-	-	-
Johan Brand	9,000,000	-	-	9,000,000	9,000,000	4,000,000
James Strauss	-	2,000,000	-	2,000,000	2,000,000	666,666
Konrad Wetzker	-	2,000,000	-	2,000,000	2,000,000	1,499,999
János Csák[1]	-	5,000,000	(5,000,000)	-	-	-
Richard Pearce[2]	-	-	-	-	-	-
Key Management Personnel						
Andras Barabas [3]	562,500	-	-	62,500	62,500	-
Malcolm Shannon[4]	100,000	-	(100,000)	-	-	-
Total	**24,662,500**	**9,000,000**	**(5,100,000)**	**28,062,500**	**28,062,500**	**10,499,999**

[1] Resigned 21 January 2011 therefore holding is excluded from Remuneration Report as János Csák is no longer a Director of the Company.

[2] Resigned 26 August 2010, therefore holding is excluded from Remuneration Report as Richard Pearce is no longer a Director of the Company.

[3] Not considered Key Management Personnel for the financial year ended 30 June 2011

[4] Not considered Key Management Personnel for the financial year ended 30 June 2011

** As at the date of this Report.

End of audited Remuneration Report

DIRECTORS' REPORT

14. Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows**:**

Grant Date	Exercise price (A$)	Expiry date	Number of options
26-Feb-10	$0.50	26-Feb-14	1,000,000
26-Feb-10	$0.60	26-Feb-14	500,000
26-Feb-10	$0.70	26-Feb-14	500,000
02-Jun-08	$0.90	30-May-15	562,630
01-Jun-10	$0.50	01-Jun-14	2,200,000
01-Jun-10	$0.60	01-Jun-14	2,200,000
01-Jun-10	$0.70	01-Jun-14	4,600,000
30-Jun-10	$0.225	30-Jun-14	2,000,000
22-Nov-10	$0.30	22-Nov-14	1,333,333
22-Nov-10	$0.40	22-Nov-14	1,333,334
22-Nov-10	$0.50	22-Nov-14	333,340
22-Nov-10	$0.60	22-Nov-14	1,666,663
22-Nov-10	$0.70	22-Nov-14	333,330
8-Jun-11	$0.50	30-Jun-15	666,667
8-Jun-11	$0.60	30-Jun-15	666,667
8-Jun-11	$0.70	30-Jun-15	666,666
23-Jun-11	$0.31	20-Jun-13	377,957
23-Jun-11	$0.372	20-Jun-13	377,957
23-Jun-11	$0.434	20-Jun-13	377,957
18-Feb-10	$0.60	31-Dec-11	3,333,336
26-Feb-10	$0.50	26-Feb-14	7,333,332
26-Feb-10	$0.60	26-Feb-14	8,133,332
26-Feb-10	$0.70	26-Feb-14	3,500,000
26-Feb-10	$0.60	16-Feb-14	666,666
26-Feb-10	$0.90	16-Feb-14	333,333
26-Feb-10	$1.20	16-Feb-14	333,333
26-Feb-10	$1.50	16-Feb-14	333,333
01-Jun-10	$0.34	01-Jun-12	3,193,362
Total			**48,856,528**

No option holder has any right under the options to participate in any other share issue of the Company or of any other entity. During the year 13,235 options were exercised on 14 March 2011, the options were granted on 1 June 2010 at an issue price of 34 cents. (2010: 1,720,000).

Insurance of officers

During the year the Company paid a premium to insure Directors and officers of the Company and its subsidiaries.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

DIRECTORS' REPORT

15. Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) or associated entities for non-audit services are provided below.

The Board of Directors has considered the position and is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Directors to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

During the year BDO Corporate Finance and BDO LLP received a fee of $66,807 for the provision of tax services and AIM listing advisory services.

Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

16. Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

The Directors' Report is made in accordance with a resolution of the Board.

Signed in accordance with a resolution of the Directors:

Brett Mitchell
Executive Director

Dated this 30th day of September 2011

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2011

The Directors
Wildhorse Energy Limited
Level 22, 77 Allendale Square
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF WILDHORSE ENERGY LIMITED

As lead auditor of Wildhorse Energy Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wildhorse Energy Limited and the entities it controlled during the period.

Brad McVeigh
Director

BDO

BDO Audit (WA) Pty Ltd
Perth, Western Australia

DIRECTOR'S DECLARATION

In the opinion of the Directors of Wildhorse Energy Limited:

a The consolidated financial statements and notes set out on pages 26 to 72 , are in accordance with the Corporations Act 2001 and:

- **i** give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date, and
- **ii** complying with Accounting Standards and the Corporations Regulations 2001.

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 remuneration disclosures included in the Directors' report (as part of the audited Remuneration Report); for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.

d The Directors have been given the declarations required to be made in accordance with Section 295A of the Corporations Act 2001.

e The consolidated entity has included in the notes to the financial statement an explicitly and unreserved statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Brett Mitchell
Executive Director

Dated this 30th day of September 2011

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

		CONSOLIDATED ENTITY	
	Notes	**30-Jun-11 AUD**	**30-Jun-10 AUD**
Revenue from continued operations	6	819,596	491,316
Employee benefits	9	(4,249,624)	(2,653,194)
Professional costs	8	(1,598,702)	(852,460)
Premises		(358,127)	(181,721)
Travel		(258,719)	(155,352)
Depreciation and amortisation		(518,693)	(85,677)
Other costs	7	(558,196)	(452,688)
Other taxes		-	(459)
Impairment expense goodwill, Peak Coal acquisition	19	-	(5,401,448)
Impairment of exploration expenses	18	(3,597,852)	(1,099,240)
Impairment of other assets		(79,341)	-
Net financial income/(expense)	10	25,048	(31,075)
Net profit/(loss) before tax		(10,374,610)	(10,421,998)
Tax expense	11	-	-
Profit/(loss) from continuing operations		(10,374,610)	(10,421,998)
Discontinued Operation			
Loss from discontinued operation (net of income tax)	28	-	(363,562)
Profit/(loss) for the period		(10,374,610)	(10,785,560)
Loss attributable to:			
Members of the parent entity		(10,294,311)	(10,614,121)
Non-controlling interest		(80,299)	(171,439)
		(10,374,610)	(10,785,560)
Other comprehensive income/(loss)			
Foreign currency translation		(1,629,127)	(1,784,608)
Other comprehensive loss for the period, net of income tax		(1,629,127)	(1,784,608)
Total Comprehensive loss for the period		(12,003,737)	(12,570,168)
Total Comprehensive loss attributable to:			
Owners of the parent entity		(11,923,438)	(12,398,729)
Non-controlling interest		(80,299)	(171,439)
		(12,003,737)	(12,570,168)
Basic and diluted loss per share for loss from continuing operations attributable to the ordinary equity holders of the company (cents per share)	5	(4.5)	(8.6)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

		CONSOLIDATED ENTITY	
	Notes	30-Jun-11 AUD	30-Jun-10 AUD
CURRENT ASSETS			
Cash and cash equivalents	12	13,494,340	18,812,420
Sundry debtors and other receivables	14	1,483,617	484,894
Deposits held	13	1,235,610	1,118,552
Assets held for sale	15	5,367,266	78,442
TOTAL CURRENT ASSETS		21,580,833	19,375,756
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	18	29,539,025	29,339,853
Property, plant and equipment	16	131,458	145,290
Intangible assets	17	878,572	1,460,423
TOTAL NON-CURRENT ASSETS		30,549,055	32,064,118
TOTAL ASSETS		52,129,888	51,439,874
CURRENT LIABILITIES			
Trade and other payables	20	3,312,044	706,499
Provisions	21	56,270	13,657
TOTAL CURRENT LIABILITIES		3,368,314	720,156
NON-CURRENT LIABILITIES			
Deferred tax liability	11	2,091,574	2,055,510
TOTAL NON-CURRENT LIABILITIES		2,091,574	2,055,510
TOTAL LIABILITIES		5,459,888	2,775,666
NET ASSETS		46,670,000	48,664,208
EQUITY			
Contributed equity	22	80,896,849	74,064,858
Reserves	23	9,638,993	8,090,582
Accumulated losses		(43,865,842)	(36,095,597)
TOTAL EQUITY ATTIBUTABLE TO SHAREHOLDERS OF THE COMPANY		46,670,000	46,059,843
Non controlling interest		-	2,604,365
TOTAL EQUITY		46,670,000	48,664,208

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

CONSOLIDATED	Contributed equity AUD	Foreign currency translation reserve AUD	Share based payments reserves AUD	Accumulated losses AUD	Non Controlling Interest AUD	Total equity AUD
At 1 July 2010	74,064,858	581,360	7,509,222	(36,095,597)	2,604,365	48,664,208
Comprehensive loss for the period						-
Loss for period	-	-	-	(10,294,311)	(80,299)	(10,374,610)
Other comprehensive income/(loss)						
Foreign currency translation reserve	-	(1,629,127)	-	-	-	(1,629,127)
Total other comprehensive income/(loss)	-	(1,629,127)	-	-	-	(1,629,127)
Total comprehensive loss for period	-	(1,629,127)	-	(10,294,311)	(80,299)	(12,003,737)
Transactions with equity holders in their capacity as equity holders						
Acquisition of non-controlling interest without a change in control (note 31)	-	-	-	2,524,066	(2,524,066)	-
Issue of share capital net of transaction costs	6,831,991	-	-	-	-	6,831,991
Share based payments	-	-	3,177,538			3,177,538
Total contribution by and distributions to owners	6,831,991	-	3,177,538	2,524,066	(2,524,066)	10,009,529
At 30 June 2011	80,896,849	(1,047,767)	10,686,760	(43,865,842)	-	46,670,000

CONSOLIDATED	Contributed equity AUD	Foreign currency translation reserve AUD	Share based payments reserves AUD	Accumulated losses AUD	Non Controlling Interest AUD	Total equity AUD
At 1 July 2009	38,112,258	2,365,968	3,780,082	(25,481,476)	-	18,776,832
Comprehensive loss for the period						
Loss for period	-	-	-	(10,614,121)	(171,439)	(10,785,560)
Other comprehensive income/(loss)						
Foreign currency translation reserve	-	(1,784,608)	-	-	-	(1,784,608)
Total other comprehensive income/(loss)	-	(1,784,608)	-	-	-	(1,784,608)
Total comprehensive loss for period	-	(1,784,608)	-	(10,614,121)	(171,439)	(12,570,168)
Transactions with equity holders in their capacity as equity holders						
Issue of share capital net of transaction costs	35,952,600	-	-	-	-	35,952,600
Share based payments	-	-	3,729,140	-	-	3,729,140
Recognition of non controlling interest on acquisition of Peak Coal group	-	-	-	-	2,775,804	2,775,804
Total contribution by and distributions to owners	35,952,600	-	3,729,140	-	2,775,804	42,457,544
At 30 June 2010	74,064,858	581,360	7,509,222	(36,095,597)	2,604,365	48,664,208

The above statements of changes in equity should be read in conjunction with the accompanying notes

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	30-Jun-11 AUD	30-Jun-10 AUD
Cash flows from operating activities			
Cash paid to exploration and evaluation		(10,694,879)	(4,227,718)
Cash paid to suppliers and employees		(2,589,886)	(2,386,818)
Interest received		994,291	277,069
Net cash used in operating activities	24	(12,290,474)	(6,337,467)
Cash flows from investing activities			
Cash acquired on acquisition of Peak Coal	19	-	39,595
Payments for intangible assets		-	(712,623)
Payments for plant and equipment		(75,769)	(97,970)
Proceeds from sale of plant and equipment		40,439	20,941
Loans advanced to related entities repaid		-	172,045
Net cash provided by/used in investing activities		(35,330)	(578,012)
Cash flows from financing activities			
Proceeds from issue of shares		7,034,500	22,643,903
Payments for share issues		(38,061)	(1,211,830)
Repayment of loans		-	(109,765)
Net cash provided by financing activities		6,996,439	21,322,308
Net (decrease) / increase in cash and cash equivalents		(5,329,365)	14,406,829
Foreign exchange movement on cash		11,285	(24,987)
Cash and cash equivalents at the being of the year		18,812,420	4,430,578
Cash and cash equivalents at the end of the year	12	13,494,340	18,812,420

The above statement of cash flow should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of significant accounting policies

Wildhorse Energy Limited is a company domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statement report includes Wildhorse Energy Limited and its subsidiaries as the consolidated entity. Separate financial statements for Wildhorse Energy Limited, as an individual entity, are no longer required as a consequence of a change to the Corporation Act. Financial information for Wildhorse Energy Limited as an individual entity is included in Note 29.

(a) Basis of Preparation
These general purpose financial statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001.*

Compliance with IFRSs
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRS's ensures that the financial statements and notes of Wildhorse Energy Limited comply with International Financial Reporting Standards (IFRSs).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity accounting policies (note 3).

Financial Position
The consolidated financial statements have been prepared on a going concern basis, which assumes that the consolidated entity will be able to realise assets and extinguish liabilities in the ordinary course of business. The consolidated entity has recognised a net loss after tax of $10,374,610 for the year ended 30 June 2011.

As at 30 June 2011, the consolidated entity had cash and cash equivalents of $13,494,340 (2010: $18,812,420). The Consolidated entity's cash flow forecasts show that the group will have adequate cash resources to fund operations until 30 June 2012.

In order to continue funding the consolidated entity's operations beyond 30 June 2012, the company will need to raise additional capital in the future. Based on previously successfully completed capital raisings, the Directors are confident that sufficient funds will be obtained to meet the consolidated entity's obligations.

Management acknowledge that uncertainty remains over the ability of the consolidated entity to meet its funding requirements. However, as described above, management has a reasonable expectation that the consolidated entity has adequate resources to continue in operational existence for the foreseeable future. If for any reason the consolidated entity is unable to continue as a going concern, it would impact on the consolidated entity's ability to realise at their recognised values, in particular intangible assets and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

(b) Principles of Consolidation Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wildhorse Energy Limited (Company) as at 30 June 2011 and the results of all subsidiaries for the year then ended. Wildhorse Energy Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial posit respectively.

(c) Business Combinations
Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the consolidated entity. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the consolidated entity takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 July 2009

For acquisitions on or after 1 July 2009, the consolidated entity measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the consolidated entity incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree’s employees (acquiree’s awards) and relate to past services, than all or a portion of the amount of the acquirer’s replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree’s awards and the extent to which the replacement awards relate to past and/or future service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(d) Segment Reporting
An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. All operating segments operating results are viewed regularly by the Managing Director to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. The consolidated entity's segments are reportable in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified as Hungary Coal, Hungary Uranium, United States of America and Central Europe.

Segment results that are reported to the Managing Director who is the Chief Operating Decision maker include items directly attributed to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly, head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, exploration and evaluation expenditure, and intangible assets other than goodwill.

(e) Foreign Currency Translation
Functional and presentation currency
Items included in the financial statements of the consolidated entity are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Wildhorse Energy Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Consolidated entity companies
The results and financial position of the consolidated entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions) and all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and tax paid. Revenue is recognised for the major business activities as follows:

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the consolidated entity reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Services Income

Services income relates to income generated from office sharing arrangements in both Australia and Hungary. Services income is recognised in the accounting period in which the services are rendered.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changed in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a new basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively. In this case, the tax is also recognised in after the comprehensive income, or directly in equity respectively.

Wildhorse Energy Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(h) Leases

The leases of property, plant and equipment where the consolidated entity has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(i) Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(j) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Cash and Cash Equivalents
For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade Receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive statement.

(l) Investments and Other Financial Assets
The Company's classification of its investments depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position.

Purchases and sales of investments are recognised on trade-date, the date on which the consolidated entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques, instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

(m) Fair Value Estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The consolidated entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the consolidated entity for similar financial instruments.

(n) Plant and Equipment
Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on plant and equipment assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment	*2 - 6 years*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(o) Exploration and Evaluation Expenditure
Exploration, evaluation and development expenditure incurred may be accumulated in respect of each identifiable area of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which: such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

(i) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation expenditure in relation to an area may still be written off if considered appropriate to do so.

(p) Intangible Assets

Intellectual Property

Intellectual property having a finite life is carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of intellectual property over the estimated useful life which is three years.

(q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(s) Borrowing Costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Employee Benefits
Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Share-based payments
Share-based compensation benefits are provided to employees via the Wildhorse Energy Limited Employee Option Plan. Information regarding this scheme is set out in note 26.

The fair value at grant date is independently determined using the binomial or black scholes method of valuing of options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

(t) Bonus plans
The consolidated entity recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(u) Dividends
Dividends are recognised as distributions within equity upon approval of company's shareholders.

(v) Earnings per Share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Goods and Services Tax (GST) and Value Added Tax (VAT)
Revenues, expenses and assets are recognised net of the amount of associated GST and VAT, unless the GST or VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the net asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Cash flows are presented on a gross basis. The GST and VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(y) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the consolidated entity, except for AASB 9 Financial Instruments, which becomes mandatory for the consolidated entity's 2014 consolidated financial statements and could change the classification and measurement of financial assets. The consolidated entity does not plan to adopt this standard early and the extent of the impact has not been determined.

AASB reference	Title and Affected Standard(s):	Nature of Change:	Application date:	Impact on Initial Application:
AASB 9 (issued December 2009)	Financial Instruments	Amends the requirements for classification, measurement and derecognition of financial assets and financial liabilities.	1 January 2013	Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: Power over investee (whether or not power used in practice) Exposure, or rights, to variable returns from investee Ability to use power over investee to affect the entity's returns from investee.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements.	Annual reporting periods commencing on or after 1 January 2013	Due to the recent release of this standard, the entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.
AASB 13 (issued September 2011)	Fair Value Measurement	Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments, e.g. land and buildings, investment properties etc.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time on 1 July 2013, additional disclosures will be required about fair values.

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Revised AASB 124	Related Party Disclosures	The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government or other government related entities.	1 January 2011	The consolidated entity will apply the standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries. However there will be no impact on the amounts recognised in the financial statements.
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.	1 January 2011	The consolidated entity does not have a defined benefit scheme. The amendment will have no impact on the consolidated entity's financial statements.
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets	Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets.	1 July 2011	The amendments will affect particularly entities that sell, factor securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the consolidated entity's disclosures. The group intends to apply the amendment from 1 July 2011.
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets	In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale.	1 January 2012	The consolidated entity does not have any investment properties. The standard therefore will have no impact on the consolidated entity's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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AASB 2011-9 (issued September 2011)	Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Financial risk management

The consolidated entity's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity does not engage in any hedging or derivative financial instruments. The consolidated entity uses sensitivity analysis in the case of interest rate and foreign exchange risks and aging analysis for credit risk, to measure different types of risk to which it is exposed. Risk management is carried out by the Board of Directors.

The consolidated entity holds the following financial instruments.

Carrying value of the financial instruments

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
FINANCIAL ASSETS		
Current financial assets		
Cash and cash equivalents	13,494,340	18,812,421
Sundry debtors and other receivables	328,072	307,585
Deposits held	1,235,610	1,118,552
	15,058,022	20,238,558
FINANCIAL LIABILITIES		
Current financial liabilities		
Trade and other payables	3,312,044	706,499
	3,312,044	706,499

(a) Market risk

Foreign Exchange Risk

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Hungarian Forint, Czech Koruna and Euro.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity 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 Board manages the purchase of foreign currency to meet operational requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The consolidated entity's exposure to foreign currency risk at the reporting date was as follows:

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Sundry debtors and other receivables in denomination currency:		
Sundry debtors and other receivables – USD	-	4,697
Sundry debtors and receivables – HUF	134,775	209,631
Sundry debtors and receivables – CZK	-	177
Trade payables in denomination currency:		
Trade payables – USD	(80,161)	31,232
Trade payables – HUF	(681,375)	241,618
Trade payables – CZK	(1,482)	5,773
Trade payables – EUR	(1,521,070)	-
Trade payables – GBP	(82,406)	-
Trade payables – ZAR	(191,971)	-
Deposits held in denomination currency:		
Deposits held – USD	57,941	79,725
Deposits held – HUF	1,135,201	1,038,827
Deposits held – EUR	35,966	-
Deposits held – CZK	180	-

Consolidated entity sensitivity

Exchange rates per AUD as at 30 June:

	Reporting Date spot rate	
	30-Jun-11	30-Jun-10
USD	1.0597	0.8567
HUF	194.5860	201.6320
CZK	17.8203	18.1047
EUR	0.73643	-
GBP	0.6616	-
ZAR	7.2537	-

A 10% increase or decrease in the value of Australian dollar against the above currencies at 30 June would have the following effect:

	CONSOLIDATED		CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD	30-Jun-11 AUD	30-Jun-10 AUD
	Profit/(loss)	Profit/(loss)	Profit/(loss)	Profit/(loss)
	10 % increase	10% increase	10% decrease	10% decrease
USD	2,020	5,319	(2,469)	(4,835)
HUF	(53,425)	100,684	65,297	(91,531)
CZK	118	(560)	(145)	509
EUR	135,010	-	(165,012)	-
GBP	7,491	-	(9,156)	-
ZAR	17,452	-	(21,330)	-
Total	108,666	105,443	(132,815)	(95,857)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Price risk
The consolidated entity and Company have no exposure to equity securities price risk as there are no financial assets. Neither the consolidated entity nor the Company are exposed to commodity price risk.

Cash flow and fair value interest rate risk

The consolidated entity's only interest rate risk arises from cash and cash equivalents held. Deposits and current accounts held with variable interest rates expose the consolidated entity to cash flow interest rate risk. A change in interest rates of 100 basis points would result in a movement in the profit and loss and equity of $134,777 (2010: $92,004) for the consolidated entity.

The consolidated entity currently does not engage in any hedging or derivative transactions to manage interest rates. Management oversees cash investing activities of the consolidated entity. Third party advice is sought as and when required.

(b) Credit Risk
Credit risk is managed on a consolidated entity basis. Credit risk arises from fluctuating interest rates for cash and cash equivalents, deposits with bank as well as credit exposures for outstanding receivables and committed transactions.

All cash balances are held at internationally recognised institutions with the majority of cash being held with an A rated Australian Bank. The receivables held are within terms. Receivables are primary held with related parties there is no minimum credit rating required. Other receivables are from government taxation authorities and these are assessed to have no credit risk.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised under the *Carrying value of the financial instruments* heading in this note.

(c) Liquidity Risk
Liquidity risk arises from the management of cash and cash equivalent resources. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

At reporting date the consolidated entity had sufficient cash reserves to meet its requirements. The consolidated entity therefore had no credit standby facilities or arrangement for further funding in place.

Financial assets contractual cash flows equal their carrying value.

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Cash and cash equivalents		
6 months	13,494,340	18,812,420
Sundry debtors and other receivables		
6 months	328,072	484,894
Deposits Held		
6-12 months	1,235,610	1,118,552
	15,058,022	20,415,866

The only financial liabilities the consolidated entity had at reporting date were trade payables incurred in the normal course of the business. These were non interest bearing and due within the normal 30 days terms of creditor payments and the contractual cashflows equals their carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Trade and other payables - due within:		
6 months	3,312,044	706,499
	3,312,044	706,499

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. The fair value of financial instruments that are not traded in an active market such as unlisted investments and subsidiaries is determined using valuation techniques where applicable. Where this is unable to be done they are held at cost.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

3. Critical accounting estimates

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates – Impairment

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and evaluation expenditure

The consolidated entity's accounting policy for exploration and evaluation expenditure is set out in Note 1(p). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, the consolidated entity concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of comprehensive income.

As at 30 June 2011, $3,597,852 of exploration and evaluation expenditure was impaired and is recognised in the comprehensive statement of income (refer to Note 18 Exploration and evaluation expenditure)

Share based payments

The consolidated entity's accounting policy for share based payments is set out in Note 1(u). The application of this policy requires certain assumptions to be made in relation to the value of options.

Non-current assets held for sale

Included in note 15 is an amount relating to the group US uranium assets. These are currently held at amortised cost. Their fair value is expected to be in excess of this carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Segment information

Management has determined that the operating segments are based on reports reviewed by the Chief Operating Decision Maker, the Managing Director, which are used to monitor performance and make strategic decisions. The business is considered from both a geographic and functional perspective and has identified four reportable segments: Hungary Coal and Hungary Uranium, United States and Central Europe.

Management assesses the performance of the operating segments based on a measure of contribution. This measure excludes items such as the effects of equity settled share based payments, and unrealised gains and losses on financial instruments. Interest income, corporate expenses, as well as other centralised expenses not attributable to segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Segment Report – 2011

	HUNGARY COAL 30-Jun-11 AUD	HUNGARY URANIUM 30-Jun-11 AUD	UNITED STATES OF AMERICA 30-Jun-11 AUD	CENTRAL EUROPE 30-Jun-11 AUD	TOTAL SEGMENT 30-Jun-11 AUD	UNALLOCATED/ ELIMINATIONS AND CORPORATE 30-Jun-11 AUD	CONSOLIDATED 30-Jun-11 AUD
Results							
Segment Result	(507,709)	(183,226)	(3,875,757)	54,316	**(4,512,376)**	(5,862,234)	**(10,374,610)**
Loss for the period	(507,709)	(183,226)	(3,875,757)	54,316	**(4,512,376)**	(5,8,62,234)	**(10,374,610)**
Comprehensive loss for the period	(305,526)	(182,006)	(2,961,652)	40,837	**(3,408,347)**	(8,595,390)	**(12,003,737)**
Segment assets	20,162,907	3,112,915	5,854,727	283,118	**29,413,667**	22,716,221	**52,129,888**
Total assets	20,162,907	3,112,915	5,854,727	283,118	**29,413,667**	22,716,221	**52,129,888**
Liabilities							
Segment liabilities	13,186,321	2,851,031	13,491,947	1,032,047	**30,561,346**	(25,101,458)	**5,459,888**
Total liabilities	13,186,321	2,851,031	13,491,947	1,032,047	**30,561,346**	(25,101,458)	**5,459,888**
Other Segment Information							
Depreciation and amortisation	31,640	20,231	2,874	230	**54,975**	463,718	**518,693**
Impairment or exploration	-	248	3,597,604	-	**3,597,852**	-	**3,597,852**

Segment Report - 2010

	HUNGARY COAL 30-Jun-10 AUD	HUNGARY URANIUM 30-Jun-10 AUD	UNITED STATES OF AMERICA 30-Jun-10 AUD	CENTRAL EUROPE 30-Jun10 AUD	TOTAL SEGMENT 30-Jun-10 AUD	UNALLOCATED/ ELIMINATIONS AND CORPORATE 30-Jun10 AUD	CONSOLIDATED 30-Jun-10 AUD
Results							
Segment Result	(1,446,765)	(666,637)	(1,242,986)	(61,121)	**(3,417,508)**	(8,420,814)	**(10,785,560)**
Loss for the period	(1,446,765)	(666,637)	(1,242,986)	(61,121)	**(3,417,508)**	(8,420,814)	**(10,785,560)**
Comprehensive loss for the period	(955,479)	(600,170)	(908,481)	99,384	**(2,364,746)**	(10,205,422)	**(12,570,168)**
Segment assets	10,403,379	2,507,277	11,369,276	296,628	**24,576,560**	26,863,314	**51,439,874**
Total assets	10,403,379	2,507,277	11,369,276	296,628	**24,576,560**	26,863,314	**51,439,874**
Liabilities							
Segment liabilities	3,030,769	2,723,806	16,228,804	1,086,393	**23,069,772**	(20,294,106)	**2,775,666**
Total liabilities	3,030,769	2,723,806	16,228,804	1,086,393	**23,069,772**	(20,294,106)	**2,775,666**
Other Segment Information							
Depreciation and amortisation	20,976	32,609	26,884	981	**81,450**	4,227	**85,677**
Impairment or exploration	25,432	-	1,073,808	-	**1,099,240**	-	**1,099,240**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

5. Earnings per share

(a) Basic earnings per share
Basic earnings per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

(b) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Diluted earnings per share are the same as basic earnings per share in 2011 and 2010 as the Consolidated Entity is in a loss position.

The following reflects the income and share data used in the basic and diluted earnings per share computations

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Loss attributable to ordinary equity holders of the Parent from continuing operations	(10,294,311)	(10,614,121)
Loss attributable to Non-controlling interest	(80,299)	(171,439)
	(10,374,610)	(10,785,560)

	NUMBER OF SHARES	
	30-Jun-11	30-Jun-10
Weighted average number of ordinary shares (excluding reserved shares) for basic earnings per share	227,751,061	122,749,387
Basic and diluted earnings per share (cents) –continuing operations	(4.5)	(8.6)

As earning per share (EPS) is a loss per share, any potential ordinary share would be anti-dilutive. As a result per share is identical for basic and diluted EPS calculation.

6. Revenue from continuing operations

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Revenue from continuing operations		
Interest Income	812,519	487,098
Fee Income	6,816	2,738
Other Income	261	1,480
	819,596	491,316

7. Other costs

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun10 AUD
Corporate costs	69,208	87,518
Other operating expenses	488,988	365,170
	558,196	452,688

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. Professional costs

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Audit fees	80,367	58,905
Taxation advice	41,193	21,956
Legal Fees	426,628	285,957
Other professional fees	1,050,514	485,642
	1,598,702	852,460

Auditor's remuneration

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Audit services		
Auditors of the Company - BDO Audit (WA) Pty Ltd		
Audit of the financial report	60,195	58,905
Other services		
Auditors of the Company - BDO Corporate and International Tax (WA) Pty Ltd & BDO LLP		
Tax services	7,606	2,565
AIM Listing advisory services	59,201	-
	66,807	2,565
Non BDO Audit (WA) Pty Ltd audit firms		
Audit and other assurance services	20,172	8,163

9. Employee benefits

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Wages and salaries	976,818	648,117
Superannuation	102,831	64,566
Share-based payments	3,013,093	1,822,089
Other employee benefits	156,882	118,422
	4,249,624	2,653,194

10. Net financial income

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Interest Expense	(5,794)	1,158
Realised FX Gain/(Loss)	(10,702)	29,917
Unrealised FX Gain/(Loss)	41,544	-
Net financial income/(expense)	25,048	31,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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11. Income tax expense

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
(a) Income tax expense		
Deferred income tax asset	-	-
Deferred income tax liability	-	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (Loss) from continuing operations before income tax expense	(10,374,610)	(10,785,558)
Tax at the Australian tax rate of 30%	(3,112,383)	(3,235,667)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	2,015,925	1,980,266
Unused tax losses and temporary differences not recognised as deferred tax assets	1,096,458	1,255,401
	-	-
Effective tax rate	-	-
(c) Unused tax losses and credits		
Opening balance	6,395,588	5,031,278
Movement	1,096,458	1,364,310
Closing balance	7,492,046	6,395,588
(d) Deferred tax balances		
Deferred tax assets recognised	-	-
Deferred tax liabilities*	(2,091,574)	(2,055,510)
	(2,091,574)	(2,055,510)
(e) Unrecognised deferred tax assets arising on timing differences and losses		
Timing differences	73,778	166,555
Tax losses - revenue	7,492,046	6,395,588
		6,562,143
Offset against deferred tax assets recognised		
Deferred tax assets not brought to account	7,565,824	6,562,143

*Movement in deferred tax liabilities is due to foreign currency translation.

The Company has estimated income tax losses of $7,565,824 (2010: $6,562,143) available to be offset against future taxable income. A deferred tax asset in relation to the losses has not been recognised by the consolidated entity on the basis that it is not probable that there will be future taxable income available against which the tax losses can be utilised.

The Company has not and is unable to consolidate for tax purposes.

The tax rate in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared to the previous reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

12. Cash and cash equivalents

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Cash on hand	4,020	3,878
Cash at bank	9,602,044	214,331
Cash on deposit	3,888,276	18,594,211
	13,494,340	18,812,420

Cash at Bank and on Hand
Of the cash at bank and on hand, $1,924,240 (2010: $3,878) is non-interest bearing. Of the cash at bank, $11,570,104 (2010: $18,808,542) is interest bearing at a floating interest rates of between 3.0% and 6.25% (2010: between 3.0% and 6.25%).

Deposits at Call
The deposits have a weighted average interest rate 6.03% (2010: 5.29%). These deposits have an average period to repricing of 60 days (2010:145 days).

13. Deposits held

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Mining deposits held	1,235,610	1,118,552
	1,235,610	1,118,552

The cash deposits held at bank for the Hungarian tenements and with the mining authorities for the United States of America tenements.

14. Sundry debtors and other receivables

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Sundry debtors	299,593	71,089
Prepayments	157,108	25,317
GST & VAT receivable	998,436	178,459
Accrued income	28,480	210,029
	1,483,617	484,894

Sundry debtors and other receivables
Sundry debtors and other receivables arise from transactions outside the usual operating actives of the consolidated entity. None of the receivables are impaired or past due and not impaired.

Foreign exchange and interest rate risk
Information about the consolidated entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables in provided in note 2.

Fair value and credit risk
Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.
The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables as mentioned above. Refer to note 2 for more information on the risk management policy of the consolidated entity and the credit quality of the entity's trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15. Assets held for sale

Exploration assets in the consolidated entity's US operation are presented as assets held for sale. During the previous financial year, equipment from the US operation was classified as held for sale. These assets were fully impaired in the first half of the year and subsequently disposed of.

Assets classified as held for sale - carrying value	30-Jun-11 AUD	30-Jun-10 AUD
Equipment - US operation	-	78,442
Exploration and evaluation assets - US operations	5,367,266	-
	5,367,266	78,442

Assets classified as held for sale - movement	30-Jun-11 AUD	30-Jun-10 AUD
At 1 July	78,442	397,367
At cost	-	152,264
Accumulated depreciation		(73,823)
Disposal	-	(2,850)
Transferred from exploration assets	5,367,266	-
Written off during the year	(74,436)	(363,562)
Foreign currency movement	(4,006)	(30,954)
At 30 June	5,367,266	78,442

16. Property, plant and equipment & Intangible assets

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Property, plant and equipment - at cost	353,903	269,207
Property, plant and equipment - accumulated depreciation	(222,445)	(123,917)
	131,458	145,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Reconciliation of movement in Property, plant and equipment

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Movement in Property, plant and equipment		
Plant and equipment - at cost		
At 1 July	276,386	531,239
Additions	63,450	97,035
Disposals	(18,766)	(151,678)
Movement to assets held for sale	-	(142,667)
Foreign currency movement	(2,192)	(57,543)
At 30 June	318,878	276,386
Plant and equipment - accumulated depreciation		
At 1 July	(137,063)	(244,180)
Depreciation	(52,558)	(79,350)
Disposals	(1,261)	100,438
Movement to assets held for sale	-	64,226
Foreign currency movement	(6,142)	21,803
At 30 June	(197,024)	(137,063)
	121,854	139,323
Intellectual property - at cost		
At 1 July	21,519	18,013
Additions	12,319	8,686
Disposals	-	-
Foreign currency movement	1,187	(5,180)
At 30 June	35,025	21,519
Intellectual property - accumulated depreciation		
At 1 July	(15,552)	(14,623)
Amortisation	(8,891)	(5,582)
Disposals	-	-
Foreign currency movement	(978)	4,653
At 30 June	(25,421)	(15,552)
	9,604	5,967
Carrying value at 1 July	145,290	290,450
Carrying value at 30 June	131,458	145,290

17. Intangible assets

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Intangible asset – at cost	1,335,815	1,460,423
Intangible asset accumulated amortisation	(457,243)	-
	878,572	1,460,423

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FOR THE YEAR ENDED 30 JUNE 2011

Reconciliation of movement in intangible assets

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Intangible assets - at cost		
At 1 July	1,460,423	-
Additions	-	1,460,423
Foreign currency movement	(124,608)	-
At 30 June	1,335,815	1,460,423
Intangible asset – accumulated amortisation		
At 1 July	-	-
Amortisation	(457,243)	-
Foreign currency movement	-	-
At 30 June	(457,243)	-
Carrying value at 1 July	1,460,423	-
Carrying value at 30 June	878,572	1,460,423

The intangible asset classified above is the at cost value attributed to the acquisition from African Carbon Energy Pty Ltd of a specialist UCG technology intellectual property that is expected to significantly reduce the cost and time value to Wildhorse's design, planning and feasibility requirements for developing the Mecsek Hill Gas (UCG) Project and fast-track its development schedule. The intangible asset is amortise over a period of three years.

18. Exploration and evaluation expenditure

Reconciliation of movement in Exploration and evaluation expenditure

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Exploration and evaluation expenditure	29,539,025	29,339,853
Movement in Exploration and evaluation expenditure		
At 1 July	29,339,853	13,520,963
Acquisition	-	14,829,998
Additions during the period	10,695,050	3,521,773
Transferred to non-current assets held for sale	(5,367,266)	-
Impaired during the year – US Uranium Assets	(3,597,852)	(1,099,240)
Foreign currency movement	(1,530,760)	(1,433,641)
At 30 June	29,539,025	29,339,853

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

19. Business combination

On 30 June 2010 the parent entity acquired 100% of the issued capital of Peak Coal Limited, providing the Company with the rights to substantial coal assets in southern Hungary which have recognised potential for underground coal gasification (UCG). The acquisition enhanced the Company's strategy of becoming a significant energy project developer in central Europe.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:

Consideration paid by the Company:	**AUD**
Issue of 36,712,600 shares of Wildhorse Energy Limited to acquire shares in the controlled entity	14,134,351
Issue of 3,333,336 options of Wildhorse Energy Limited to acquire shares in the controlled entity	1,268,683
	15,403,034

The value of the Wildhorse Energy Limited shares issued as consideration for the purchase of shares in the controlled entity was determined using the market value of Wildhorse Energy Limited shares at 22 February 2010 of $0.385 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

	30 June 2010 Fair Value AUD
Cash	39,595
Trade and other receivables	1,368,255
Property, plant and equipment	8,494
Exploration and evaluation expenditure	14,829,999
	16,246,343
Trade and other payables	(358,623)
Short-term borrowings	(116,755)
Financial Liabilities	(938,124)
Deferred tax liability	(2,055,510)
	(3,469,012)
Net Assets	**12,777,331**
Less non controlling interest	(2,775,745)
Net assets acquired	**10,001,586**
Recognised on acquisition	
Goodwill	5,401,448
	15,403,034

30 June 2011
There was no business combination during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

30 June 2010
The Company recognised goodwill on acquisition totalling $5,401,448 which has been fully impaired as there are no cash flows earnings currently in the Peak Coal group.

The Company obtained an independent valuation of the Peak Coal Limited's Mecsek Coal Gasification Project which increased the value of the capitalised exploration by $6,851,701. The consolidated entity recognised a deferred tax liability, of 30% of the $6,851,701 totalling $2,055,510 during the year ended 30 June 2010.

Non controlling interests
In accordance with the accounting policy set out in note 1(b) the consolidated entity elected to recognise the non controlling interest at its proportionate share of the acquired fair value of net assets.

Revenue and profit distribution
The acquired business contributed revenues of $44,248 and net loss of $1,446,766 to the consolidated entity for the period 1 March 2010 to 30 June 2010.

If the acquisition had occurred on 1 July 2009, consolidated revenue and consolidated loss for the year ended 30 June 2010 would have been $532,859 and $12,228,010 respectively. These amounts have been calculated using the group's accounting policies.

Acquisition-related costs
Acquisition-related costs of $112,248 in relation to legal and compliance costs are included in other expenses in the comprehensive statement of income and in the operating cash flows in the statement of cash flows.

20. Trade and other payables

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Trade creditors	2,441,847	465,524
Other payables and accruals	870,197	240,975
	3,312,044	706,499

All payables are interest free and expected to be settled within the next 12 months. The group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 2.

21. Provisions

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Statutory employee entitlements	56,270	13,657

Annual leave provision, entitles are expected to be paid within in the next 12 months.

22. Contributed equity

	NUMBER OF SHARES		AMOUNT ($)	
	30-Jun-11	30-Jun10	30-Jun-11	30-Jun-10
Ordinary Shares on Issue	250,928,627	227,104,100	84,183,582	76,797,581
Cost of Capital raising	-	-	(3,286,733)	(2,732,723)
	250,928,627	227,104,100	80,896,849	74,064,858

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Movement in ordinary share capital

2011	Date	Number	Issue price	Value
Opening balance	1-Jul-10	227,104,100		76,797,581
Options converted to shares	14-Mar-11	13,235	0.34	4,500
Share issue to and sophisticated private investors	20-Jun-2011	22,677,421	0.31	7,030,001
Share issue to GMP Securities Europe Nominees	23-Jun-11	1,133,871	0.31	351,500
				84,183,582
Less Costs of issue				
Opening cost of issue				(2,732,723)
Current year costs				(554,010)
		250,928,627		80,896,849

2010	Date	Number	Issue price	Value
Opening balance	01-Jul-09	122,446,957	-	39,242,587
Options converted to shares	11-Sep-09	20,000	0.20	4,000
Options converted to shares	23-Sep-09	250,000	0.50	125,000
Options converted to shares	25-Sep-09	900,000	0.50	450,000
Options converted to shares	30-Sep-09	50,000	0.20	10,000
Options converted to shares	30-Sep-09	500,000	0.50	250,000
Issue to Peak Coal Ltd 1WHE:3PC	26-Feb-10	36,712,600	0.385	14,134,351
Sophisticated Investor Placement	12-Mar-10	64,131,934	0.340	21,804,857
Share issue	24-Mar-10	100	0.340	34
Share issue to Azure Capital	01-Jun-10	621,887	0.445	276,740
Share issue	17-Jun-10	34	0.340	12
Share issue to African Carbon	30-Jun-10	1,470,588	0.340	500,000
				76,797,581
Less Costs of issue				
Opening cost of issue				(1,130,329)
Current year costs				(1,602,394)
		227,104,100		74,064,858

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of issued shares.

Capital risk management

The consolidated entity's and Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity shown in the statement of financial position plus net debt. As the Company is currently in the exploration and development phase, the gearing ratio has been maintained at 0% throughout the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Options on issue
As at 30 June 2011, the Company has 48,856,528 (2010: 45,734,892) options over ordinary shares on issue, details of which are disclosed in the table below. Information on the Employee Share Option Plan is set out in Note 27 - Share Based Payments.

Options on issue as at 30 June 2011:

Grant Date	Exercise price (A$)	Expiry date	Number of options
2-Jun-08	$0.90	30-May-15	562,630
18-Feb-10	$0.60	31-Dec-11	3,333,336
26-Feb-10	$0.50	26-Feb-14	1,000,000
26-Feb-10	$0.60	26-Feb-14	500,000
26-Feb-10	$0.70	26-Feb-14	500,000
26-Feb-10	$0.50	26-Feb-14	7,333,332
26-Feb-10	$0.60	26-Feb-14	8,133,332
26-Feb-10	$0.70	26-Feb-14	3,500,000
26-Feb-10	$0.60	16-Feb-14	666,666
26-Feb-10	$0.90	16-Feb-14	333,333
26-Feb-10	$1.20	16-Feb-14	333,333
26-Feb-10	$1.50	16-Feb-14	333,333
1-Jun-10	$0.50	1-Jun-14	2,200,000
1-Jun-10	$0.60	1-Jun-14	2,200,000
1-Jun-10	$0.70	1-Jun-14	4,600,000
1-Jun-10	$0.34	1-Jun-12	3,193,362
30-Jun-10	$0.23	30-Jun-14	2,000,000
22-Nov-10	$0.30	22-Nov-14	1,333,333
22-Nov-10	$0.40	22-Nov-14	1,333,334
22-Nov-10	$0.50	22-Nov-14	333,340
22-Nov-10	$0.60	22-Nov-14	1,666,663
22-Nov-10	$0.70	22-Nov-14	333,330
8-Jun-11	$0.50	30-Jun-15	666,667
8-Jun-11	$0.60	30-Jun-15	666,667
8-Jun-11	$0.70	30-Jun-15	666,666
23-Jun-11	$0.31	20-Jun-13	377,957
23-Jun-11	$0.37	20-Jun-13	377,957
23-Jun-11	$0.43	20-Jun-13	377,957
Total			**48,856,528**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Options on issue as at 30 June 2010:

Grant Date	Exercise price (A$)	Expiry date	Number of options
02-Feb-07	$1.78	02-Feb-11	3,650,000
07-May-07	$1.88	07-May-11	310,000
02-Jul-07	$1.97	02-Jul-11	1,039,000
01-Jun-08	$0.90	20-May-11	562,630
24-Feb-10	$0.60	31-Dec-11	3,333,336
26-Feb-10	$0.50	26-Feb-14	8,333,332
26-Feb-10	$0.60	26-Feb-14	8,633,332
26-Feb-10	$0.70	26-Feb-14	4,000,000
26-Feb-10	$0.60	16-Feb-14	666,666
26-Feb-10	$0.90	16-Feb-14	333,333
26-Feb-10	$1.20	16-Feb-14	333,333
26-Feb-10	$1.50	16-Feb-14	333,333
01-Jun-10	$0.34	01-Jun-12	3,206,597
01-Jun-10	$0.50	01-Jun-14	2,200,000
01-Jun-10	$0.60	01-Jun-14	2,200,000
01-Jun-10	$0.70	01-Jun-14	4,600,000
30-Jun-10	$0.23	30-Jun-14	2,000,000
Total			**45,734,892**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Movement in the options on issue during the year

At 1 July 2010	Granted during the year	Exercise price (A$)	Expiry Date	Exercised During the year	Lapsed during the year	At 30 June 2011
3,650,000		$1.78	2-Feb-11	-	(3,650,000)	-
310,000		$1.88	7-May-11	-	(310,000)	-
1,039,000		$1.97	2-Jul-11	-	(1,039,000)	-
562,630		$0.90	20-May-11	-	-	562,630
3,333,336		$0.60	31-Dec-11	-	-	3,333,336
8,333,332		$0.50	26-Feb-14	-	-	8,333,332
8,633,332		$0.60	26-Feb-14	-	-	8,633,332
4,000,000		$0.70	26-Feb-14	-	-	4,000,000
666,666		$0.60	16-Feb-14	-	-	666,666
333,333		$0.90	16-Feb-14	-	-	333,333
333,333		$1.20	16-Feb-14	-	-	333,333
333,333		$1.50	16-Feb-14	-	-	333,333
3,206,597		$0.34	1-Jun-12	(13,235)	-	3,193,362
2,200,000		$0.50	1-Jun-14	-	-	2,200,000
2,200,000		$0.60	1-Jun-14	-	-	2,200,000
4,600,000		$0.70	1-Jun-14	-	-	4,600,000
2,000,000		$0.23	30-Jun-14	-	-	2,000,000
-	333,340	$0.50	22-Nov-14	-	-	333,340
-	333,330	$0.60	22-Nov-14	-	-	333,330
-	333,330	$0.70	22-Nov-14	-	-	333,330
-	377,957	$0.31	20-Jun-13	-	-	377,957
-	377,957	$0.37	20-Jun-13	-	-	377,957
-	377,957	$0.43	20-Jun-13	-	-	377,957
-	666,667	$0.30	22-Nov-14	-	-	666,667
-	666,667	$0.40	22-Nov-14	-	-	666,667
-	666,666	$0.60	22-Nov-14	-	-	666,666
-	666,666	$0.30	22-Nov-14	-	-	666,666
-	666,667	$0.40	22-Nov-14	-	-	666,667
-	666,667	$0.60	22-Nov-14	-	-	666,667
-	666,667	$0.50	30-Jun-15	-	-	666,667
-	666,667	$0.60	30-Jun-15	-	-	666,667
-	666,666	$0.70	30-Jun-15	-	-	666,666
45,734,892	8,133,871			(13,235)	(4,999,000)	48,856,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

At 1 July 2009	Granted during the year	Exercise price (A$)	Expiry Date	Exercised During the year	Lapsed during the year	At 30 June 2010
2,500,000	-	$0.50	29-Sep-09	(1,650,000)	(850,000)	-
70,000	-	$0.20	01-Oct-09	(70,000)	-	-
3,650,000	-	$1.78	02-Feb-11	-	-	3,650,000
310,000	-	$1.88	07-May-11	-	-	310,000
1,039,000	-	$1.97	02-Jul-11	-	-	1,039,000
562,630	-	$0.90	20-May-11	-	-	562,630
-	3,333,336	$0.60	31-Dec-11	-	-	3,333,336
-	8,333,332	$0.50	26-Feb-14	-	-	8,333,332
-	8,633,332	$0.60	26-Feb-14	-	-	8,633,332
-	4,000,000	$0.70	26-Feb-14	-	-	4,000,000
-	666,666	$0.60	16-Feb-14	-	-	666,666
-	333,333	$0.90	16-Feb-14	-	-	333,333
-	333,333	$1.20	16-Feb-14	-	-	333,333
-	333,333	$1.50	16-Feb-14	-	-	333,333
-	3,206,597	$0.34	01-Jun-12	-	-	3,206,597
-	2,200,000	$0.50	01-Jun-14	-	-	2,200,000
-	2,200,000	$0.60	01-Jun-14	-	-	2,200,000
-	4,600,000	$0.70	01-Jun-14	-	-	4,600,000
-	2,000,000	$0.23	30-Jun-14	-	-	2,000,000
8,131,630	40,173,262			(1,720,000)	(850,000)	45,734,892

23. Reserves

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Share-based payments reserve		
At 1 July	7,509,222	3,780,082
Movement	3,177,538	3,729,140
At 30 June	10,686,760	7,509,222
Foreign currency translation reserve		
At 1 July	581,360	2,365,968
Movement	(1,629,127)	(1,784,608)
At 30 June	(1,047,767)	581,360
	9,638,993	8,090,582
Reserves		
Share-based payments reserve	10,686,760	7,509,222
Foreign currency translation reserve	(1,047,767)	581,360
	9,638,993	8,090,582

Nature and purpose of reserves

(i) Share-based payments reserve

The share based payments reserve is used to recognise the fair value of options issued to Directors, employees, consultants and other service providers but not exercised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(e). The reserve is recognised in profit and loss when the net investment is disposed of.

24. Reconciliation of loss after income tax to net cash used in operating activities

For the purposes of the cash flow statements, cash and cash equivalents consist of cash on hand, cash at bank and net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statements are reconciled to the related items in the statement of financial position as follows:

	30-Jun-11 AUD	30-Jun-10 AUD
Loss after income tax	(10,374,610)	(10,785,560)
Depreciation and amortisation	518,693	85,677
Unrealised foreign exchange gains	(41,544)	(1,070)
Share based payments	3,013,093	1,822,089
Impairment expense	3,677,193	6,500,688
Gain / (loss) on disposal of property, plant and equipment	(20,178)	400,149
	(3,227,353)	(1,978,027)
Changes in Assets and Liabilities		
Exploration and evaluation expenditure	(10,695,050)	-
(Increase)/Decrease in receivables	(998,723)	(2,716,992)
Increase/(Decrease) in payables	2,588,039	27,000
Increase/(Decrease) in provisions	42,613	11,657
Increase/(Decrease) in reserves	-	(1,681,105)
Net cash used in operating activities	(12,290,474)	(6,337,467)

Non-Cash Financing Activities

GMP Securities LLP elected to settle the broking commission due and payable to them of $351,500 for placing of shares through 1,133,871 issued shares in the company as a price of A$0.31 per share.

In addition to the transaction above, GMP securities were also awarded 1,133,871 share options as part of their commission on the share placement. These share options' fair value was $ 164,450 at grant date.

There were no other non-cash financing activities during the period ended 30 June 2011.

The following were the significant non-cash financing activities of the consolidated entity during the financial year ended 30 June 2010:

(i) The Company acquired the Peak Coal Group for a consideration of $15,403,034. The acquisition was settled in full by issue of Wildhorse Energy shares and options (Refer to Note 19 for further details)
(ii) The consolidated entity acquired an intangible asset, the purchase of which was settled in cash and by issue of share and options. The non-cash component of consideration was $747,800.
(iii) Broker fees of $390,563 incurred in relation to the capital raising were settled by issue of options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

25. Related parties

Directors and Specified Executives
Disclosures relating to Directors and Key Management Personnel are set out in the Directors' Report under the section entitled Remuneration Report and Note 25.
Wholly Owned Group
The wholly owned Group consists of the Company and its wholly owned controlled entities as set out below:

		Ordinary capital held	
	Country of incorporation	30-Jun-11 %	30-Jun-10 %
Ultimate parent entity:			
Wildhorse Energy Ltd	Australia		
Subsidiaries of Wildhorse Energy Ltd			
Peak Coal Pty Ltd	Australia	100	100
Wildhorse Energy South Africa	South Africa	100	100
Wildhorse Energy CZ, s.r.o	Czech Republic	100	100
Wildhorse Energy KFT	Hungary	100	100
Wildhorse Resources KFT	Hungary	100	100
Wildhorse Energy Holdings USA Inc	USA	100	100
Wildhorse Energy Australia Pty Ltd	Australia	100	100
Wildhorse (BVI) Inc (i)	British Virgin Islands	-	100
Wildhorse Energy Exploration SA (ii)	Ecuador	100	100
Wildhorse Energy Poland	Poland	100	100
Subsidiaries of Peak Coal Pty Ltd			
White Coal Pty Ltd	Australia	100	100
Subsidiaries of White Coal Pty Ltd			
White Coal Holding Ltd	Hong Kong	100	100
Subsidiaries of White Coal Holding Ltd			
White Coal Energy Ltd (iii)	Hong Kong	100	75
Subsidiaries of White Coal Ltd			
Wildhorse Energy UCG KFT (iii)	Hungary	100	75
Wildhorse Development KFT (iii)	Hungary	100	75
Subsidiaries of Wildhorse Energy Holdings USA Inc			
Wildhorse resources Inc	USA	100	100
Wildhorse Energy Inc	USA	100	100
Subsidiaries of Wildhorse Energy Australia Pty Ltd			
Wildhorse GE Holdings Inc	USA	100	100
Subsidiaries of Wildhorse GE Holdings Inc			
Golden Eagle uranium LLC	USA	90	90
Subsidiaries of Wildhorse (BVI) Inc			
Wildhorse Energy S.A. (iv)	Paraguay	100	100

*

(i) This entity was dissolved on 9 June 2011.
(ii) This entity is in the process of being wound up.
(iii) This entity's 25% share was acquired in October 2010.
(iv) This entity is in the process of being wound up.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Other related parties

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

		Transactions value For the year ended		Receivable from the related Party as at	
Related party		**30-Jun-11**	**30-Jun-10**	**30-Jun-11**	**30-Jun-10**
Quest Petroleum Ltd	(i)	44,846	14,968	31,460	5,286
Transerv Energy Ltd	(ii)	101,367	59,302	17,257	4,576
Pearl Mining & Metals Pty Ltd	(iii)	1,758	-	1,931	-
Wellard Group Holdings	(iv)	-	3,001	-	-

		Transactions value For the year ended		Payable to the related Party as at	
Related party		**30-Jun-11**	**30-Jun-10**	**30-Jun-11**	**30-Jun-10**
Quest Petroleum Ltd	(i)	41,855	-	40,348	-
Kalahari Minerals Plc	(v)	92,727	27,150	-	10,751
CDE Process (Pty) Ltd	(vi)	907,564	-	189,696	-
Aqua Alpha	(vii)	115,926	-	-	-

(i) Quest Petroleum Ltd (QPN) a company associated with Mr Brett Mitchell, who is currently a Director of QPN. The transactions were reimbursement from QPN for some corporate administration costs incurred during the office that the Company operates from, including overhead and wage costs incurred in the ordinary course of business.

(ii) Transerv Energy Ltd (TSV) a company associated with Mr Brett Mitchell, who is currently a Director of TSV. The transactions were reimbursement from TSV for some corporate administration costs incurred during the office that the Company operates from, including overhead and wage costs incurred in the ordinary course of business.

(iii) Pearl Mining & Metals Pty Ltd is a company associated with Mr Richard Pearce. The charges to Pearl Mining & Metals were for reimbursement for travel and overhead costs incurred in the ordinary course of business. However, Richard Pearce is no longer a Director of Wildhorse Energy, having resigned on 26 August 2010.

(iv) Wellard Group Holdings is a company associated with Mr Richard Pearce. The charges to Wellard Group were for reimbursement of overhead and wages costs incurred in the ordinary course of business and a sale of furniture and fittings to the related entity upon moving from the shared premises. However, Richard Pearce is no longer a Director of Wildhorse Energy, having resigned on 26 August 2010.

(v) Kalahari Minerals P/L a company associated with Mr Mark Hohnen, who is currently a Director of Kalahari Minerals P/L. The transactions were reimbursement to Kalahari Minerals for shared corporate administration and travel costs incurred in the ordinary course of business.

(vi) CDE Process (Pty) Ltd is a company associated with Mr Johan Brand, who is currently a significant share holder of CDE. The transactions related to costs of pre-feasibility study were invoiced by CDE.

(vii) AQUA Alpha Drilling SA (Pty) Ltd is a company associated with Mr Johan Brand, who is currently a significant share holder of Aqua Alpha. The transactions related to drilling costs and consultancy fees were invoiced by Aqua Alpha.

The terms and conditions of the transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arms-length basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

26. Key management personnel disclosures

(a) Key Management Personnel Compensation

	CONSOLIDATED 2011 AUD	CONSOLIDATED 2010 AUD
Short-term employee benefits	1,352,708	814,599
Post Employment	27,649	65,257
Share-based payments	2,657,482	1,725,751
	4,037,839	2,605,607

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' report on pages 4 to 24 of this financial report.

(b) Options Holdings of Key Management Personnel (Consolidated Entity)

Details of options and rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

30-Jun-11	Balance at beginning of year 1 July 2010	Granted as Remuneration	Net Other Changes	Balance at end of year 30 June 2011	Total	Not Exercisable
Directors						
Mark Hohnen	6,333,333	-	(333,333)	6,000,000	6,000,000	2,000,000
Matt Swinney	8,500,000	-	(1,500,000)	7,000,000	7,000,000	2,333,334
Brett Mitchell	2,000,000	-	-	2,000,000	2,000,000	-
Ian Middlemas	-	-	-	-	-	-
Johan Brand	9,000,000	-	-	9,000,000	9,000,000	4,000,000
James Strauss	-	2,000,000	-	2,000,000	2,000,000	666,666
Konrad Wetzker	-	2,000,000	-	2,000,000	2,000,000	1,499,999
János Csák (resigned)[1]	-	5,000,000	(5,000,000)	-	-	-
Richard Pearce (resigned)[2]	-	-	-	-	-	-
Key Management Personnel						
Andras Barabas[3]	562,500	-	(500,000)	62,500	62,500	-
Malcolm Shannon[4]	1,100,000	-	(1,100,000)	-	-	-
	27,495,833	9,000,000	(8,433,333)	28,062.50	28,062,500	10,499,999

[1] Resigned 21 January 2011 and holding removed from Report as János Csák no longer a Director of the Company.

[2] Resigned 26 August 2010, therefore holding is excluded from Remuneration Report as Richard Pearce is no longer a Director of the Company.

[3] Not considered Key Management Personnel for the financial year ended 30 June 2011

[4] Not considered Key Management Personnel for the financial year ended 30 June 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

30 June 2010	Balance at beginning of year 1 July 2009	Granted as Remuneration	Net Other Changes	Balance at end of year 30 June 2010	Total	Not Exercisable
Directors						
Mark Hohnen	-	6,000,000	333,333	6,333,333	6,333,333	6,333,333
Mat Swinney	-	7,000,000	1,500,000	8,500,000	8,500,000	8,500,000
Brett Mitchell	-	2,000,000	-	2,000,000	2,000,000	-
Richard Pearce	750,000	-	(750,000)	-	-	-
Ian Middlemas	-	-	-	-	-	-
Craig Burton	250,000	-	(250,000)	-	-	-
Henry Neugebauer	500,000	-	(500,000)	-	-	-
Key Management Personnel						
Johan Brand	-	8,000,000	1,000,000	9,000,000	9,000,000	6,000,000
András Barabás	562,500	-	-	562,500	562,500	-
Malcolm Shannon Jr	1,100,000	-	-	1,100,000	1,100,000	-
	3,162,500	23,000,000	1,333,333	27,495,833	27,495,833	20,833,333

Details of options provided as remuneration can be found in the Remuneration Report contained in the Directors' Report designated as audited.

(c) Shareholdings of Key Management Personnel (Consolidated Entity)

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Shares held in Wildhorse Energy Ltd (number)

30 June 2011	Balance 1 July 2010	Granted as Remuneration	On Exercise of Options	Net Other Changes	Balance 30 June 2011
Directors					
Mark Hohnen[1]	666,667	-	-	-	666,667
Matt Swinney[2]	66,667	-	-	-	66,667
Brett Mitchell	-	-	-	-	-
Ian Middlemas[3]	5,100,000	-	-	-	5,100,000
Johan Brand	-	-	-	735,294	735,294
James Strauss	-	-	-	-	-
Konrad Wetzker	-	-	-	-	-
János Csák[4]	-	-	-	-	-
Richard Pearce[5]	4,196,375	-	-	(4,196,375)	-
Craig Burton	5,566,250	-	-	(5,566,250)	-
Henry Neugebauer	7,939,750	-	-	(7,939,750)	-
Key Management Personnel					
Malcolm Shannon Jr	20,000	-	-	(20,000)	-
	23,555,709	-	-	(16,987,081))	6,568,628

[1] Held by Vynben Pty Ltd
[2] Held by Bluesail Holdings Pty Ltd
[3] Held by Arredo Pty Ltd
[4] Resigned 21 January 2011
[5] Resigned 26 August 2010, therefore holding removed from Report as Richard Pearce no longer a Director of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

No other key management personnel held shares during the year ended 30 June 2011

30 June 2010	Balance 1 July 2009	Granted as Remuneration	On Exercise of Options	Net Other Changes	Balance 30 June 2010
Directors					
Mark Hohnen	-	-	-	666,667	666,667
Mat Swinney	-	-	-	66,667	66,667
Brett Mitchell	-	-	-	-	-
Richard Pearce	3,810,875	-	400,000	(14,500)	4,196,375
Ian Middlemas	5,000,000	-	-	100,000	5,100,000
Craig Burton	5,316,250	-	250,000	-	5,566,250
Henry Neugebauer	7,939,750				7,939,750
					-
Key Management Personnel					-
Johan Brand	-				-
András Barabás	-				-
Malcolm Shannon Jr	20,000	-	-	-	20,000
	22,086,875	-	650,000	818,834	23,555,709

27. Share-based payments

Options are granted under the Company Employee Share Incentive Option Plan which was approved by the Directors on 11 September 2006. All staff are eligible to participate in the plan.

Options are granted under the plan for no consideration. Options are granted for a three year period and 100 per cent of each new tranche becomes exercisable after one year of the date of grant. Entitlements to the options are vested as soon as they become exercisable and performance conditions have been met. There are no cash settlement alternatives. Options granted under the plan carry no dividend or voting rights.
The expense recognised in the statement of comprehensive income in relation to share-based payments is disclosed in Note 9.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of any movements in share options issued during the year:

	No 2011	WAEP 2011	No 2010	WAEP 2010
Outstanding at the beginning of the year	45,734,892	$0.71	8,131,630	$1.34
Granted during the year	8,133,871	-	40,173,262	-
Forfeited during the year	(4,999,000)	-	(850,000)	-
Exercised during the year	(13,235)	-	(1,720,000)	-
Outstanding at the end of the year	48,856,528	$0.56	45,734,892	$0.71

Options exercisable as at 30 June 2011 was 33,323,197 (2010: 22,268,226)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

The outstanding balance of options over ordinary shares as at 30 June 2011 represented by:

Grant Date	Exercisable	Expiry date	Exercise price	Number of options
2-Jun-08	20-May-11	30-May-15	$0.90	562,630
18-Feb-10	31-Dec-11	31-Dec-11	$0.60	3,333,336
26-Feb-10	26-Feb-10 to 26-Feb-12	26-Feb-14	$0.50	1,000,000
26-Feb-10	26-Feb-10 to 26-Feb-13	26-Feb-14	$0.60	500,000
26-Feb-10	26-Feb-10 to 26-Feb-14	26-Feb-14	$0.70	500,000
26-Feb-10	26-Feb-10 to 26-Feb-12	26-Feb-14	$0.50	7,333,332
26-Feb-10	26-Feb-10 to 26-Feb-13	26-Feb-14	$0.60	8,133,332
26-Feb-10	26-Feb-10 to 26-Feb-14	26-Feb-14	$0.70	3,500,000
26-Feb-10	26-Feb-10	16-Feb-14	$0.60	666,666
26-Feb-10	26-Feb-10	16-Feb-14	$0.90	333,333
26-Feb-10	26-Feb-10	16-Feb-14	$1.20	333,333
26-Feb-10	26-Feb-10	16-Feb-14	$1.50	333,333
1-Jun-10	01-Jun-10 to 01-Jun 14	1-Jun-14	$0.50	2,200,000
1-Jun-10	01-Jun-10 to 01-Jun 14	1-Jun-14	$0.60	2,200,000
1-Jun-10	01-Jun-10 to 01-Jun 14	1-Jun-14	$0.70	4,600,000
1-Jun-10	1-Jun-10	1-Jun-12	$0.34	3,193,362
30-Jun-10	30-Jun-10	30-Jun-14	$0.23	2,000,000
22-Nov-10	26-Feb-11 to 26-Aug-12	22-Nov-14	$0.30	1,333,333
22-Nov-10	26-Feb-11 to 26-Aug-12	22-Nov-14	$0.40	1,333,334
22-Nov-10	22-Nov-10 to 17-Jul-14	22-Nov-14	$0.50	333,340
22-Nov-10	22-Nov-10 to 17-Jul-14	22-Nov-14	$0.60	1,666,663
22-Nov-10	22-Nov-10 to 17-Jul-14	22-Nov-14	$0.70	333,330
8-Jun-11	08-Jun-11 to 08-Jun-13	30-Jun-15	$0.50	666,667
8-Jun-11	08-Jun-11 to 08-Jun-13	30-Jun-15	$0.60	666,667
8-Jun-11	08-Jun-11 to 08-Jun-13	30-Jun-15	$0.70	666,666
23-Jun-11	23-Jun-11	20-Jun-13	$0.31	377,957
23-Jun-11	23-Jun-11	20-Jun-13	$0.37	377,957
23-Jun-11	23-Jun-11	20-Jun-13	$0.43	377,957
Total				48,856,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

The outstanding balance of options over ordinary shares as at 30 June 2010 represented by:

Grant Date	Exercisable	Expiry date	Exercise price	Number of options
02-Feb-07	02-Feb-08	02-Feb-11	$1.78	3,650,000
07-May-07	07-May-08	07-May-11	$1.88	310,000
02-Jul-07	21-Aug-08	02-Jul-11	$1.97	1,039,000
01-Jun-08	01-Jun-09	20-May-11	$0.90	562,630
24-Feb-10	24-Feb-10	31-Dec-11	$0.60	3,333,336
26-Feb-10	26-Feb-10 to 26-Feb-12	26-Feb-14	$0.50	8,333,332
26-Feb-10	26-Feb-10 to 26-Feb-13	26-Feb-14	$0.60	8,633,332
26-Feb-10	26-Feb-10 to 26-Feb-14	26-Feb-14	$0.70	4,000,000
26-Feb-10	26-Feb-10	16-Feb-14	$0.60	666,666
26-Feb-10	26-Feb-10	16-Feb-14	$0.90	333,333
26-Feb-10	26-Feb-10	16-Feb-14	$1.20	333,333
26-Feb-10	26-Feb-10	16-Feb-14	$1.50	333,333
01-Jun-10	01-Jun-10	01-Jun-12	$0.34	3,206,597
01-Jun-10	01-Jun-10 to 01-Jun 14	01-Jun-14	$0.50	2,200,000
01-Jun-10	01-Jun-10 to 01-Jun 14	01-Jun-14	$0.60	2,200,000
01-Jun-10	01-Jun-10 to 01-Jun 14	01-Jun-14	$0.70	4,600,000
30-Jun-10	30-Jun-10	30-Jun-14	$0.23	2,000,000
Total				45,734,892

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is between one and four years. The range of exercise prices for options outstanding at the end of the year was A$0.225 – A$1.50 (2010: A$0.225 – A$1.97)

Fair value of options granted
Options granted during the year ended 30 June 2011; the fair values of options granted during the financial year were $0.1823 and $0.2304 with a weighted average of $0.1204. The fair value at grant date is independently determined using the binomial method of valuing options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of options:

	31c Options	37.2c Options	43.4c Options	30c Options	40c Options
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	115%	115%	115%	110%	110%
Risk-free interest rate (%)	4.68%	4.68%	4.68%	5.24%	5.24%
Expected life of option (years)	2	2	2	4	4
Option exercise price ($)	$0.31	$0.372	$0.434	$0.30	$0.40
Weighted average share price at grant date ($)	$0.270	$0.270	$0.270	$0.33	$0.33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	50c Options	50c Options	60c Options	60c Options	70c Options	70c Options
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	110%	120%	110%	120%	110%	120%
Risk-free interest rate (%)	5.24%	5.02%	5.24%	5.02%	5.24%	5.02%
Expected life of option (years)	4	4.06	4	4.06	4	4.06
Option exercise price ($)	$0.50	$0.50	$0.60	$0.60	$0.70	$0.70
Weighted average share price at grant date	$0.33	$0.305	$0.33	$0.305	$0.33	$0.305

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily by the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

28. Discontinued Operations

The consolidated entity ceased operation in Paraguay during the previous financial year. The carrying value of plant and equipment of the discontinued operation was classified as assets held for sale, while the capitalised exploration and evaluation expenditure was fully impaired as at 30 June 2009. During the year ended 30 June 2010, the assets held for sale were fully impaired. The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The effect of the discontinued operations in the statement of comprehensive income

	30-Jun-11 AUD	30-Jun-10 AUD
Results from discontinued operation		
Impairment expense	-	(363,562)
Results from operating activities	-	(363,562)
Income tax	-	-
Loss for the year	-	(363,562)
Basic loss per share (cents)		(0.3)
Diluted loss per share (cents)		(0.3)

The loss from discontinued operation of $363,562 for the year ended 30 June 2010 is attributable entirely to the owners of the consolidated entity.

Cash flows from/ (used in) discontinued operation
There were no cash flows from or used in the discontinued operation during the year 30 June 2011 and the comparative period.

Effect of disposal on the financial position of the consolidated entity

	30-Jun-11 AUD	30-Jun-10 AUD
Exploration and evaluation expenditure	-	-
Assets held for sale	-	(363,562)
Net assets and liabilities	-	(363,562)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

29. Parent Disclosures

	30-Jun-11 AUD	30-Jun-10 AUD
Current Assets	11,734,913	30,352,769
Non-Current Assets	38,513,511	18,718,286
Total Assets	50,248,424	49,071,055
Current Liabilities	766,709	441,229
Total Liabilities	766,709	441,229
Contributed equity	80,896,849	74,064,858
Reserves	10,686,759	7,509,218
Accumulated losses	(42,101,893)	(32,944,250)
Total Equity	49,481,715	48,629,826

	30-Jun-11 AUD	30-Jun-10 AUD
Loss for the year	(9,157,643)	(9,549,522)
Total Comprehensive loss for the period	(9,157,643)	(9,549,522)

The parent entity does not have any commitments or contingent liabilities.

30. Commitments

(a) *Contracted and uncontracted Commitments*

Capital expenditure contracted and uncontracted to maintain mining licenses at the reporting date but not recognised as liabilities is as follows:

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Payable:		
Within one year	7,157,774	6,494,999
Later than one year but not later than five years	13,913,040	1,419,870
	21,070,814	7,914,869

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(b) Lease Commitments

The Company's lease commitments are the following:

(i) to maintain its rights and tenure over its two main US uranium projects Sweetwater and Bison Basin.
(ii) motor vehicles leases over a 5 year period.
(iii) Hungarian commercial property leases.

The leasing agreements for motor vehicles are over 5 year period.

Future lease commitments at the reporting date but not recognised as liabilities are as follows:

	CONSOLIDATED	
	30-Jun-11 AUD	30-Jun-10 AUD
Lease Commitments		
Payable:		
Within one year	282,469	259,191
Later than one year but not later than five years	543,993	102,823
	826,462	362,014

(c) Bank Guarantees

As at 30 June 2011 the consolidated entity had bank guarantees issued to mining leases $1,235,610 (2010: $1,118,852) secured by cash and in relation to the corporate visa card for $92,508 (2010: $75,000).

31. Acquisition of non-controlling interests

In October 2010, the group acquired an additional 25% interest in White Coal Energy Limited Group for a nominal consideration increasing the group's ownership in these companies from 75% to 100%. The carrying amount of the assets of these companies at the acquisition was $10.1 million. The group recognised a decrease in non-controlling interest of $2.5 million. This movement has been recognised directly in equity.

32. Contingencies

There are no known contingent liabilities or assets as at report date.

33. Subsequent events

Other than the events disclosed above in the Directors' Report, no other matters or circumstance have arisen since the end of the financial period 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 future financial years.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WILDHORSE ENERGY LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Wildhorse Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2011, 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 of the consolidated entity comprising 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 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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 about 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 entity's preparation of the financial report that gives a true and fair view 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 the entity's 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.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Wildhorse Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Wildhorse Energy 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 2011 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 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Wildhorse Energy Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 30th day of September 2011

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

OVERVIEW

In March 2003, the Australian Securities Exchange (ASX) Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations ("Recommendations").

In August 2007, the ASX Corporate Governance Council published a revised Principles and Recommendations (2nd Edition).

In 2010, the ASX Corporate Governance Council published a further revised Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) to ensure that these remain relevant to the Australian business and investment communities. The Company's Corporate Governance Statement is structured below with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition). The Company's Board of Directors has reviewed the recommendations. In many cases the Company was already achieving the standard required. In a limited number of instances, the Company has determined not to comply with the standard set out in the recommendations, largely due to the recommendation being considered by the Board to be unduly onerous for a Company of this size. Recommendations which the Company does not comply with are highlighted in this report.

Further information on the Company's corporate governance policies is located on the website: www.wildhorse.com.au

1. PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Companies should establish and disclose the respective roles and responsibilities of board and management.

- **Recommendation 1.1**: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.
- **Recommendation 1.2:** Companies should disclose the process for evaluating the performance of senior executives.
- **Recommendation 1.3:** Companies should provide the information indicated in the Guide to reporting on Principle 1.

1.2 The Company's practice:

The Board considers that the essential responsibility of Directors is to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value. Responsibility for management of the Company's business is delegated to the Managing Director and to the Executive Director, who are accountable to the Board.

Further, the Board takes specific responsibility for:-

- Contributing to the development of and approving corporate strategy;
- Appointing, assessing the performance of and, if necessary removing the Executive Director;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- Overseeing and monitoring:
    - Organizational performance and the achievement of strategic goals and objectives
    - Compliance with the Company's code of conduct
    - Progress of major capital expenditures and other corporate projects including acquisitions, mergers and divestments;
- Monitoring financial performance including approval of the annual, half yearly and quarterly reports and liaison with the auditor;

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

- Ensuring there are effective management processes in place, including reviewing and ratifying systems of risk identification and management, ensuring appropriate and adequate internal control processes, and that monitoring and reporting procedures for these systems are effective;
- Enhancing and protecting the Company's reputation;
- Approving major capital expenditure, capital management, acquisitions and divestments;
- Reporting to shareholders;
- Appointment of Directors; and
- Any other matter considered desirable and in the interest of the Company

The Board is responsible for the overall Corporate Governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Company has a formal Board Charter which is on the Company's website and summarised above. In broad terms, the Board is accountable to the shareholders and must ensure that the Company is properly managed to protect and enhance shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

Senior executives are responsible for the ongoing management of the Company's operations and report to the Board. They are accountable for all functions that are necessary to the operations of the Company and not specifically reserved to the Board. Senior Executives performance is reviewed on a regular basis by the Board.

Based on the above information the Company believes it is fully compliant with Recommendations 1.1, 1.2 and 1.3.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

- **Recommendation 2.1:** A majority of the board should be independent Directors.
- **Recommendation 2.2:** The chair should be an independent Director.
- **Recommendation 2.3:** The roles of chair and chief executive officer should not be exercised by the same individual.
- **Recommendation 2.4:** The board should establish a nomination committee.
- **Recommendation 2.5:** Companies should disclose the process for evaluating the performance of the board, its committees and individual Directors.
- **Recommendation 2.6:** Companies should provide the information indicated in the Guide to reporting on Principle 2.

2.2 The Company's practice:

Independence
Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent Directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, the Company has four (4) independent Directors, with the Board comprising of a non-executive Chairman, a Managing Director, an Executive Director, a Technical Director and three Non-Executive Directors.

Composition
The Directors have been chosen for their particular expertise to provide the company with a competent and well-rounded decision-making body and which will assist the company and shareholders in meeting their objectives.

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The term in office held by each Director in office at the date of this report is as follows and details of the professional skills and expertise of each of the Directors are set out in the Directors' Report.

Name	Position	Term in Office
Mr Mark Hohnen	Non-Executive Chairman	18 months
Mr Matt Swinney	Managing Director	18 months
Mr Brett Mitchell	Executive Director	2½ years
Mr Ian Middlemas	Non-Executive Director	19 months
Mr Johan Brand	Technical Director	10 months
Mr James Strauss	Non-Executive Director	13 months
Mr Konrad Wetzker	Non-Executive Director	6 months

The Directors meet frequently, both formally and informally, so that they maintain a mutual, thorough understanding of the Company's business and to ensure that the Company's policies of corporate governance are adhered to.

Education

The Company has a formal process to educate new Directors about the nature of the business, current issues, the corporate strategy and the Company's expectations concerning the performance of Directors. Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The Director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other board members.

Nomination committee

The Company does not currently have a separate nomination committee and as such has not complied with Recommendation 2.4. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities and as such, the Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

Monitoring of Board Performance

The performance of all Directors is reviewed by the Chairman on an ongoing basis and any Director whose performance is considered unsatisfactory is asked to retire. The Chairman's performance is reviewed by the other Board members.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Director's performance during the course of the year. Those guidelines include:

- Attendance at all Board meetings. Missing more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed,
- Attendance at the Company's Shareholder Meetings. Non-attendance without reasonable excuse will result in that Director's position being reviewed.

Based on the above information the Company believes it is fully compliant with Recommendations 2.1, 2.2, 2.3, 2.5 and 2.6. The Company is not compliant with Recommendation 2.4 as outlined.

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PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Companies should actively promote ethical and responsible decision-making.

- **Recommendation 3.1**: Companies should establish a code of conduct and disclose the code or a summary of the code as to:
  - the practices necessary to maintain confidence in the company's integrity
  - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
  - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices
- **Recommendation 3.2**: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.
- **Recommendation 3.3:** Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.
- **Recommendation 3.4:** Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.
- **Recommendation 3.5:** Companies should provide the information indicated in the Guide to reporting on Principle 3.

3.2 The Company's practice:

Ethical Standards

The Company has a formal Code of Conduct as per Recommendation 3.1. This code outlines how Directors and employees of the Company and its related bodies corporate are to behave when conducting business. A full copy of this Code of Conduct is available on the Company's website.

The Company is committed to the highest level of integrity and ethical standards in all business practices. Directors and employees must conduct themselves in a manner consistent with current community and corporate standards and in compliance with all legislation. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Diversity Policy
The Board has adopted a Diversity Policy as per Recommendation 3.2. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Diversity Policy outlines the processes by which the Board will set measurable objectives to achieve the aims of its Diversity Policy, with particular focus on gender diversity within the Company.

The Company is committed to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees and is utilised to enhance the Company's performance.

The Board is responsible for monitoring Company performance in meeting the Diversity Policy requirements, including the achievement of diversity objectives.

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Gender Diversity
As a priority, the Company is focusing on the participation of women on its Board and within senior management. The Board is in the process of determining appropriate measurable objectives for achieving gender diversity.

Women Employees, Executives and Board Members

The Company and its consolidated entities have twelve (12) female employees/executives its Company Secretary; and

- its Company Secretary, located in Australia;
- an executive assistant, located in Australia; and
- ten (10) fulltime, female employees, located in Hungary,

which represent approximately 35% of the total employees, executives and/or board members of the Company and its consolidated entities. There are currently no female members of the Board of the Company.

Based on the above information the Company believes it is fully compliant with Recommendations 3.1, 3.2, 3.3, 3.4 and 3.5.

4. PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

- **Recommendation 4.1:** The board should establish an audit committee.
- **Recommendation 4.2**: The audit committee should be structured so that it:
  - consists only of Non-Executive Directors
  - consists of a majority of independent Directors
  - is chaired by an independent chair, who is not chair of the board
  - has at least three members.
- **Recommendation 4.3:** The audit committee should have a formal charter.
- **Recommendation 4.4:** Companies should provide the information indicated in the Guide to reporting on Principle 4.

4.2 The Company's practice:

Audit Committee
The Board has created a separate audit committee and therefore has complied with Recommendation 4.1, except to the extent that, due to the size and current operations of the Company, the audit committee currently only has two members (one of which is an independent Director and one of which is an executive Director) for which reason the Company is not compliant with all of Recommendation 4.2. The duties and responsibilities delegated to the audit committee include:

- reviewing internal control and recommending enhancements;
- monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- improving the quality of the accounting function, personnel and processes;
- reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;

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- liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner; and
- reviewing the performance of the external auditors on an annual basis.

Audit and Compliance Policy

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues and the Board meets quarterly to consider audit matters prior to statutory reporting.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions.

The Board assumes responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The board, consisting of members with financial expertise and detailed knowledge and experience of the mineral exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company. The Executive Director and (then) Company Secretary declared in writing to the Board that the Company's financial reports for the year ended 30 June 2011 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

Based on the above information the Company believes it is fully compliant with Recommendations 4.1, 4.3 and 4.4. The Company is not compliant with all of Recommendation 4.2 as outlined above.

5. PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Companies should promote timely and balanced disclosure of all material matters concerning the company.

- **Recommendation 5.1**: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.
- **Recommendation 5.2:** Companies should provide the information indicated in the Guide to reporting on Principle 5.

The Company's practice:

Continuous Disclosure Policy

The Company has a formal Continuous Disclosure Policy as required by Recommendation 5.1. This policy was introduced to ensure the Company achieves best practice in complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules and ensuring The Company and individual officers do not contravene the Corporations Act or ASX Listing Rules. A full copy of this policy can be found on the Company’s website.

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.

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Therefore to meet this obligation the Company undertakes to:

(a) Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies securities, unless that information is not required to be disclosed under the listing rules;
(b) Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and

Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Executive Director and the Company Secretary are responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all Directors, officers and employees of the Company coordinate disclosures through the Company Secretary**,** including:

(a) Media releases;
(b) Analyst briefings and presentations; and
(c) The release of reports and operational results.

Based on the above information the Company believes it is fully compliant with Recommendations 5.1 and 5.2.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

- **Recommendation 6.1:** Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.
- **Recommendation 6.2:** Companies should provide the information indicated in the Guide to reporting on Principle 6.

6.2 The Company's practice:

Shareholder Communication
It is the policy of the Company to communicate effectively with its shareholders by giving them ready access to balanced and understandable information about the Company and making it easier for them to participate in general meetings.

The Board encourages full shareholder participation at the Annual General Meeting as it provides shareholders an opportunity to review the Company's annual performance. Shareholder attendance also ensures a high level of accountability and identification with the Company's strategy and goals.

The shareholders are responsible for voting on the appointment of Directors, approval of the maximum amount of Directors' fees and the granting of options and shares to Directors. Important issues are presented to the shareholders as single resolutions.

The Company's auditor is required to be present, and be available to shareholders, at the Annual General Meeting.

Information is communicated to shareholders through:-

- the Annual Report which is distributed to all shareholders;
- Half-Yearly Reports, Quarterly Reports, and all Australian Securities Exchange announcements which are posted on the Company's website;

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- the Annual General Meeting and other meetings so called to obtain approval for Board action as appropriate; and
- compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules.

The Company's full policy on shareholder communication can be found on our website.

Based on the above information the Company believes it is fully compliant with Recommendations 6.1 and 6.2.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Companies should establish a sound system of risk oversight and management and internal control.

- **Recommendation 7.1:** Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.
- **Recommendation 7.2:** The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.
- **Recommendation 7.3:** The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- **Recommendation 7.4:** Companies should provide the information indicated in the Guide to reporting on Principle 7.

The Company's practice:

RISK MANAGEMENT
Recognise and Manage Risk
Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter.

The Board has established a formal policy to effectively recognise and manage risk as required by Recommendation 7.1. The Company's policy is to achieve levels of operation that balance risk and reward with the ultimate aim of optimising shareholder value. The Risk Management and Internal Control policy is detailed in full on our website.

Oversight of the risk management system

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The Company believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee.

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The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the Company's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The Executive Director has declared, in writing to the Board and in accordance with section 295A of the Corporations Act, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Company.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.
- Quality and integrity of personnel - the Company's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

Based on the above information the Company believes it is fully compliant with Recommendations 7.1, 7.2, 7.3 and 7.4.

8. PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

- **Recommendation 8.1**: The board should establish a remuneration committee.
- **Recommendation 8.2**: The remuneration committee should be structured so that it:
  - consists of a majority of independent Directors
  - is chaired by an independent chair
  - has at least three members
- **Recommendation 8.3**: Companies should clearly distinguish the structure of Non-Executive Directors’ remuneration from that of executive Directors and senior executives.
- **Recommendation 8.4:** Companies should provide the information indicated in the Guide to reporting on Principle 8.

8.2 The Company's practice:

Remuneration committee

The Company has created a separate remuneration committee, which consists of three members, the majority of which are independent Directors and is chaired by an independent chair, and as such has complied with Recommendation 8.1 and Recommendation 8.2.

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Remuneration policies

Remuneration of Directors are formalised in service agreements. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Directors themselves, the executive Directors and the executive team.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating Directors and senior executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive Directors' and senior executives' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

1. Retention and Motivation of senior executives
2. Attraction of quality management to the Company
3. Performance incentives which allow executives to share the rewards of the success of the Company

Remuneration of Non-Executive Directors is determined by the Board with reference to comparable industry levels and, specifically for Directors' fees, within the maximum amount approved by shareholders. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

For details on the amount of remuneration and all monetary and non-monetary components for all Directors refer to the Remuneration Report on pages 10 to 22 of the Financial Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

Based on the above information the Company believes it is fully compliant with Recommendations 8.1, 8.2, 8.3 and 8.4.