



31 January 2013

WILDHORSE ENERGY LIMITED
DECEMBER 2012 QUARTERLY REPORT

Wildhorse Energy ('WHE' or 'the Company'), the AIM and ASX listed company focussed on developing underground coal gasification ('UCG') and uranium projects in Central and Eastern Europe, is pleased to announce its Quarterly Report for the three months ended 31 December 2012.

Overview:

- **Successful completion of study regarding the establishment of required UCG regulatory development in line with the Company's recent UCG Regulatory Development Cooperation Agreement**
- **On-going discussions with a range of parties as part of an evaluation of strategic partners to fund completion of the Bankable Feasibility Study ('BFS') for its flagship Mecsek Hills UCG Project**
- **Coal licence applications advancing in Central and Eastern Europe in line with roll-out strategy to become a leading provider of fuel in the region**
- **Uranium due diligence study completed – significant step towards the formation of a joint venture to develop the Mecsek Hills Uranium Project**
- **Total JORC Inferred Resource of 48.3Mt at 0.072% U3O8 for 77Mlbs of U3O8 and an Exploration Target¹ of an additional 55-90Mlbs of U3O8 with a grade range of 0.075-0.10% U3O8, making it one of the largest uranium deposits in Europe**

WHE Managing Director Matt Swinney said, "We believe that the huge opportunity for UCG and nuclear to provide energy security relief in Central and Eastern Europe is increasingly gaining recognition amongst investors and the industry alike. With this in mind, we are confident that the successful completion of high level, government supported evaluations during the period regarding both the establishment of appropriate UCG regulations to develop our Mecsek Hills UCG Project and the formation of a joint venture to develop the Mecsek Hills Uranium Project will underpin the growth of these potentially large-scale energy projects in the future.

"The completion of these studies, which represent important milestones in the formulation of UCG regulations and a uranium joint venture, have been advanced in tandem with on-going strategic partner discussions with a number of parties which are progressing positively. Having made substantial headway on

a corporate level over the last six months, the completion of a strategic partner search will enable us to rapidly advance operations at our flagship Mecsek Hills UCG Project into its next stage of development through the development of an Indicated & Measured JORC resource and recommencement of the BFS. As leaders in UCG in Europe, and with a significant interest in one of Europe's largest uranium deposits, we believe that we are well placed to add value to the Company during 2013."

UCG Update

In July 2012, WHE signed a Cooperation Agreement with the Hungarian Geological and Geophysical Institute and the Faculty of Earth Science and Engineering of University of Miskolc to formalise the legislative and regulatory framework required to develop UCG projects in Hungary. Since then, the WHE team has been working closely with these institutions to assess the requirements for a regulatory framework for the UCG industry. This evaluation has progressed positively and is now complete. The Company will now work closely with all parties and the various Hungarian Government entities to implement the regulatory changes recommended in order to allow the UCG licensing process to be completed in a timely fashion. The Company remains in constant discussion with all parties and looks forward to updating the market regarding the next stage of development at the appropriate time.

The Company remains in discussions with potential strategic partners to fund the completion of the BFS and once secured, the Company intends to initiate a drilling programme to upgrade its current JORC compliant Inferred resource to Indicated and Measured categories.

Towards the BFS, the Company is conducting works to enhance environmental and resource definition and comprehension of its Project target coal areas. This work includes:

- Three dimensional seismic re-processing and interpretation, in consultation with the Hungarian Geophysical and Geological Association, MFGI, to develop a three dimensional model of the target Project coal panels including geological displacements and stratigraphical horizons
- High resolution two dimensional seismic measurements to define project target coal packages and de-risk and define the coal panel selection
- Historical borehole logging and coal quality sampling to improve the historical Hungarian drilling database
- Environmental studies with Golders Associates on Project baseline hydro-geological monitoring for the conceptual water model

The Company is near to completion of its previously announced engineering re-design studies to explore the potential for a commercial demonstration UCG to CCGT facility of approximately 50 MWe Gross (100MWt LHV fuel input), in order to lower initial capital requirements and ability to apply simplified licencing procedures. The study is reviewing potential options to reduce upfront capital expenditure for the project through a phased development approach.

In line with the Company's strategy to expand its footprint in Central and Eastern Europe, WHE continues to advance its coal licence applications throughout the region and particularly in Poland where the Company has seven licence applications under consideration.

Mecsek Hills Uranium Project Update

In June 2012, the Hungarian government formally pledged its support for the development of a Joint Venture ('JV') between the Company, Hungarian state owned Mecsek-Öko ('MO') and Mecsekérc ('ME'), and Hungarian Electricity Ltd ('MVM'), the owner of Paks Nuclear Power Plant ('Paks NPP'), to evaluate the necessary conditions to restart uranium mining.

This was a major step in the development of the Mecsek Hills Uranium Project which combines WHE's 42.9 sq km Pécs-Abaliget uranium licence and MO's adjoining 19.6 sq km MML-E uranium licence. The project has a total JORC Inferred Resource of 48.3Mt at 0.072% U3O8 for 77Mlbs of U3O8 and an Exploration Target¹ of an additional 55-90Mlbs of U3O8 with a grade range of 0.075-0.10% U3O8, making it one of the largest uranium deposits in Europe.

Since then, the WHE team has successfully completed its due diligence evaluation. This examined the feasibility of restarting uranium mining at the Mecsek Hills and the necessary conditions for exploitation. With this in mind, the Company conducted detailed studies regarding the environmental, water protection, health and safety, mining design, public support and regulatory aspects of recommencing uranium mining in the area and the findings were highly positive. Additionally, WHE has established a Pécs based company, Magyar Urán Zrt, in order to conduct the uranium studies and act as the potential joint venture entity. During the coming period we will continue our discussions regarding these studies with the Hungarian state with the aim of concluding a binding JV between all involved parties.

Footnote

¹ *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.*

****ENDS****

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

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Further Information on Wildhorse:

Wildhorse Business Model

The WHE business model is focussed upon applying UCG technology to convert coal into syngas and then selling the syngas to power stations as a gas feedstock. The development and expansion of the UCG portfolio is underpinned by a potentially world class uranium project which the Company is advancing with its Hungarian uranium development partners Mecsek-Öko and Mecsekérc, with the support of the Hungarian Government.

Business Strategy

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

Alongside its UCG assets, the Company also has a significant interest in a highly prospective uranium deposit in Hungary, which has a JORC Inferred resource of 48.3Mt at 0.072% uranium U3O8 for 77Mlbs of U3O8. As announced on 27 June 2012, the government has issued a formal decree in support of the formation of a joint venture ('JV') with state-owned organisations, Mecsek-Öko, and Mecsekérc and Hungarian Electricity Ltd ('MVM') (the owner of Paks Nuclear Power Plant). The JV's initial purpose will be to evaluate the necessary conditions to restart uranium mining in the Mecsek Hills with the ultimate aim of recommencing uranium mining at the Mecsek Hills Uranium Project.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Wildhorse Energy Limited

ABN

98 117 085 748

Quarter ended ("current quarter")

31 Dec 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(989)	(2,040)
(b) development	-	-
(c) production	-	-
(d) administration	(1,221)	(1,697)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	53	72
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Payments associated with AIM Listing	(2)	(4)
Net Operating Cash Flows	(2,159)	(3,669)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(9)	(57)
1.9 Proceeds from sale of:		
(a) prospects	(2)	24
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (Intellectual Property)	-	-
Net investing cash flows	(11)	(33)
1.13 Total operating and investing cash flows (carried forward)	(2,170)	(3,702)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		(2,170)	(3,702)
	Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-	-
1.15	Cost of share issue	-	-	-
1.16	Proceeds from borrowings	-	-	-
1.17	Repayment of borrowings	-	-	-
1.18	Dividends paid	-	-	-
1.19	Capital raising costs	-	-	-
1.20	Other	-	-	-
	Net financing cash flows		-	-
	Net increase (decrease) in cash held		(2,170)	(3,702)
1.21	Cash at beginning of quarter/year to date	9,371		10,805
1.22	Exchange rate adjustments to item 1.20	(15)		83
1.23	Cash at end of quarter	7,186		7,186

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	291
1.25	Aggregate amount of loans to the parties included in item 1.10	Nil

1.26 Explanation necessary for an understanding of the transactions

Consulting fees, salaries and superannuation paid to or on behalf of directors and payments to entities related to directors.

Non-cash financing and investing activities

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

NIL

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

NIL

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,381
4.2 Development	-
4.3 Production	-
4.4 Administration	837
Total	2,218

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,278	8,265
5.2 Deposits at call	908	1,106
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,186	9,371

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	Ajka (VBK/3317-6/2010)	Exploration right	100 %	Nil
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference			
	*securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	403,058,774	403,058,774	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities			
	<i>(description)</i>			
7.6	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)	<i>Convert on a 1:1 basis</i>		<i>Exercise price</i>	<i>Expiry date</i>
		377,957		\$0.31	2013.06.20
		377,957		\$0.372	2013.06.20
		377,957		\$0.434	2013.06.20
		8,333,332		\$0.50	2014.02.26
		8,633,332		\$0.60	2014.02.26
		4,000,000		\$0.70	2014.02.26
		666,666		\$0.60	2014.02.16
		333,333		\$0.90	2014.02.16
		333,333		\$1.20	2014.02.16
		333,333		\$1.50	2014.02.16
		604,819		\$0.077	2014.04.12
		604,820		\$0.0924	2014.04.12
		604,820		\$0.1078	2014.04.12
		2,200,000		\$0.50	2014.06.01
		2,200,000		\$0.60	2014.06.01
		4,600,000		\$0.70	2014.06.01
		2,000,000		\$0.225	2014.06.30
		1,333,333		\$0.30	2014.11.22
		1,333,334		\$0.40	2014.11.22
		333,340		\$0.50	2014.11.22
		1,666,663		\$0.60	2014.11.22
		333,330		\$0.70	2014.11.22
		666,667		\$0.50	2015.06.30
		666,667		\$0.60	2015.06.30
		666,666		\$0.70	2015.06.30
		1,416,598		\$0.0802	2014.05.21
		1,416,598		\$0.0963	2014.05.21
		1,416,600		\$0.1123	2014.05.21
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does *give* a true and fair view of the matters disclosed.

Sign here:  Date: 31 Jan 2013
Chief Financial Officer

Print name: Timothy Christopher Dinsdale

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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