



30 April 2013

AIM/ASX Code: WHE

**WILDHORSE ENERGY LIMITED
MARCH 2013 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 to 31 March 2013.

Highlights:

- **Active UCG community engagement process - Co-operation Agreement signed with the Mecseknádasd village council that outlines a framework for future communication and cooperation regarding the development of a commercial UCG-to-power project in the Company's project area**
- **Advancement of legislative and regulatory framework as part of Co-operation Agreement with Hungarian institutions to develop UCG projects in Hungary, facilitating WHE's UCG development and providing a model for replication in the region**
- **Strategic partner search progressing positively with on-going discussions with several parties to evaluate the potential to WHE's initial commercial demonstration project ('CDP') in Hungary**
- **Non-binding Memorandum of understanding ('MOU') concluded with E.ON Hungária ZRt ('E.ON Hungária'), to examine and evaluate the feasibility of constructing a ~100MWt syngas, 50MWe UCG CDP within E.ON Hungária's distribution area in Hungary**
- **Exercising first mover advantage in Europe with exploration coal licence applications advancing in Central and Eastern Europe**
- **Uranium special purpose vehicle (SPV) established in consultation with potential joint venture partners ('JV Partners'). Agreements to issue an initial nominal shareholding in the SPV to the JV Partners expected to be finalised shortly.**

WHE Managing Director Matt Swinney said, "The potential for UCG to dramatically transform Europe's energy dynamic is increasingly being recognised by various corporate, governmental and industrial groups and as this sentiment continues to grow it is important to engage with the local community to ensure that this opportunity is well understood and supported. With this in mind, our Co-operation Agreement with the local village council in our project area marks a further step in the implementation of our development plans in Hungary. UCG in Hungary is also gaining momentum on a regulatory level due to the compelling economics achievable through the development of UCG projects and their ability to create domestic fuel sources. With this in mind, I am pleased to report that our work with the Hungarian Geological and

Geophysical Institute and the University of Miskolc' Faculty of Earth Science and Engineering to develop a legislative UCG framework has been completed and discussions with various Hungarian State bodies is progressing well, underpinning our dedication to developing Europe's first UCG project for the benefit of all stakeholders."

Cooperation Agreement

WHE has completed the evaluation relating to the Cooperation Agreement with the Hungarian Geological and Geophysical Institute and the Faculty of Earth Science and Engineering of the University of Miskolc, to complete a technical and risk assessment and to formalise the legislative and regulatory framework required to develop UCG projects in Hungary.

This evaluation process has yielded positive results demonstrating the significant potential for UCG implementation in Hungary. It was concluded that UCG is an exploitation technology, which falls within the same category as conventional coal mining and that the current, valid legal framework provides sufficient guidelines for the authorities to licence UCG, with minor modifications to ensure better management of environmental risks. WHE believes that if utilised, UCG technology could have a considerable impact on the national energy strategy which calls for enhanced energy security of supply and also promotes domestic clean coal technologies.

The Company continues to work closely with all parties and the various Hungarian Government entities to implement the regulatory changes recommended to enable the UCG licensing process to be completed in a timely fashion.

In addition, in line with its community engagement process, WHE has signed a Cooperation agreement through its wholly owned subsidiary Mecsek Alternatív Szén Energia Kft. ("MASZENE"), with the Mecseknádasd village council, which governs the Mecseknádasd village located approximately 1km from Wildhorse's Váralja exploration area, a target area in the Company's flagship Mecsek Hills UCG Project in southern Hungary. The agreement sets out a structure for future communication and cooperation regarding a small scale commercial UCG-to-power project of an approximate capacity of 100 MWt syngas, 49.9 MWe electricity in the Váralja exploration area.

WHE has completed its confirmatory drilling programme of five boreholes and the 3D seismic survey with its processing and interpretation over an area in the Váralja region. The Company has identified a JORC Inferred resource of 184.5Mt within this area. Following the resource calculation, a Pre-Feasibility Study was prepared, which has outlined the potential for developing, constructing, and operating a small scale commercial UCG-to-power project.

UCG is considered a safe and environmentally friendly coal mining technique and, if the project proceeds in Mecseknádasd, MASZENE is committed to developing and implementing the technology in a manner which has minimal impact on the human and natural environment of Mecseknádasd and its local community. Accordingly, the Company already has an active policy for informing and educating the local community as to UCG technology and the project.

Strategic Partner Selection

The Company continues to progress its strategic partner selection process and in line with this, has signed a non-binding Memorandum of Understanding with E.ON Hungária ('MOU').

Under the terms of the MOU, E.ON Hungária, together with WHE, will examine and evaluate the feasibility of constructing a UCG commercial demonstration plant within E.ON Hungária's distribution area in Hungary, of a size of approximately 100 MWt syngas, 50 MWe ('the Commercial Demonstration Project' or 'CDP').

The 100% WHE-owned Mecsek Hills UCG Project is WHE's most advanced UCG project and having successfully demonstrated the attractive economic and technical potential of supplying syngas as a gas feedstock for power stations through its Pre-Feasibility Study in Q1 2012, the Company has since been evaluating a range of strategic partners to enable it to fund the completion of the Bankable Feasibility Study ('BFS'). Once secured, the Company intends to recommence the BFS and initiate a drilling programme to upgrade its current JORC compliant Inferred resource of 184.5Mt to the Indicated and Measured categories.

E.ON Hungária is the Hungarian regional unit of the associated EON group of companies that comprises one of the largest privately owned power and gas companies in the world with sales of just under €113 billion in 2011. The Hungarian unit, as one of the largest companies in the country with over 3 million customers, is primarily engaged in power wholesaling and power and gas distribution and retail.

OPERATIONAL UPDATE

Mecsek Hills UCG Project

The Company has continued the advancement of the engineering re-design studies to explore the potential for a commercial demonstration UCG to Combined Cycle Gas Turbine facility ('CDP') of approximately 50 MWe Gross (100MWt LHV fuel input) in order to lower initial capital requirements and enable simplified licencing procedures at its flagship Mecsek Hills UCG Project. The studies are reviewing potential options to reduce upfront capital expenditure for the project through a phased development approach.

As part of the phased approach, the Company is focusing its engineering redesign works on developing the CDP in two phases, the first phase being the development of the underground gas production facility and the second phase, the above ground gas processing, gas clean up and gas turbine facilities. This approach will enable the Company to demonstrate critical aspects of UCG, such as gas quality and flow rates, prior to obtaining all the required capital for the complete project, which includes both phases. The Company will also demonstrate these qualities and the safety features of the project to the appropriate regulators. The Company believes this approach will substantially reduce the capital requirement to successfully demonstrate the de-risking of UCG gas production rates and quality, and will therefore greatly assist with future capital requirements. The required funding for the above ground facilities and equipment (phase 2) represents the most significant portion of the required project funds.

WHE has also progressed works to enhance environmental and resource definition, and comprehension of its target coal areas at the Mecsek Hills UCG Project. This work includes:

- Three dimensional seismic re-processing and interpretation, in consultation with the Hungarian Geophysical and Geological Institute, MFGI, to develop a three dimensional model of the target Project coal resource including regional geological discontinuities and stratigraphical horizons
- Commencement of a high resolution two dimensional seismic measurement to further de-risk the project and define project target coal packages and coal mining panel selection in the site selection process
- Historical borehole logging and target coal quality sampling to improve the geological model
- Environmental studies with Golder and Associates on Project baseline water monitoring for the conceptual water model prior to operations

3D seismic information taken from the Váralja target was reprocessed and indicated more continuous blocks of coal to be targeted in the next drilling programmes. In support, a high resolution 2D seismic measurement will follow in the first half of 2013 to define the geological structure of the first target block where the indicated drilling programme will start. The latter activities will de-risk the target coal block and increase the level of confidence on the geological continuity of coal seams.

A preliminary rock mechanical model to determine near and far field geotechnical behaviour associated with the gasification process will be completed in Q2 2013 and will address issues like subsidence.

The baseline ground and surface water monitoring has commenced and will assist in building a database to understand the effect of seasonality on water quality and the water quality prior to any gasification operations.

Uranium Project – Mecsek Hills

WHE is progressing 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.

On 27 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.

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.

With this in mind, WHE has established the SPV Uranium entity for the potential Uranium Joint Venture in consultation with potential Hungarian JV Partners, MVM Ltd, Kővágószőlős Municipality Local Government, and MECSEKÉRC Ltd. Agreements to issue an initial nominal shareholding to the JV Partners have been negotiated and are expected to be completed shortly. Following completion, the evaluation Study shall be jointly submitted with the above JV Partners to seek formal Hungarian government approval to finalise the joint venture agreements between the parties and permit development of the project.

****ENDS****

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

Matt Swinney	Wildhorse Energy Limited	Tel: +44 (0)207 292 9110
Gerry Beaney/Daniela Amihood	Grant Thornton UK LLP	Tel: +44 (0)207 383 5100
Elisabeth Cowell	St Brides Media & Finance Ltd	Tel: +44 (0)207 236 1177

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 March 2013

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	(675)	(2,715)
(b) development	-	-
(c) production	-	-
(d) administration	(958)	(2,655)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	19	91
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Payments associated with AIM Listing	(1)	(5)
Net Operating Cash Flows	(1,615)	(5,284)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(59)
1.9 Proceeds from sale of:		
(a) prospects	-	24
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Deposit released by the authority	822	822
Net investing cash flows	820	787
1.13 Total operating and investing cash flows (carried forward)	(795)	(4,497)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		(795)	(4,497)
	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		(795)	(4,497)
1.21	Cash at beginning of quarter/year to date	7,186		10,805
1.22	Exchange rate adjustments to item 1.20	(357)		(274)
1.23	Cash at end of quarter	6,034		6,034

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	203
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	1,112
4.2 Development	-
4.3 Production	-
4.4 Administration	470
Total	1,582

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	4,303	6,278
5.2 Deposits at call	1,731	908
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6,034	7,186

+ 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	Pécs Hydrocarbon (PBK/3686-16/2012)	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 <i>(description and conversion factor)</i>	<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 <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

+ 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:
Chief Financial Officer

Date: 30 April 2013

Print name: Timothy Christopher Dinsdale

+ See chapter 19 for defined terms.

Notes

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

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