



AIM/ASX Code: WHE

5 March 2013

WILDHORSE ENERGY LIMITED
PROJECT UPDATE

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 a commercial and operational update relating to its UCG and uranium projects in Hungary.

HIGHLIGHTS:

- Positive findings from Cooperation Agreement study ('the Study') with the Hungarian Geological and Geophysical Institute and the University of Miskolc' Faculty of Earth Science and Engineering to formalise the legislative and regulatory framework required to develop UCG projects in Hungary
- The Study demonstrates the expansive potential for UCG in Hungary – which has considerable relevance to the national energy strategy which calls for reduced natural gas imports and promotes domestic clean coal technologies
- Legislative development path for UCG in Hungary demonstrated to be relatively simple – currently no requirement for additional legislation as UCG deemed to be contained within the current existing coal mining legislation
- Focus on advancing strategic partner selection with discussions underway with several parties to evaluate the potential to jointly develop a 50MWe capacity (100MWt LHV fuel input) commercial demonstration project at WHE's Mecsek Hills UCG site in southern Hungary
- To-date a non-binding memorandum of understanding ('MOU') had been concluded with E.ON Hungária ZRt ('E.ON Hungária'), to examine and evaluate the feasibility of constructing a UCG commercial demonstration plant within E.ON Hungária's distribution area in Hungary and of a size of approximately 100 MWt syngas, 50 MWe
- Pursuant to the MOU a multi-disciplinary joint working team has been put in place consisting of E.ON Hungária and WHE personnel with results of assessment to be completed in Q2 2013
- EON Hungaria 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

- It is WHE's intention to secure a partner with which to accelerate development of the Mecsek Hills UCG Project as well as provide the potential to develop additional UCG projects in other European and global markets
- Advancement of engineering re-design studies to explore the potential of adopting a two phased approach for commencing production at Mecsek Hills UCG Project in order to reduce upfront capital expenditure and simplify licencing process
- 3D seismic re-interpretation, 2D seismic exploration and geotechnical studies underway or recently completed to enhance resource definition and comprehension at the Mecsek Hills UCG Project
- Completion of Hungarian Government due diligence evaluation on the Mecsek Hills Uranium Project to examine the feasibility of restarting uranium mining
- Positive findings demonstrated from Mecsek Hills due diligence evaluation studies – evaluated the environmental, water protection, health and safety, mining design, public support and regulatory aspects of recommencing uranium mining

WHE Managing Director Matt Swinney said, "WHE continues to make the commercial and operational advancements required to deliver on our strategic objective of becoming a leading supplier of gas feedstock to power stations in Central and Eastern Europe. Our efforts to date, including our working relationship with the Hungarian Government and the positive outcome of our regulatory framework assessment for UCG development, have paved the way for the commercial application of UCG technology in our area of focus. We believe we are now at a watershed in our development and the naissance of UCG focussed power generation.

"We believe that UCG is at the tipping point of recognition in the wider energy market; a view which is demonstrably supported by the significant progress made in our strategic partner selection process. We continue to hold discussions with a number of interested parties wishing to secure exposure to UCG which have resulted in the recent signing of the MOU with E.ON Hungária, a subsidiary of one of the world's leading energy companies. This agreement underpins WHE's UCG strategy, technology and team, and highlights the commercial opportunity evident in Europe and the rest of the world for the development of UCG projects. We will continue our discussions with other potential partners with the ultimate aim of leveraging our first mover position as developers of UCG technology in Europe and to found a successful partnership focussed on the roll out of UCG in Hungary and potential new international markets.

"In addition, we continue to make important advancements at our Mecsek Hills Uranium Project, with the completion of crucial environmental, water protection, health and safety, resource definition, mining design, public support and regulatory studies relating to the recommencement of uranium mining. The completion of this due diligence process has yielded positive results, underpinning the quality of our uranium asset and the value in developing it towards production."

COMMERICAL UPDATE

Cooperation Agreement with Hungarian Government

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 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 highly 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 reduced natural gas dependency on foreign imports 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.

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.

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 and 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 BFS. Once secured, the Company intends to recommence the BFS and initiate a drilling programme to upgrade its current JORC compliant Inferred resource of 185 Mt to the Indicated and Measured categories.

EON Hungaria 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 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 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 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 project 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 Association, MFGI, to develop a three dimensional model of the target Project coal resource including geological discontinuities and stratigraphical horizons
- 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

The Varalja 3D seismic information was reprocessed and indicated more continuous blocks of coal to be targeted in the next drilling programmes. The latter might result in larger mining panels for the initial project and assists with the surface and underground site selection. 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 Q1 2013 and will address issues like subsidence and mining panel geometry.

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 has completed the due diligence evaluation on the Mecsek Hills Uranium Project. The evaluation, which delivered positive findings, examined the environmental, water protection, health and safety, mining design, public support and regulatory aspects of recommencing uranium mining at the Mecsek Hills Uranium Project.

This due diligence evaluation follows the formal pledge of support from the Hungarian Government (as previously announced on 27 June 2012) 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 significant 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.

****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

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.

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.