



31 October 2013

AIM/ASX Code: WHE

WILDHORSE ENERGY LIMITED
SEPTEMBER 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 30 September 2013.

Overview:

- Continuation of strategic partnership search on-going in order to secure a development blueprint for WHE's asset base
- Streamlined operational costs in line with corporate focus on securing a partnership agreement
- Results from recent borehole drilling and 2D seismic at the Váralja target within the Mecsek Hills UCG Project being analysed – initial results promising
- Successful completion of discussions with the Hungarian State regarding the formerly requested studies for the Mecsek Hills Uranium Project (from the earlier Cabinet approval) – no red flags identified
- Continued discussions with the Hungarian State regarding the progression of the Mecsek Hills Uranium Project – follow-up Cabinet approval is expected in the near term
- Various uranium related studies that will be needed for the licencing of the project have been initiated

WHE Managing Director Matt Swinney said, "We continue with our strategic partner search regarding our Mecsek Hills UCG Project, where the development of a commercial demonstration plant has been highlighted as potentially economically and technically viable, and in terms of our interest in the highly strategic Mecsek Hills Uranium Project, both of which are in Hungary. The results from a recently completed further borehole and 2D seismic at the Mecsek Hills UCG Project are currently under analysis, and with this in mind, both of our project's developments are now primarily advancing on a corporate level. Consequently, we have made the decision to reduce our costs accordingly, with a particular focus on streamlining our team and operations.

"We are a dual focussed developer of energy assets in Europe and in terms of our significant interest in the Mecsek Hills Uranium project, progress has been made regarding the development of a joint venture with a range of Hungarian bodies. This is a strategic asset with a total JORC Inferred Resource of 48.3Mt at 0.072% U₃O₈ for 77Mlbs of U₃O₈ and with government approval of the joint venture expected in due course, we have initiated a range of licensing related studies over the last three months to ensure that its development is advanced as soon as it is received."

Operations Update – Mecsek Hills UCG Project, Hungary

As previously announced, operational work has focussed on strengthening the Company's geological understanding of the Váralja target at the Mecsek Hills UCG Project. This target has a current Inferred JORC resource of 185Mt and is targeted to be the location for the commercial demonstration UCG to Combined Cycle Gas Turbine facility ('CDP') of approximately 50MW_e Gross (100MW_t LHV fuel input). In line with this strategy, 2D seismic was completed and a bore hole drilled in Q3 2013. The results are being analysed and the initial results look positive. These activities will provide us with a stronger understanding of the area before drilling commences to upgrade the current Inferred Resource to Indicated status.

UCG Regulations

As announced previously, a proposal for the amendments to the existing legislation to allow for the licensing of UCG has been prepared by the Hungarian Mining Authority and is pending Parliamentary approval. The Company is still in correspondence with the Hungarian Mining Authority and has been advised that approval can be expected in Q4 2013/Q1 2014. Further updates will be made as appropriate.

Strategic Partner Selection

Further to the announcement dated 5 March 2013, the Company continues to progress the strategic partner selection process. Once secured, the Company intends to recommence the BFS and initiate a drilling programme to upgrade selected areas of its current JORC compliant Inferred resource of 184.5Mt to the Indicated and Measured categories.

Uranium Project – Mecsek Hills

WHE is progressing the development of the Mecsek Hills Uranium Project which combines WHE's 42.9km² Pécs-Abaliget uranium licence and Hungarian state owned Mecsek-Öko ('MO') adjoining 19.6km² 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, 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.

With this in mind, a Special Purpose Vehicle ('SPV') uranium entity was established in September 2012. In Q2

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.

2013 all parties, namely ME, MVM and Kővágószőlős Municipality, joined the uranium administrative SPV and signed agreements to purchase an initial nominal shareholding in the SPV. The main objective of the SPV, in accordance with the Government Resolution of June 2012, is to conduct due diligence to assess the feasibility of the property ('the Study').

The Study was completed in November 2012 and following the joining of these shareholders as joint company partners, this has been shared with all parties and the competent ministries. These discussions have been completed and no concerns have been raised on its content.

The Company is continuing its discussions with the Hungarian State regarding the further development of the project and follow up Cabinet approval of the Joint Venture is expected in the near term. Ahead of this, various uranium related studies that will be needed for the licensing of the project have been initiated.

Cost Reduction Initiatives

As the Board continues its strategic partner discussions with a view to finding a suitable party to progress WHE's Mecsek Hills UCG Project and the Mecsek Hills Uranium Project in Hungary, the Company has taken measures to preserve cash and reduce its corporate overheads until this has been formalised. With this in mind, the Company has undertaken a review of the shape and size of the business required to continue moving the project forward at this point in time and has significantly streamlined its operational and in-house team as a result of this.

****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 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 U_3O_8 for 77Mlbs of U_3O_8 . 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")

30 September 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	(1,010)	(1,010)
(b) development	-	-
(c) production	-	-
(d) administration	(1,270)	(1,270)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Payments associated with AIM Listing	(28)	(28)
Net Operating Cash Flows	(2,294)	(2,294)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(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	-	-
Net investing cash flows	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(2,297)	(2,297)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,297)	(6,074)
	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	(2,297)	(2,297)
1.21	Cash at beginning of quarter/year to date	5,418	5,418
1.22	Exchange rate adjustments to item 1.21	108	108
1.23	Cash at end of quarter	3,229	3,229

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	129
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	490
4.2 Development	-
4.3 Production	-
4.4 Administration	772
Total	1,262

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	1,857	3,529
5.2 Deposits at call	1,372	1,889
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	3,229	5,418

+ 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				
6.2	Interests in mining tenements acquired or increased	Alwernia (5/2013p)	Coal Exploration right in Poland	Nil	100%

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	403,406,411	403,406,411	
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>
		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
		257,182		£0.05	2014.04.12
		604,820		£0.06	2014.04.12
		604,820		£0.07	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		£0.05	2014.05.21
		1,416,598		£0.06	2014.05.21
		1,416,600		£0.07	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: 31 October 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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