WILDHORSE ENERGY

ABN 98 117 085 748

Condensed consolidated interim financial reports for the six months ended

31 December 2013

Directors' Report

CONTENTS

Directors' 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 interim results for the six months ended 31 December 2013. A full version of the 30 June 2013 Annual report is available on the Company's website at www.wildhorse.com.au.

Directors

The Directors of the Company at any time during or since the end of the half year to the date of this report are:

Mark Hohnen	Non-Executive Chairman
Matthew Swinney	Managing Director
Brett Mitchell	Non-Executive Director
Johan Brand	Technical Consultant, Non-Executive Director
Ian Middlemas	Non-Executive Director
James Strauss	Non-Executive Director
Konrad Wetzker	Non-Executive Director

Directors have been in office since the start of the half year to the date of this report.

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

Matt Swinney	Wildhorse Energy Limited	Tel: +44 (0)207 292 9110
Colin Aaronson/Jen Clarke	Grant Thornton UK LLP	Tel: +44 (0)207 383 5100
Elisabeth Cowell/ Susie Geliher	St Brides Media & Finance Ltd	Tel: +44 (0)207 236 1177

Managing Director's Report

As shareholders will be aware, following a strategic review which culminated in a significant reduction in overhead, the WHE team has focussed on identifying and evaluating strategic partnerships to advance both its UCG and uranium assets. To this end, this on-going evaluation process has resulted in the signing of a binding Heads of Agreement post period end, whereby Linc Energy Limited ('Linc Energy') will acquire a 100% interest in WHE's UCG assets. This Heads of Agreement marks an important new chapter in the WHE story; whereby development of WHE's UCG assets, most notably the Mecsek Hills UCG Project in Hungary, the most advanced asset in WHE's UCG portfolio, will be accelerated under the stewardship of a uniquely qualified partner whilst retaining the significant value upside potential for WHE stakeholders.

WHE's continued energy focus in the region therefore remains centred on the Mecsek Hills Uranium Project in Hungary, which has a current JORC Inferred Resource of 48.3Mt at 0.072% U_3O_8 for 77Mlbs of U_3O_8. This project represents a significant component of our current portfolio, and the team is committed to maximising the value of this asset.

Directors' Report

UCG Portfolio

UCG Regulations

During the period the Hungarian Government progressed its modifications of the Mining Law to include specification legislation through which UCG projects can be developed. This legal framework was put into legal force as of 1 January 2014.

The Company was encouraged to note this support for UCG development by the Hungarian Parliament, representing the first legislation of its kind in Central Europe. This formalised development framework is an important component for a company looking to establish a European UCG operation, and the Board welcomes this progressive stance towards the adoption of this potentially revolutionary technology in Europe.

Strategic Partner Selection & Heads of Agreement with Linc Energy

During the period WHE remained focused on identifying a strategic partner with which to advance the Group's UCG assets. The rationale behind this process was to form a relationship with a partner with the requisite skills and capital to commercialize the Group's UCG footprint particularly at the Mecsek Hills UCG Project Min Hungary.

The Mecsek Hills UCG Project has a current JORC Inferred resource of 184.5Mt. Ahead of this and in line with its licence commitments, the Group conducted approximately 1,164m of drilling at the Mecsek Hills UCG Project.

In line with the Group's strategic partner process, post period end WHE announced that it had signed a Heads of Agreement ('the HOA'), whereby Singapore Exchange listed Linc Energy will acquire a 100% interest in WHE's UCG assets for a consideration of the equivalent of $4.04 million in shares of Linc Energy.

Linc Energy is regarded as the global leader in UCG having invested over $200 million in its technology and projects over the past 14 years, and hence represents an almost uniquely qualified partner for WHE. In addition to Linc Energy being one of the foremost investors in the sector, its experience extends to operating UCG projects, including Yerostigaz in Uzbekistan, the longest operational commercial UCG gas field globally with over 50 years of UCG gas production to its credit. In line with the HOA, Linc Energy will provide operational and financial support to apply UCG technology to capitalise on the attractive energy demand dynamics inherent in Hungary and Central and Eastern Europe.

The structure of the agreement with Linc Energy also provides WHE investors with the value accretion potential inherent in the development of these UCG assets through its shareholding in Linc Energy. As a pioneer in the field of UCG, WHE investors will also gain exposure to the technology's development and application in new areas through the Company's interest in Linc Energy. As long term proponents of the potential of UCG to revolutionise the energy space in Europe and beyond, the WHE Board see this alignment with Linc Energy's growth of particular importance.

Directors' Report

The Company will provide further news regarding the HOA with Linc Energy, and operational developments, in due course.

Mecsek Hills Uranium Portfolio

WHE's additional energy focus is centred on the uranium industry, an area which the Board believe has significant potential for value accretion. Of particular importance to WHE is the Hungarian Government's indication of support over recent years, bolstering the Board's confidence in the strategic importance of its uranium asset.

WHE is progressing the development of the Mecsek Hills Uranium Project which combines WHE's 42.9km^2 Pécs-Abaliget uranium licence and Hungarian state owned Mecsekérc ('ME') adjoining 19.6km^2 MML-E uranium licence. The project has a total JORC Inferred Resource of 48.3Mt at 0.072% U_3O_8 for 77Mlbs of U_3O_8 and an Exploration Target[1] of an additional 55-90Mlbs of U_3O_8 with a grade range of 0.075-0.10% U_3O_8, making it one of the largest uranium deposits in Europe.

In June 2012 the Hungarian Government formally pledged its support for the development of a Joint Venture ('JV') between the Company, Mecsek-Öko and Mecsekérc, 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 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 critical concerns have been raised on its content to date.

Corporate & Financial

The Group announced on 12 November 2013 that it had signed an indicative non-binding term sheet which set out the terms of an A$3m capital raising through the issue of unlisted unsecured convertible loan notes. The issue of the notes is conditional upon execution of formal documentation for the notes as well as an escrow agreement. Initial funds of approximately A$1m shall be released from escrow to the Company upon lodgement

[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.

Directors' Report

by the Company of a notice of meeting (in a form approved by the note holder) to seek shareholder approval for the allotment of notes relating to the remaining A$2m.

The notes will have a 10% coupon per annum, capitalising and accruing and paid on conversion or redemption. The conversion price will be the lower of a fixed maximum conversion price of 2.8 cents or a 20% discount to the five day volume weighted average price prior to notice day of conversion.

Financial position
The consolidated entity had cash and cash equivalents balances on hand at 31 December 2013 of $1,223,840 (30 June 2013: $5,417,836).

A net loss of $31,883,576 is reportable for the six months ended 31 December 2013 (31 December 2012: $4,235,984 loss), with a basic loss per share of 7.9 cents (31 December 2013: 1.1 cents loss per share). The loss incurred during the period was mainly due to the loss on the planned sale of the UCG assets of $30,414,515.

Equity
As at 31 December 2013, the Company had 403,406,411 ordinary shares on issue. The number of unlisted options on issue was 44,116,614.

Lead Auditor's Independence Declaration under section 307C of the Corporations Act 2001
The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the half year ended 31 December 2013.

Dated at Subiaco this 14th day of March 2014.

Signed in accordance with a resolution of the Directors:

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Matthew Swinney
Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Wildhorse Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

R Gambitta
Partner

Perth

14 March 2014

Condensed consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2013

		CONSOLIDATED	
Continuing operation	***Notes***	**31-Dec-13 AUD**	**31-Dec-12 Represented AUD**
Other income		2,334	516
Employee benefits	6	(351,993)	(1,007,003)
Professional costs		(715,200)	(660,399)
Premises		(37,063)	(39,692)
Travel		(152,815)	(136,700)
Depreciation and amortization		(5,170)	(190,963)
Other costs		(211,749)	(288,206)
Impairment of exploration costs		-	-
Impairment of asset held for sale		-	-
Impairment of other assets		(2,999)	(65,173)
Financial income		41,470	81,151
Financial expense		(35,876)	(42,734)
Loss before tax		(1,469,061)	(2,349,203)
Tax expense		-	-
Loss from continuing operations		(1,469,061)	(2,349,203)
Discontinued operation			
Net loss from discontinued operations (net of income tax)	5	(30,414,515)	(1,886,781)
Loss for the year		(31,883,576)	(4,235,984)
Loss attributable to:			
Members of the parent entity		(31,878,434)	(4,230,418)
Non-controlling interest		(5,142)	(5,566)
		(31,883,576)	(4,235,984)
Other comprehensive income/(loss)			
Foreign currency translation – continued operations		732,225	151,536
Foreign currency translation – discontinued operations		4,434,269	969,710
Other comprehensive loss for the period, net of income tax		5,166,494	1,121,246
Total comprehensive loss for the period		(26,717,082)	(3,114,738)
Total comprehensive loss attributable to:			
Owners of the parent entity		(26,711,940)	(3,109,172)
Non-controlling interest		(5,142)	(5,566)
		(26,717,082)	(3,114,738)
Basic and diluted loss per share attributable to the ordinary equity holders of the company (cents per share)		(7.9)	(1.1)
Basic and dilutes loss per share - continuing operation		(0.3)	(0.6)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 31 December 2013

		CONSOLIDATED	
		31-Dec-13	**30-Jun-13**
	Notes	**AUD**	**AUD**
CURRENT ASSETS			
Cash and cash equivalents		1,223,840	5,417,836
Sundry debtors and other receivables		591,435	467,204
Inventories		24,928	22,989
Assets held for sale	7	4,538,514	522,842
TOTAL CURRENT ASSETS		6,378,717	6,430,871
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	9	4,344,246	33,333,280
Property, plant and equipment	8	10,259	72,816
Intangible assets	10	5,106	67,655
Deposit held		167,462	318,890
TOTAL NON-CURRENT ASSETS		4,527,073	33,792,641
TOTAL ASSETS		10,905,790	40,223,512
CURRENT LIABILITIES			
Trade and other payables		507,883	601,488
Employee benefit provisions		48,026	53,862
TOTAL CURRENT LIABILITIES		555,909	655,350
NON-CURRENT LIABILITIES			
Deferred tax liability		152,188	2,317,540
TOTAL NON-CURRENT LIABILITIES		152,188	2,317,540
TOTAL LIABILITIES		708,097	2,972,890
NET ASSETS		10,197,693	37,250,622
EQUITY			
Contributed equity	13	92,319,033	92,319,033
Reserves		8,648,266	3,817,618
Accumulated losses		(90,696,582)	(58,818,147)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		10,270,717	37,318,504
Non-controlling interest		(73,024)	(67,882)
TOTAL EQUITY		10,197,693	37,250,622

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial statements.

Condensed consolidated interim statement of Changes in equity

For the six months ended 31 December 2013

CONSOLIDATED	Contributed equity AUD	Foreign currency translation reserve AUD	Share-based payment reserves AUD	Accumulated losses AUD	Total equity attributable to the owners of the Company AUD	Non-controlling interest AUD	Total equity AUD
At 1 July 2013	92,319,033	(3,673,012)	7,490,630	(58,818,147)	37,318,504	(67,882)	37,250,622
Comprehensive income for the period							
Loss for period	-	-	-	(31,878,434)	(31,878,434)	(5,142)	(31,883,576)
Other comprehensive income/(loss)							
Foreign currency translation reserve	-	5,166,494	-	-	5,166,494	-	5,166,494
Total other comprehensive income	-	5,166,494	-	-	5,166,494	-	5,166,494
Total comprehensive loss for the period	-	5,166,494	-	(31,878,434)	(26,711,940)	(5,142)	(26,717,082)
Transactions with equity holders in their capacity as equity holders							
Acquisition of non-controlling interest	-	-	-	-	-	-	-
Issue of share capital net of transaction costs	-	-	-	-	-	-	-
Share based payment transactions	-	-	(335,847)	-	(335,847)	-	(335,847)
Total contribution by and distributions to owners	-	-	(335,847)	-	(335,847)	-	(335,847)
Balance at 31 December 2013	92,319,033	1,493,482	7,154,783	(90,696,581)	10,270,717	(73,024)	10,197,693

Condensed consolidated interim statement of Changes in equity

For the six months ended 31 December 2012

CONSOLIDATED	Contributed equity AUD	Foreign currency translation reserve AUD	Share-based payment reserves AUD	Accumulated losses AUD	Total equity attributable to the owners of the Company AUD	Non-controlling interest AUD	Total equity AUD
At 1 July 2012	92,293,343	(8,066,232)	11,864,595	(55,722,640)	40,369,066	(44,591)	40,324,475
Comprehensive income for the period							
Loss for period	-	-	-	(4,230,418)	(4,230,418)	(5,566)	(4,235,984)
Other comprehensive income/(loss)							
Foreign currency translation reserve	-	1,121,246	-	-	-	-	1,121,246
Total other comprehensive income	-	1,121,246	-	-	1,121,246	-	1,121,246
Total comprehensive loss for the period	-	1,121,246	-	(4,230,418)	(3,109,172)	(5,566)	(3,114,738)
Transactions with equity holders in their capacity as equity holders							
Acquisition of non-controlling interest	-	-	-	-	-	-	-
Issue of share capital net of transaction costs	-	-	-	-	-	-	-
Share based payments	-	-	307,589	-	307,589	-	307,589
Total contribution by and distributions to owners	-	-	307,589	-	307,589	-	307,589
Balance at 31 December 2012	92,293,343	(6,944,986)	12,172,184	(59,953,058)	37,567,483	(50,157)	37,517,326

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated `interim financial statements.

Condensed consolidated interim statement of cash flows

For the six months ended 31 December 2013

		CONSOLIDATED ENTITY	
	Notes	31-Dec-13 AUD	31-Dec-12 AUD
Cash flows from operating activities			
Cash paid to suppliers and employees		(2,337,640)	(1,701,497)
Cash paid to exploration suppliers and employees		(220,532)	(669,366)
Interest received		23,358	72,048
Net cash used in operating activities		(2,534,814)	(2,298,815)
Cash flows from investing activities			
Payments for plant and equipment and intangible assets		(3,370)	(56,101)
Payments for exploration and evaluation		(1,960,532)	(1,371,569)
Proceeds from sale of prospects		-	24,215
Proceeds from deposit released		179,620	-
Net cash used in investing activities		(1,784,282)	(1,403,455)
Cash flows from financing activities			
Net cash provided by/(used in) financing activities		**-**	**-**
Net decrease in cash and cash equivalents		(4,319,096)	(3,702,270)
Foreign exchange movement on cash		125,100	83,674
Cash and cash equivalents at 1 July		5,417,836	10,804,818
Cash and cash equivalents at 31 December		1,223,840	7,186,223

The condensed consolidated interim statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial statements.

Condensed notes to the consolidated interim financial statements

1. Reporting entity

Wildhorse Energy Limited ('WHE' or 'Company') is a company domiciled in Australia. The address of the Company's registered office is 283 Rokeby Road, Subiaco WA 6008. The consolidated interim financial report of the consolidated entity for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as 'consolidated entity' or 'Group'). The consolidated annual financial statement of consolidated entity as at end for the year ended 30 June 2013 are available upon request from the Company's registered office or at wildhorse.com.au.

This consolidated interim financial report was approved by the Board of Directors on 14th March 2014.

2. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements are for the six months ended 31 December 2013. They have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001 and with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial report of the consolidated entity for the year ended 30 June 2013, and any public announcements made by Wildhorse Energy Limited during the interim accounting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2013.

Except as described below the accounting policies have been applied consistently throughout the consolidated entity for the purposes of preparation of these condensed consolidated interim financial statements unless otherwise stated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or held for sale, or is a subsidiary acquired exclusively with a view of resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued operation, the comparative statement is restated as if the operation had been discontinued from the start of the comparative period.

The Group has adopted the following new and revised accounting standards that are mandatory for annual periods beginning on or after 1 January 2014. These standards are applicable to the Group from 1 July 2013.

AASB 10 *Consolidated Financial Statements* introduces a revised definition of control and establishes a single control model that applies to all entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes guidance for applying the model.

The adoption of AASB 10 had no material effect on the financial position or the condensed consolidated interim financial statements of the Group.

AASB 11 *Joint Arrangements* and AASB 2011-7 *Amendments to Australian Accounting Standards* arising from the Consolidation and Joint Arrangements Standards uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists has changed.

The adoption of AASB 11 had no impact on the financial position or the condensed consolidated interim financial statements of the Group.

AASB 12 Disclosures of Interests in Other Entities prescribes the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.

Condensed notes to the consolidated interim financial statements

New disclosures have been introduced regarding the judgements made by management to determine whether control exists and to require summarised information about joint arrangements and subsidiaries with non-controlling interests.

The adoption of AASB 12 had no material impact on the accounting policies of the Group.

AASB13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards* arising from AASB13 provides a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when fair value is required to be used, but rather provides guidance on how to determine fair value when required or permitted.

The adoption of AASB 13 had no material effect on the financial position or the condensed consolidated interim financial statements of the Group.

AASB 119 *Employee Benefits* revises the definition of short-term employee benefits, to benefits that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service.

The adoption of AASB 119 (2011) had no material effect on the financial position or the condensed consolidated interim financial statements of the Group.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise assets and extinguish liabilities in the ordinary course of business. The Group has incurred a net loss of $31,883,576 for the six months ended 31 December 2013 (31 December 2012: $4,235,984). Included in the loss for the period is an impairment of exploration expenditure of $29,992,307.

As at 31 December 2013, the Group had cash and cash equivalents of $1,223,840 (30 June 2013: $5,417,836). The Group's cash flow forecast shows that it does not have sufficient funds to meet its minimum committed administrative and exploration expenditure for at least twelve months from the date of signing these financial statements.

In order to continue funding the Group operations, the Group will need to raise additional capital in the future and/or sell the assets. As set out in Note 15, in February 2013 the Group entered into a Heads of Agreement to sell its UCG asset to Linc Energy Limited ('Linc Energy'). The consideration, if the sale is completed, would be $4 million worth of shares in Linc Energy. These shares would be available to be sold or used otherwise to provide working capital for the Group if required. Based on previously successfully completed capital raisings and the potential sale of marketable assets, the Directors are confident that sufficient funds will be obtained to meet the Group obligations.

Although the Directors are confident that sufficient funds will be obtained to meet the Group obligations, if the plans are not achieved, there is material uncertainty which may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Condensed notes to the consolidated interim financial statements

3. Estimates and judgement

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

4. Segment reporting

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, which are not attributable to segments.

For six months ended 31 December 2013

	HUNGARY COAL (discontinued operations) 31-Dec-13 AUD	HUNGARY URANIUM 31-Dec-13 AUD	UNITED STATES OF AMERICA 31-Dec-13 AUD	CENTRAL EUROPE (discontinued operations) 31-Dec-13 AUD	TOTAL SEGMENT 31-Dec-13 AUD
Other income	360	2,323	-	-	2,683
Total Other income	360	2,323	-	-	2,683
Results					
Segment Result	(30,350,074)	(353,073)	(16,918)	(64,441)	(30,784,506)
Loss for the period	(30,350,074)	(353,073)	(16,918)	(64,441)	(30,784,506)
Segment Assets					
The major changes in segment assets related to:					
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	239	-	-	-	239
Acquisition of exploration assets	1,670,091	250,964	-	39,477	1,960,532

Condensed notes to the consolidated interim financial statements

For six months ended 31 December 2012

	HUNGARY COAL (discontinued operations) 31-Dec-12 AUD	HUNGARY URANIUM 31-Dec-12 AUD	UNITED STATES OF AMERICA 31-Dec-12 AUD	CENTRAL EUROPE (discontinued operations) 31-Dec-12 AUD	TOTAL SEGMENT 31-Dec-12 AUD
Other income	21,275	400	5	6	21,686
Total Other income	21,275	400	5	6	21,686
Results					
Segment Result	(1,826,197)	(354,672)	(9,569)	(60,583)	(2,251,021)
Loss for the period	(1,826,197)	(354,672)	(9,569)	(60,583)	(2,251,021)
Segment Assets					
The major changes in segment assets related to:					
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	46,694	7,419	-	-	**54,113**
Acquisition of exploration assets	913,461	443,067	-	15,041	**1,371,569**

The below schedule contains the income and losses of Wildhorse Energy Ltd. and the reconciliation of reportable segment loss:

	31-Dec-13 AUD	31-Dec-12 AUD
Reconciliation of reportable segment loss		
Total loss for reportable segments	(30,784,506)	(2,251,021)
Less corporate revenues/(expenses)		
Other income	11	441
Interest income	41,343	26,916
Employee benefits	(135,821)	(825,914)
Professional costs	(685,540)	(585,622)
Other costs	(319,063)	(1,003,140)
Eliminate inter segment income/(expenses)	-	402,356
Consolidated loss before income tax	(31,883,576)	(4,235,984)
Elimination of discontinued operations	30,414,515	1,886,781
Total loss	(1,469,061)	(2,349,203)

Condensed notes to the consolidated interim financial statements

5. Discontinued operations

In the half year ended 31 December 2013 the Group was committed to the sale of finding strategic partners for its UCG business. As a result in February 2014 the Group entered into a Heads of Agreement with Linc Energy Limited, whereby Linc Energy will acquire 100% interest in WHE's UCG assets for a consideration of the equivalent of $4.04 million in shares of Linc Energy. As a consequence of this HOA, Wildhorse has impaired the assets that relate to this HOA to its fair value of $4 million (net of disposal costs). The value of the impairment charge amounting of $29,992,307 is included in Note 9. As at the date of signing the condensed consolidated interim financial statement, the sale of the UCG assets has not been completed.

Assets related to the UCG operations have been classified as held for sale and disclosed in Note 7.

Loss attributable to the discontinued operation were as follows:

	CONSOLIDATED	
Results of discontinued operations	**31-Dec-13 AUD**	**31-Dec-12 AUD**
Income	12,164	21,281
Expenses	(546,122)	(629,891)
Impairment of exploration expense	(29,992,307)	(1,278,171)
Result from operating activities	**(30,526,265)**	**(1,886,781)**
Income tax (expense)/benefit	111,750	-
Result from operating activities, net of tax	**(30,414,515)**	**(1,886,781)**

Of the loss from discontinued operations of $30,414,515 (31 December 2012: $ 1,886,781) an amount of $30,410,915 is attributable to the owner's of the Company.

Basic and diluted loss of discontinued operations per share	(7.6)	(0.5)
Cash flows from discontinued operations		
Net cash from (used) in operating activities	(209,944)	366,634
Net cash from (used) in investing activities	(689,772)	(264,090)
Net cash from discontinued operations	(899,716)	102,544

6. Employee benefits

	CONSOLIDATED	
	31-Dec-13 AUD	**31-Dec-12 AUD**
Salaries, wages and other costs	687,840	790,509
Share based payments (i)	(335,847)	216,494
	351,993	1,007,003

(i) The $335,847 income of share based payments is made up of $49,759 share based payment expense of the reported period and $385,606 of prior year share based payment expense relating to 2,233,333 options for which the service and non-market conditions will not be met and has been reversed in the current period.

Condensed notes to the consolidated interim financial statements

7. Current assets held for sale

	CONSOLIDATED	
	31-Dec-2013 AUD	30-Jun-2013 AUD
Balance at 1 Jul 13/1 Jul 12	522,842	512,997
Additions	-	24,549
Sold	-	(24,606)
Impairment during the period	-	(46,251)
Transfer (i)	4,000,000	-
Foreign currency movements	15,672	56,153
Balance at 31 Dec 13/30 Jun 13	4,538,514	522,842

Exploration, plant, property and equipment, intangible assets in the Group relating to the Hungarian and Central Europe UCG operations are presented as assets held for sale.

(i) In accordance with the Heads of Agreement, Linc Energy will acquire a 100% interest in Group's UCG assets for a consideration of the equivalent of $4.04 million in shares of Linc Energy. Due to the Linc Energy Heads of Agreement, the UCG assets are determined as having a fair value of $4,000,000 net of costs of disposal of $40,000. UCG assets are classified as Asset held for sale inclusive of:
Exploration asset: $3,890,105
Plant, property and equipment: $54,747
Intangible asset: $55,148

As at the date of signing the condensed consolidated interim financial statement the sale of the UCG assets has not been completed.

8. Plant, property and equipment

	CONSOLIDATED	
	31-Dec-2013 AUD	30-Jun-2013 AUD
Carrying amount at 1 Jul 13/1 Jul 12	72,816	96,094
Additions	2,653	14,076
Disposals	(2,999)	(10,420)
Depreciation and amortisation	(12,651)	(36,378)
Movement to Asset held for sale	(54,747)	-
Foreign currency movement	5,187	9,444
Carrying amount at 31 Dec 13/30 Jun 13	10,259	72,816

Condensed notes to the consolidated interim financial statements

9. Exploration and evaluation expenditure

Movement in exploration and evaluation expenditure

	CONSOLIDATED	
	31-Dec-13 AUD	30-Jun-13 AUD
Carrying amount at 1 Jul 13/1 Jul 12	33,333,280	28,731,585
Additions during the period (i)	1,960,532	2,155,661
Impairment (ii)	(29,992,307)	(1,734,099)
Movement to Asset held for sale	(3,890,105)	-
Foreign currency movement	2,932,846	4,180,133
Balance at 31 Dec 13/30 Jun 13	4,344,246	33,333,280

(i) During the period the Group spent $1,960,532 on exploration and evaluation. ($1,670,091 for Hungarian coal projects; $250,964 for Hungarian uranium projects, $39,477 for Polish coal project)

(ii) Due to the Linc Energy Heads of Agreement, the UCG assets are impaired to a value of $4,000,000. This results in a total impairment of $29,992,307 inclusive of Wildhorse UCG $29,956,957 and Wildhorse Poland $35,350.

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

10. Intangible assets

Movement in intangible assets

	CONSOLIDATED	
	31-Dec-13 AUD	30-Jun-13 AUD
Carrying amount at 1 Jul 13/1 Jul 12	67,655	416,478
Additions	716	45,410
Amortisation	(13,129)	(376,662)
Disposal	-	-
Movement to Asset held for sale	(55,148)	-
Foreign currency movement	5,012	(17,571)
Balance at 31 Dec 13/30 Jun 13	5,106	67,655

11. Commitments

a) Lease Commitments

The Consolidated Group has leasing agreements for motor vehicles expiring within 5 year period. Two leasing agreements have been terminated since the last annual reporting date, 30 June 2013.

b) Bank Guarantees

As at 31 December 2013 the Consolidated Group had a bank guarantee in relation to the corporate visa card for $111,186 (30 June 2013: $109,111)

Condensed notes to the consolidated interim financial statements

12. Contingencies

There has been no change in contingent liabilities since the last annual reporting date, 30 June 2013.

13. Issued capital

The consolidated entity had 403,406,411 ordinary shares on issue as of 31 December 2013. There were no changes in the ordinary shares during the half year ended 31 December 2013.

Movement in share options for the six months ended 31 December 2013

	Date	Number of options
Opening balance at 1 July 2013	01-Jul-13	46,349,947
Issues during the period		-
Options lapsed		(2,233,333)
Closing balance at 31 December 2013		44,116,614

14. Related party transactions

Directors and Specified Executives
Remuneration of Key Management Personnel has been set and paid based on the principles set forth in the 30 June 2013 Annual Report while all Non-Executive Directors have agreed to waive their related fees starting in September, 2013.

Other related parties
There has been no change in other related parties since the last annual reporting date, 30 June 2013.

Condensed notes to the consolidated interim financial statements

15. Subsequent events

Hungarian Parliament has approved the modification of the Mining Law which now includes UCG specific regulations setting out a legal framework for the development of UCG projects. These regulations have since been put into legal force as of 1 January 2014.

On February 24th, 2014 Wildhorse has announced that a Heads of Agreement ('the HOA') has been signed, binding subject to matter referred to below, whereby Singapore Exchange listed Linc Energy will acquire a 100% interest in Group's UCG assets for a consideration of the equivalent of $4.04 million in shares of Linc Energy. The transaction is intended to ensure the advancement of the UCG assets and the participation of the Company's shareholders in their upside development potential via the Linc Energy stock issued as Consideration for Group's UCG assets. Further, the parties have entered into a Funding agreement whereby Linc shall provide funding up to a maximum $400,000 for the costs associated with the Group's subsidiaries holding the UCG tenements for up to four months prior to completion of the sale transaction. As a consequence of this HOA, the Group has impaired the assets that relate to this HOA to an aggregate value of $4 million. The value of the impairment amounting of $29,992,307 is included in Note 9.

The key terms of the HOA are as follows:

- Consideration of $4.04 million payable in Linc Energy shares
- The HOA is conditional upon the satisfaction (or waiver) of a number of conditions, including:
    - obtaining relevant regulatory (including shareholder) and government approvals to the transfer of the Group Sale Interest
    - approval from the Company's shareholders in a general meeting in accordance with ASX Listing Rules, the AIM Rules for Companies and the Australian Corporations Act, as appropriate; and
    - executing formal Sale and Purchase Agreements to finalise the acquisition within 4 months of the HOA
- Further, the parties have entered into a Funding agreement whereby Linc Energy shall provide funding up to a maximum $400,000 for the costs associated with the Company's subsidiaries holding the UCG tenements for up to four months prior to completion of the sale transaction

As at the date of signing the condensed consolidated interim financial statement, the sale of the UCG assets has not been completed.

Directors' declaration

In the opinion of the directors of Wildhorse Energy Limited ("the Company"):

1. the interim financial statements comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes set out on pages 13 to 21 are in accordance with the Corporations Act 2001 including:

    1. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance and cash flows for the six months ended on that date; and

    2. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Subiaco this 14th day of March 2014.

Signed in accordance with a resolution of directors:

____

Matthew Swinney
Managing Director

Independent auditor's review report to the members of Wildhorse Energy Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Wildhorse Energy Limited (the Company), which comprises the condensed consolidated statement of financial position as at 31 December 2013, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the half-year 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Wildhorse Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Wildhorse Energy Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding the continuation as a going concern

Without modification to the conclusion expressed above, attention is drawn to the matters set out in Note 2 of the interim financial report. These matters indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the carrying amounts stated in the interim financial report.

KPMG.

KPMG

R Gambitta
Partner

Perth

14 March 2014