



30 April 2014

AIM/ASX Code: WHE

**WILDHORSE ENERGY LIMITED  
MARCH 2014 QUARTERLY REPORT**

AIM and ASX listed Wildhorse Energy ('WHE' or 'the Company'), is pleased to announce its Quarterly Report for the three months to 31 March 2014.

**Overview:**

- Heads of Agreement with Singapore Exchange listed Linc Energy Limited ('Linc Energy') to acquire a 100% interest in WHE's UCG assets for a consideration of the equivalent of US\$4.04 million in shares of Linc Energy
- Linc Energy, as a global leader in UCG, represents a uniquely qualified development partner
- Continued evaluation of a suitable development path for the Mecsek Hills Uranium Project, one of the largest uranium deposits in Europe

WHE Managing Director Matt Swinney said, "We have signed a binding Heads of Agreement with Linc Energy which will acquire a 100% interest in our UCG assets for equity. This transaction marks a new genesis in the WHE story whereby the development of our UCG assets will be accelerated, under the stewardship of a uniquely qualified partner. Additionally we continue to evaluate options to crystallise the inherent value of the Mecsek Hills Uranium Project in Hungary, which has a current JORC Inferred Resource of 48.3Mt at 0.072% U<sub>3</sub>O<sub>8</sub> for 77Mlbs of U<sub>3</sub>O<sub>8</sub>."

**UCG Portfolio**

Following the strategic review and partnership search, WHE 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. The primary asset is the Mecsek Hills UCG Project where WHE, in line with its licence commitments, conducted approximately 1,164m of drilling for a current JORC Inferred resource of 184.5Mt. The structure of the agreement provides WHE investors with the value accretion potential inherent in the development of these UCG assets

As stated in the half yearly accounts, 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 parties continue to look to finalise the transaction and further news regarding the HOA will be provided in due course.

### **Mecsek Hills Uranium Portfolio**

WHE continues to examine all scenarios re the development of the Mecsek Hills Uranium Project which combines WHE's 42.9km<sup>2</sup> Pécs-Abaliget uranium licence and Hungarian state owned Mecsekérc ('ME') adjoining 19.6km<sup>2</sup> MML-E uranium licence. The project has a total JORC Inferred Resource of 48.3Mt at 0.072% U<sub>3</sub>O<sub>8</sub> for 77Mlbs of U<sub>3</sub>O<sub>8</sub> and an Exploration Target<sup>1</sup> of an additional 55-90Mlbs of U<sub>3</sub>O<sub>8</sub> with a grade range of 0.075-0.10% U<sub>3</sub>O<sub>8</sub>, making it one of the largest uranium deposits in Europe.

To date we have received the Hungarian Government's support for the development of a Joint Venture ('JV') between the Company, Mecsekérc, and Hungarian Electricity Ltd ('MVM'), the owner of Paks Nuclear Power Plant ('Paks NPP'), to evaluate the necessary conditions to restart uranium mining.

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 acquire 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').

### **Tenement Summary**

As at 31 March 2014, the Company holds the following interests in tenements:

<b>Country</b>	<b>Project</b>	<b>Tenement Number</b>	<b>Percentage Interest</b>
Hungary	Cikó	PBK/3337-4/2010	100%
Hungary	Bátaszék	PBK/989/1/2006	100%
Hungary	Pécs	PBK/6947/3/2006	100%
Hungary	Mecsek-CBM	PBK/9840/2003/3	100%
Hungary	Kelet-Mecsek-Coal	PBK/5306/2/2007	100%

<sup>1</sup> 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.

During the March 2014 quarter, the Company's interests in the following tenements were relinquished:

Country	Project	Tenement Number	Percentage Interest as at 1 January 2014	Percentage Interest as at 31 March 2014
Hungary	Abaliget <sup>2</sup>	PBK/10218/2/2006	100%	0%
Poland	Alwernia Coal	No5/2013 p	100%	0%

For further information please visit [www.wildhorse.com.au](http://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 partner 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<sub>3</sub>O<sub>8</sub> for 77Mlb of U<sub>3</sub>O<sub>8</sub>. As announced on 27 June 2012, the Government has issued a formal decree in support of the formation of a joint venture ('JV') company with the involvement of state-owned organisations, 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.

<sup>2</sup> The loss of the Abaliget uranium exploration license area will mean a reduction of approximately 18Mlb from the total exploration target of 55-90 Mlb. The Inferred JORC Resource remains the same at 77Mlb, with 65Mlb being on WHE's licence area and 12Mlb on the Hungarian State's licence area.

# 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 2014

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(385)	(2,566)
(b) development	-	-
(c) production	-	-
(d) administration	(289)	(2,623)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(2)
1.7 Payments associated with AIM Listing	(1)	(3)
<b>Net Operating Cash Flows</b>	<b>(674)</b>	<b>(5,170)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(6)
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	-	180
<b>Net investing cash flows</b>	<b>(3)</b>	<b>174</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(677)</b>	<b>(4,996)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	<b>Total operating and investing cash flows (brought forward)</b>		
		<b>(677)</b>	<b>(4,996)</b>
	<b>Cash flows related to financing activities</b>		
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	Non-refundable funds received from Linc Energy Limited, pursuant to Heads of Agreement	100	100
	<b>Net financing cash flows</b>	<b>100</b>	<b>100</b>
	<b>Net increase (decrease) in cash held</b>	<b>(577)</b>	<b>(4,896)</b>
1.21	Cash at beginning of quarter/year to date	1,224	5,418
1.22	Exchange rate adjustments to item 1.21	(33)	92
1.23	<b>Cash at end of quarter</b>	<b>614</b>	<b>614</b>

**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	116
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.
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**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
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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

+ See chapter 19 for defined terms.

NIL

### 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	86
4.2 Development	-
4.3 Production	-
4.4 Administration	240
<b>Total</b>	<b>326</b>

### 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	586	813
5.2 Deposits at call	28	411
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>614</b>	<b>1,224</b>

+ See chapter 19 for defined terms.

**Changes in interests in mining tenements**

	Tenement reference and Locations	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Petroleum or mining tenements held at the end of the quarter and their location	<p><b>HUNGARY</b></p> <p><b>Cikó</b> (PBK/3337-4/2010) <b>Bátaszék</b> (PBK/989/1/2006) <b>Pécs</b> (PBK/6947/3/2006) <b>Mecsek-CBM</b> (PBK/9840/2003/3) <b>Kelet-Mecsek-Coal</b> (PBK/5306/2/2007)</p>	<p>Coal Exploration right</p> <p>Uranium Exploration right</p> <p>Uranium Exploration right</p> <p>Coal Exploration right</p> <p>Coal Exploration right</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p>	<p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p> <p>100%</p>
6.2	Petroleum or mining tenements acquired or increased during the quarter and their location	N/A	N/A	N/A	
6.3	Petroleum or mining tenements disposed of, relinquished, reduced or lapsed during the quarter and their location	<p><b>HUNGARY</b></p> <p><b>Abaliget</b> (PBK/10218/2/2006) <b>POLAND</b></p> <p><b>Alwernia Coal</b> (No5/2013 p)</p>	<p>Uranium Exploration right</p> <p>Coal Exploration right</p>	<p>100%</p> <p>100%</p>	<p>0%</p> <p>0%</p>
6.4	Beneficial percentage interests held in farm-in or farm-out agreements	N/A	N/A	N/A	
6.5	Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of	N/A	N/A	N/A	

+ See chapter 19 for defined terms.

**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	<b>Preference securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>	<b>406,095,959</b>	<b>406,095,959</b>		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,689,548 (issued on 27 March 2014)	2,689,548 (issued on 27 March 2014)		
7.5	<b>*Convertible debt securities</b> <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**

		<i>Convert on a 1:1 basis</i>		<i>Exercise price</i>	<i>Expiry date</i>
7.7	<b>Options</b> <i>(description and conversion factor)</i>	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	1,721,173	-	\$0.12	2016.11.30
		1,721,172		\$0.16	2016.11.30
		1,721,169		\$0.20	2016.11.30
		1,000,000		\$0.091	2016.11.30
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	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
7.11	<b>Performance Rights</b>	-	-	-	-
7.12	Changes during quarter (a) Increases through issues (b) Decreases through conversion to ordinary shares	4,144,325	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.13	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.14	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

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+ See chapter 19 for defined terms.

### Compliance statement

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

Sign here:  ..... Date: 30 April 2014  
Chief Financial Officer

Print name: Timothy Christopher Dinsdale

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+ 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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