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ASX Release

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SUBSTANTIAL IN-SITU ENERGY VALUE POTENTIAL FOR HUNGARIAN GAS (UCG) PROJECT

Highlights:

- CSA Global has estimated that a potential in-situ energy value of between 5,300PJ and 10,300PJ is accessible from a successful underground coal gasification (UCG) project on the Hungarian exploration licenses Wildhorse is to acquire from Peak Coal.

- Permitting has commenced for a coal resource definition drilling program, planned to start in 2Q 2010. Based on the available historical drill data, this drilling is expected to deliver a substantial Inferred Resource from the existing Exploration Target of 1 – 1.25b tonnes.

- UCG Technology Provider (UCG Engineering Limited - Dr Michael Green) confirms similarities between the coal resource of the successful Spanish UCG trial and that found at the Mecsek Hills Gas (UCG) project.

Summary

Wildhorse is encouraged by the large amount of potential in-situ energy accessible through UCG within the coal license areas to be acquired from Peak Coal as detailed in CSA Global’s Evaluation Report. Wildhorse’s strategy through this acquisition is to develop energy projects (specifically syngas and later synthetic natural gas) in Central Europe where compelling energy market fundamentals, strong government support for energy security and close proximity to pipeline infrastructure provide an attractive macro environment. This in-situ energy volume potential reported by CSA provides an ideal opportunity for the development of a large scale gas production business in Central Europe, which is currently dependent on gas imports to meet its internal demand.

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CSA Global’s Study Confirms Large Potential Energy Value Accessible from Successful Underground Coal Gasification (UCG) Project: 5,300PJ – 10,300PJ

Independent geological consulting firm CSA Global Pty Ltd has completed a report estimating the amount of in-situ energy potentially accessible from a successful underground coal gasification (UCG) project on the coal exploration licenses to be acquired by Wildhorse from Peak Coal.

The CSA report estimates a potential in-situ energy value of between 5,300PJ and 10,300PJ (5.3B GJ – 10.3B GJ) could be unlocked by a successful UCG project. This potential energy value provides clear evidence of the potential value of this project, and the model is significantly strengthened with the inclusion of the availability of existing infrastructure in close proximity to the project, sustained high gas prices due to the reliance on Russian gas imports and a developing relationship with PannonPower Holdings Zrt (a member of the Dalkia group, whose major shareholders are EDF and Veolia) which owns a power station in close proximity to the project area.

This in-situ energy estimate is based upon the Mescek Hills Gas (UCG) project’s current Exploration Target of 1 – 1.25 billion tonnes, and considers discount factors such as coal suitability for UCG, engineering constraints and UCG gasification efficiency.

Permitting Commenced for Resource Definition Drilling in Q2 2010

As outlined in the announcement on 3 September, CSA previously reviewed the data from the coal exploration licenses which will host the UCG project, and produced an Exploration Target of 1.00 – 1.25 Billion tonnes of coal. The Exploration Target is based upon historic drilling that was completed during the exploration and mining of the coal deposits between 1950 and 2004, and includes approximately 400 historic drill holes and represents what should be considered as an advanced Exploration Target.

The Company has commenced permitting for a resource definition drilling program to commence in 2Q 2010 with the primary aim to achieve the conversion of a substantial amount of the current Exploration Target into an Inferred Resource.

The first phase of drilling will be to complete a series of eight to ten diamond core drill holes to confirm and validate the accuracy of historical drilling data.

UCG Technology Provider Confident of Gasification Success

The Company is progressing with the planning and design for its pre production UCG pilot burn plant, which is currently targeted for 2011.

Dr Michael Green (UCG Engineering Limited), the Company’s UCG technology provider and the Technical Director for the successful European Union funded UCG trial in Spain, sees similarities between the conditions of the Spanish trial and the Mecsek Hills UCG project:

“The Mecsek Hills region in southern Hungary has similar coal and strata characteristics to those successfully tested in the Spanish trial and the UCG specific techniques already developed will be directly applicable to the planned commercial operation in the Mecsek Hills coal. Confidence is high that the success in Spain can be repeated in these similar coal conditions.”

Dr Michael Green, UCG Engineering Limited, November 2009
Completion of Peak Coal Group Acquisition

Wildhorse announced on 3 September it had entered an agreement to acquire all the issued capital of Peak Coal Limited via a Scheme of Arrangement. The Peak Coal Scheme Booklet is currently being finalised and it is now expected the Schemes will be completed in late January 2010, following shareholder approval.

For and on behalf of the Board

Competent Persons Statements:
The geological modelling and estimation of the Exploration Target for Peak Coal Limited’s Mecsek UCG Project was completed under the overall supervision and direction of Mr. Alan Millar BSc. MSc. MAusIMM, who is a full time employee of CSA Global Pty Ltd and is a Competent Person as defined by the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Alan Millar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The energy conversion is based on the geological modelling and estimation of the Exploration Target for Peak Coal Limited’s Mecsek UCG Project and has been completed by Mr Daniel Wholley BSc MAIG, who is full time employee of CSA Global Pty Ltd and has sufficient experience which is relevant to the activity which he is undertaking to qualify as a Competent Person as defined by the Australasian Code for the Reporting of Mineral Resources and Ore Reserves (JORC Code) 2004 Edition. Daniel Wholley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.
Summary Report

PEAK COAL LIMITED

An Evaluation of the in situ Energy Value of the Mecsek Hills Gas Project Exploration Target Accessible by UCG

Hungary

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SUMMARY REPORT ON THE POTENTIAL IN SITU ENERGY VALUE OF THE MECSEK HILLS GAS PROJECT EXPLORATION TARGET ACCESSIBLE BY UCG

Peak Coal Ltd (Peak) has requested CSA Global Pty Ltd (CSA) to make an estimate of the energy value that may be accessible by underground coal gasification (UCG) in the Mecsek coal deposits. The estimate is based on discounted quantities of the current Exploration Target estimate of 1.00 - 1.25 Billion tonnes to reflect likely exploitation scenarios. Peak intend to exploit the Mecsek coal deposits using UCG and develop the coal as an energy project to help meet the indigenous energy requirements in Hungary. As such it is important to understand the potential energy values contained within the Mecsek coal deposits.

The JORC Code 2004 nor the petroleum resource classification systems adequately address the issue of UCG and how best to convert a coal resource to its energy equivalent. Due to the uncertainty in classification CSA has chosen to follow the JORC principles of transparency, materiality and competence in deriving the converted energy and gas values. This memorandum describes the principles and methods used to derive the values.

CSA completed a detailed review of the coal potential of the district as part of an independent geologist report (Millar 2009). The results of that work suggested a substantial Exploration Target of 1.00 - 1.25 Billion tonnes of coal is present within Peak’s Mecsek tenements. The Exploration Target estimate is based upon historic drilling that was completed during the exploration and exploitation of the coal deposits between 1950 and 2004. The target is based on approximately 400 historic drill holes and represents what should be considered an advanced Exploration Target.

To arrive at an estimate of the energy value potentially accessible by UCG in the Mecsek deposits CSA felt it was appropriate to make a series of discounts during the conversion to account for uncertainty over the quantity of the Exploration Target that will be suitable for UCG and operational efficiency of the UCG exploitation method.

The discount factors below were considered appropriate given the current level of investigation:

- A 50% reduction in the coal Exploration Target tonnage was made to reflect uncertainty over resource conversion and suitability for UCG. This estimate is based on likely access issues to parts of the Exploration Target and uncertainty over the suitability of the coal for UCG;

- A further 25% discount to account for operational engineering requirements such as underground support pillars and offsets from faults etc. This is based on the in seam engineering design contained within the Uhde Sheddon Ltd (a division of Thyssen Krupp) scoping study on Peaks Mecsek (UCG) Project;

- A further 25% discount to reflect gasification efficiency during operation, this is based on results from the El Tremedal UCG trial in Spain. This trial has similarities
with the proposed project at Mecsek in that it was conducted at significant depth on bituminous coal. The results of this trial were made available from Dr Michael Green, the chief engineer for the Spanish trial.

The JORC Code 2004 indicates that when quoting an Exploration Target it is appropriate to do so as a range of likely values to reflect the inherent uncertainty. CSA believes that it is appropriate to do the same when quoting the resulting energy values to reflect the possible ranges that may be achieved with further investigation.

One of the key parameters of coal analysis is the specific energy of a coal sample sometimes termed its calorific value. At Mecsek there have been thousands of measurements of the coal from drilling and mine samples and therefore the range of likely specific energy values are well understood. The specific energy of the Mecsek coal falls within the range of 4500kcal/kg to 7000kcal/kg. These figures are based on over 3600 drilling samples.

To convert the entire exploration target to its energy value it is appropriate to convert specific energy values to GJ/t as these are easier to work with. The following calculation is used to make this conversion:

\[ 1 \text{ kJ} = 0.23884 \text{ kcal}, \text{ therefore} \]

\[ 4500 \text{ kcal/kg} / 0.23884 = 18,841 \text{ kJ/kg or 18.8 GJ/t} \]

The next stage is to convert the entire Exploration Target to an equivalent energy value. To complete this conversion you multiply the total tonnes by the specific energy value using the following equation:

\[ \text{Energy value (GJ)} = \text{Specific Energy (GJ/t) x Coal Tonnage (t)} \]

\[ = 18.8 \text{ GJ/t x 1,000,000,000 t} \]

\[ = 18,800,000,000 \text{ GJ, which equates to 18,800PJ} \]

The results for these calculations are summarised in Table 1 below showing all of the discount factors discussed above. The values represent the contained energy value of the coal in situ.

The results of this investigation suggest that based on the fully discounted coal Exploration Target the Mecsek project has a potential in situ energy value of 5300 PJ to 10,300PJ. Put differently, each tonne of coal may contain between 18.8GJ and 29.3GJ of energy.

All these estimates are based on an Exploration Target and as such there is a high degree of uncertainty. The potential quantities discussed are conceptual in nature and there has been insufficient recent exploration to define a Resource. It is uncertain if further exploration will result in the determination of a Resource.

The company intends to undertake a series of exploration and evaluation programs to improve confidence in the Exploration Target to the point where it possible to report a Mineral Resource estimate classified under the 2004 JORC Code. The first phase will be to complete a
series of eight to ten diamond core drill holes. The aim of this drilling program is to confirm and validate the accuracy of historical drilling data by twinning historical drill holes and comparing the results. Additionally, the samples collected during drilling will undergo a series of coal quality analyses and gasification studies which will allow more reliable estimates of the gas quantities present at Mecsek.

Table 1. Exploration Target Energy Conversion Summary Table

<table>
<thead>
<tr>
<th></th>
<th>Tonnage (Mt)</th>
<th>Specific Energy (GJ/t)</th>
<th>Energy Value (PJ)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Min</td>
<td>Max</td>
<td>Min</td>
</tr>
<tr>
<td>Coal Exploration Target</td>
<td>1,000</td>
<td>1,250</td>
<td>18.8</td>
</tr>
<tr>
<td>50% discount to reflect</td>
<td>500</td>
<td>625</td>
<td>18.8</td>
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<tr>
<td>Uncertainty over UCG</td>
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<td>sustainability</td>
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<tr>
<td>25% discount to reflect</td>
<td>375</td>
<td>469</td>
<td>18.8</td>
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<tr>
<td>operational/Engineering</td>
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<tr>
<td>constraint of UCG</td>
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<tr>
<td>25% discount to reflect</td>
<td>281</td>
<td>352</td>
<td>18.8</td>
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<tr>
<td>gasification efficiency</td>
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<tr>
<td>during UCG</td>
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<tr>
<td>Potential Energy Value and</td>
<td>280</td>
<td>350</td>
<td>18.8</td>
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<td>Gas Volume of Mecsek UCG</td>
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</tr>
<tr>
<td>Exploration Target</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conversion Factors:  
1 kJ = 0.23884 kcal  
Energy Value = tonnage x Specific Energy

The figures contained in this table are based on an Exploration Target and are not resources and it is not certain that additional exploration will result in any Resources.

Competent Persons Statements

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