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ACN 111 823 762

ADVANCE ENERGY LIMITED

ACN 111 823 762

QUARTERLY REPORT

31 MARCH 2011

CORPORATE OVERVIEW

As announced previously to the market, Advance has settled on the sale of its Mother Lode 1, Martin West and Possum Kingdom producing assets in Texas, USA for US$11.3 million. Following settlement, debt levels were significantly reduced, including the loan with Sterling Bank in Texas. The US$40 million line of credit facility with the same bank, for possible future use on US based assets, was however retained. The Company continues to seek and to evaluate new projects both within and outside the US, while closely controlling and minimising its overheads.

OPERATIONS OVERVIEW

Mother Lode Phase 3 Project

A 50% interest in the Mother Lode Phase 3 project has been retained. It is anticipated that the Operator, Endeavor Energy Resources LLP, will propose drilling a second well during the current calendar year on the prospect, having successfully drilled the Roman 27-1 well in 2010. Advance will consider participation in this and future proposed wells in light of the prevailing commodity prices, well prospects and alternative opportunities.

For further information contact:

Mr Anthony Short (Managing Director)

Telephone: 08 9486 1122
Facsimile: 08 9486 1011

Rule 5.3

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
Advance Energy Limited

ABN	Quarter ended ("current quarter")
62 111 823 762	31 March 2011

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	(107)	(107)
	(c) production	-	-
	(d) administration	(263)	(263)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25	25
1.5	Interest and other costs of finance paid	(240)	(240)
1.6	Income taxes paid	-	-
1.7	Other- Lead manager fee (listed notes)	-	-
	Net Operating Cash Flows	(585)	(585)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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	Other (provide details if material)	-	-
	Net investing cash flows	(585)	(585)
1.13	Total operating and investing cash flows (carried forward)	(585)	(585)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(585)	(585)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares and notes	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(192)	(192)
1.18	Dividends paid	-	-
1.19	Other (over subs & capital raising expenses)	-	-
	Net financing cash flows	(192)	(192)
	Net increase (decrease) in cash held	(777)	(777)
1.20	Cash at beginning of quarter/year to date	2,545	2,545
1.21	Exchange rate adjustments to item 1.20	(5)	(5)
1.22	**Cash at end of quarter**	1,763	1,763

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
1.23	Aggregate amount of payments to the parties included in item 1.2	9
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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.

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- line of credit	US$40 mil*	-

* This facility is held with Sterling Bank in the US. It bears interest at US Prime plus 1% and is secured against the Group's oil and gas properties. The facility was renewed in March 2009, revised in August 2010 and expires in March 2012.

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	-
4.4	Administration	120
	Total	**120**

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	1,763	2,545
5.2	Deposits at call	-	-
5.3	Bank overdraft		
5.4	Other (provide details): Security deposit	30	30
	Total: cash at end of quarter (item 1.22)	1,793	2,575

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		Refer below		

During the December quarter a purchase and sale agreement was entered into for the sale of the Mother Lode 1, Martin West and Possum Kingdom assets. The completion of the sale was announced to the market in January 2011.

+ See chapter 19 for defined terms.

6.2	Interests in mining tenements acquired or increased				

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** *(description)*	9	Unquoted		
7.2	Changes during quarter (a) Increases through issues (b) Decreases- capital returns, buy-backs or redemptions				
7.3	**+Ordinary securities**	217,676,895	217,676,895		Fully paid
7.4	Changes during quarter (a) Increases- through issues (b) Decreases- capital returns or buy-backs				
7.5	**+Convertible debt securities** *(description)*	6,675,000	6,675,000	9.5% coupon, expires Dec 2014.	
7.6	Changes during quarter (a) Increases through issues (b) Decreases- maturing or conversion of securities				
7.7	**Options** *(description and conversion factor)*	202,931,768	202,931,768	0.03	31/08/2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter			*Exercise price*	*Expiry date*

+ See chapter 19 for defined terms.

7.11	**Debentures** *(totals only)*		
7.12	**Unsecured notes** *(totals only)*		

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 /does not* *(delete one)* give a true and fair view of the matters disclosed.

Sign here: .... Date: ..29 April 2011.......
(Director/Company secretary)

Print name: David Ballantyne

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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