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ADVANCE ENERGY LIMITED

ACN 111 823 762

QUARTERLY REPORT

30 JUNE 2013

OPERATIONS

Ortynytska Project, Ukraine

The Company continued its evaluation of the development options for the Ortynytska Project in Ukraine. The license holder, ZakhidUkrGeologiya (ZUG), has been very supportive of Advance's cautious development approach, especially in the light of concerns over potential significant cost over-runs that may occur during the proposed drilling programme due to geological issues. It is likely that the cost of the drilling programme which will be in excess of that originally anticipated. Therefore ZUG has agreed to defer the work programme until a full evaluation of the technical reports can be evaluated . In the mean time, Advance continues to review geophysical data and potential opportunities to the north of Ortynytska.

The Company will continue to review these additional opportunities in Ukraine that may be complementary to the existing Ortynytska project. It is also reviewing, and will continue to do so, a number of other opportunities outside Ukraine.

CORPORATE OVERVIEW

The Company is in negotiations to raise up to $1 million by way of a convertible note.

During the period Mr Alistair Jobling resigned as a director and company secretary. Mr Igor Soshynsky, who is resident in Ukraine, has replaced Mr Jobling as a director, while Mr Roland Berzins and Mr David Ballantyne are now joint company secretaries.

For further information contact:

Mr Anthony Short (Managing Director)

Telephone: 08 9429 2900
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

62 111 823 762

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	-	-
	(b) development	(6)	(28)
	(c) production	-	-
	(d) administration	(40)	(83)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(46)	(111)
	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	-	-
1.13	Total operating and investing cash flows (carried forward)	(46)	(111)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(46)	(111)
	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	-	-
1.18	Dividends paid	-	-
1.19	Other (option issue to be refunded)	-	19
	Net financing cash flows	-	19
	Net increase (decrease) in cash held	(46)	(92)
1.20	Cash at beginning of quarter/year to date	52	101
1.21	Exchange rate adjustments to item 1.20	(3)	(6)
1.22	**Cash at end of quarter**	3	3

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	-
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

During the quarter 69,186,734 shares were issued as part payment of convertible note interest in the amount of approximately $55,000 due as at 31 March 2013. Payment of a further amount of interest in respect of the March quarter of approximately $102,000 was deferred, and accrued for accounting purposes. Further interest of approximately $158,000 will be accrued in respect of the June quarter.

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

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	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	20
4.2	Development	-
4.3	Production	-
4.4	Administration (including interest)	30
	Total	**50**

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	3	52
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details):	-	-
	Total: cash at end of quarter (item 1.22)	3	52

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	N/A			
6.2	Interests in mining tenements acquired or increased	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	**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**	1,255,586,172	1,255,586,172		Fully paid
7.4	Changes during quarter (a) Increases- through issues (b) Decreases- capital returns or buy-backs	69,186,734	69,186,734		
7.5	**+Convertible debt securities** *(description)*	6,630,500	6,630,500	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)*				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

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

Sign here: Date: ..31 July 2013

(~~Director~~/Company secretary)

Print name: R Berzins

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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+ See chapter 19 for defined terms.