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ADVANCE ENERGY LIMITED

ACN 111 823 762

QUARTERLY REPORT

30 SEPTEMBER 2013

OPERATIONS

Ortynytska Project, Ukraine

The Company continues to assess its development options for the Ortynytska Project in Ukraine. As previously stated, 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 any drilling programme will be considerably in excess of that originally anticipated. Until Advance is capable of raising significant exploration capital any progress on this project will need to be deferred. In the meantime, Advance continues to review geophysical data and potential opportunities to the north of Ortynytska.

The Company is also actively reviewing a number of opportunities outside Ukraine. However these opportunities will be limited due to funding constraints.

CORPORATE OVERVIEW

The Company believes that it needs to complete a restructuring of its current convertible notes and other debt on the balance sheet, as a precursor to the introduction of a new project and a successful capital raising, and is focused on completion of this process in the near future.

For further information contact:

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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 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	(28)
(c) production	-	-
(d) administration	(3)	(86)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2)	(113)
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)	(2)	(113)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2)	(113)
	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	(2)	(94)
1.20	Cash at beginning of quarter/year to date	3	101
1.21	Exchange rate adjustments to item 1.20	-	(6)
1.22	Cash at end of quarter	1	1

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 21,686,714 shares were issued as part payment of convertible note interest in the amount of approximately \$17,000 due as at 30 June 2013. Payment of a further amount of interest in respect of the June quarter of approximately \$140,000 was deferred, and accrued for accounting purposes. Further interest of approximately \$158,000 will be accrued in respect of the September 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

+ 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	-	-

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	1	3
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details):	-	-
Total: cash at end of quarter (item 1.22)	1	3

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.

Appendix 5B
Mining exploration entity quarterly report

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 <i>(description)</i>	9	Unquoted		
7.2	Changes during quarter (a) Increases through issues (b) Decreases-capital returns, buy-backs or redemptions				
7.3	+Ordinary securities	1,277,272,886	1,277,272,886		Fully paid
7.4	Changes during quarter (a) Increases-through issues (b) Decreases-capital returns or buy-backs	21,686,714	21,686,714		
7.5	+Convertible debt securities <i>(description)</i>	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 <i>(description and conversion factor)</i>				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ 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 October 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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