WHL Energy Limited
ABN 25 113 326 524

Annual and Financial Report

2009

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19 October 2009

Dear Fellow Shareholders,

In June 2008 the members of the Company approved a change in the Company's activities to broaden its capacity, and to invest in more diverse types of energy projects. Your Directors have taken steps during the past financial year to achieve this and are continuing to do so.

The Company has had success with development and marketing of its wind farm sites and your Board is now pursuing opportunities. To joint venture and farm out the smaller projects and sell 100% ownership in the larger wind farm sites which are located in Scotland, U.K.

This strategy will make available cash for the continuing development of your company in the USA Energy Market.

Our wind farm J.V partners going forward will finance the Joint Ventures on the smaller projects.

Your Company is now receiving positive cash flow from its oil and gas investments, which have been announced, and are referred to in this Report. The Company's capital position will continue to improve as all of the current projects reach their final production targets.

Our recently completed rights issue has also assisted in providing funds for that purchase of further such investments and the Company's share price has significantly improved.

My fellow directors and I are confident that your Company will be able to consolidate its financial position in the current year by building on its revised investment strategy.

Yours sincerely,

Peter Bartter
Chairman

WHL ENERGY LIMITED
and its controlled entities

OPERATING AND FINANCIAL REVIEW

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OPERATING AND FINANCIAL REVIEW

OPERATING AND FINANCIAL REVIEW

The emphasis on investment by the Company in the year under review has moved towards acquiring interests in oil and gas tenements in USA due mainly to the need to generate cash flow income via low risk production and acquisitions investment capital.

The Company remains committed to the exploitation of its Wind Energy assets and intellectual property relating thereto and is currently assessing joint venture partners or purchasers of those assets with a view to them being developed with another Company as operator to minimise costs.

Operating Loss

The operating loss for the year ended 30 June 2009 after income tax was $4,110,315 (2008: $3,455,897)

PROJECTS

Woolsthorpe Wind Energy Option Agreement

On 14 July 2008 the Company resolved not to exercise its option to purchase all of the issued shares of Woolsthorpe Wind Farm Pty Ltd pursuant to the provisions of the option agreement between Wind Farm Developments Limited and the Company. The Directors believe that to do so would not have been in the interest of the Company or its shareholders.

Kentucky Gas Shale Project (16.66% interest)

On 23 July 2008 the Company signed a definitive asset purchase agreement and associated contracts, including an assignment of oil and gas leases, along with its joint venture partners, Gale Force Petroleum Inc. and Derby Resources LLC, to acquire certain Kentucky shale gas assets consisting of approximately 22,000 acres of oil and gas leases, nine (9) gas wells, and six (6) miles of gathering lines including compressors. WHL paid US$1.25 million to acquire its 33.33% share in the Project. The Project is located in the Appalachian Basin in Eastern Kentucky where the primary target of development is the well established Devonian shale gas formation located at approximately 1000 feet deep with about 250 feet consistent thickness across the property.

On 24 September 2008 the Company started natural gas production on four of the nine wells with a view to cash flow generation therefrom. On 20 November 2008 the Company announced that the remaining five wells had been completed using fracture stimulation on the gas-rich intervals within the shallow Devonian shale. On 14 January 2009 the Company announced a farm out agreement to earn up to 50% interest in the property.

The primary goal of the farmout is to increase and accelerate natural gas production and revenues generated from the current Kentucky Property and adjoining leasing opportunities. The initial development program, estimated to cost USD $400,000, will begin in the spring of 2009 and will focus on the completion of some of the existing nine wells. For paying for the completion of the existing nine wells, the Farmee will earn a 60% interest before payout in these wells.

Additional development programs will be pursued at the Farmee's option later in 2009 and in 2010. For newly drilled wells, the Farmee will earn a 75% interest before 1.5 times payout. The Farmee, at its option, may spend up to $2 million on the programs, upon which it will back in to earn a 50% interest in the Kentucky property.

Wardlaw Project (50% interest)

On 23 July 2008 the Company and Glen Rose Petroleum Corporation, a publicly-listed oil and gas company trading on NASDAQ, signed a definitive Participation Agreement under which the Company entered into a joint venture with Glen Rose to acquire for US$1.8 million a 50% interest in 2,560 acres of the currently producing 10,360 gross acre Wardlaw Field located in Edward County, Texas USA. The Company has acquired options to pursue two additional 2,560 acre phases on similar terms.

Kilbirnie Hydrogen Facility and Wings Law Wind Farm Proposal

On 27 March 2009 the Company announced the granting of an outline consent by North Ayrshire planning committee for their 5 MW Hydrogen Balancing Plant in Kilbirnie, Ayrshire, Scotland. The Kilbirnie Hydrogen Facility is the first approval for UK grid connection of a Hydrogen balancing facility utilising WHL's patented hydrogen balancing technology.
The Kilbirnie project is a commercially-sized demonstrator hydrogen balancing facility designed to allow excess electricity produced by a wind farm at periods of low demand to be converted into hydrogen, stored, and converted back to electricity on demand.
The Company's 48MW Wings Law Wind Farm, Ayrshire, Scotland was not approved. The Company is now reviewing the grounds for refusal and has commenced the appeal procedure.

As mentioned above the Company's wind farm projects are being considered for sale or joint venture to recover capital and aid with funding requirements.

KOS Energy Oil Production Joint Venture

On 22 June 2009 the Company announced that it had committed to a Joint Venture to acquire a 33% interest, with two partners KOS Energy (Kentucky) LLC and Deniz Energy LLC, in an oil production venture in Kentucky.

The acquisition will bring early oil production from the project to WHL Energy by reworking existing oil wells. KOS Energy LLC holds a marketing agreement for the Commonwealth State of Kentucky for the patented Short Radius Stimulation (SRS) jet drilling technology.

WHL ENERGY LIMITED
and its controlled entities

STATEMENT OF CORPORATE GOVERNANCE

WHL and its board are committed to achieving and maintaining best practice in corporate governance, consistent with our sector of operations and the size and maturity of the Company. The listing rules of the Australian Securities Exchange (ASX) require the Company to disclose the extent to which they have followed the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles").

The following discloses the extent to which the Company follows the ASX Principles. The company and its controlled entities together are referred to as the Group in this statement. The board of WHL adopted a general Corporate Governance Policy on 23 August 2007. The Group adopted a broad Corporate Governance Framework (which can be found on our website at www.whlenergy.com) as well as more detailed policies in a number of areas. These include:

- Board charter
- Code of conduct for directors and senior executives
- Audit and risk committee charter
- Continuous disclosure and shareholder reporting policy
- Share trading policy

Set out below are the corporate governance policies and procedures adopted by the board of the Company. At regular intervals the board will review the policies and procedures adopted, as it is expected that requirements will change as the Company develops and grows in complexity. The policies in place are described under the headings of the ten ASX Principles.

Principle 1: Lay solid foundations for management and oversight

Role of the board

The board has the primary responsibility for guiding and monitoring the business and affairs of the Company, including compliance with the Company's corporate governance objectives. The board is responsible for the oversight and performance of the Company.

The board has delegated the day to day management of the Company to the managing director who, in turn, may delegate to senior management. The board's role is set out in the board charter which establishes the relationship between the board and management and describes their respective functions and responsibilities.

The board is responsible for the oversight and performance of the Company, including matters such as:

- Evaluating, approving and monitoring the strategic and financial plans and performance objectives for the Company;
- Evaluating, approving and monitoring the annual budgets and business plans;
- Evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions including the issue of any securities of the Company;
- Monitoring and approving all financial reports and all other reporting and external communications by the Company;
- Evaluation of board and individual director performance;
- Appointing, removing and managing the performance of, and the succession planning for, the chief executive officer;
- Reporting to shareholders on the company's strategic direction and performance;
- Monitoring the Company's performance in relation to best practice principles of corporate governance;
- Approving and monitoring the Company's risk management strategy and internal controls and accountability systems and their effectiveness.

STATEMENT OF CORPORATE GOVERNANCE

Role of management

The board has delegated the day to day management of the Company to the chief executive officer who, in turn, may delegate responsibilities to senior management. The delegations to the chief executive officer include:

• Developing business plans, budgets and company strategies for consideration by the board and, to the extent approved by the board, implementing those plans, budgets and strategies;

• Operating the business of the Company within the parameters determined by the board and keeping the board promptly informed of all developments material to the Company and its business;

• Identifying and managing operational risks and formulating strategies for managing those risks for consideration by the board;

• Managing the Company's financial and other reporting mechanisms and control and monitoring systems to ensure that they capture all relevant material information on a timely basis and are functioning effectively.

Letters of appointment

Current directors of the Company have not been provided with letters of appointment. All executives of the company are employed under contracts which outline their duties, rights and responsibilities, and entitlement on termination.

Principle 2: Structure the board to add value

Board composition

The board has three directors, two of whom are executive, being David Khan, and Peter Bartter. Mr. Bartter is the chairman of the board. The remaining member of the board, who is non executive, is Mr Warwick Davies.

The names, date of first appointment and status of the company's directors are set out below.

Name	Appointed	Executive	Independent	Term of appointment
Peter Bartter	2005	Yes	No	Until AGM 2011
David Kahn	2008	Yes	No	Until AGM 2009
Warwick Davies	2009	No	Yes	Until AGM 2009

Director independence

Directors are expected to bring independent views and judgement to the board's deliberations. The board has reviewed the position and associations of each of the four directors in office and has determined that none of the directors are independent. This is a departure from the ASX Corporate Governance Guidelines in that a majority of the board are not independent and the chairman is not independent for the reason that the Company is a micro sized public company.

In making this determination the board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the board considers relevant. The board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

The directors who do not meet the independence criteria are:
Peter Bartter, is a substantial shareholder in the Company;
Dr. David Kahn is a director and minority shareholder in Derby. The Company has a material contractual relationship with Derby.

The board believes that it is not in the best interests of the company to move immediately to include independent directors to meet recommended best practice principles. However it intends to move towards this position once the Company is deriving positive operational cash flow.

Meetings of the board

The board meets formally at least six times a year and on other occasions, as required. On the invitation of the board, members of senior management attend and make presentations at board meetings.

Retirement and re-election

The constitution of the Company requires one third of the directors, other than the chief executive officer, to retire from office at each annual general meeting. Directors who have been appointed by the board are required to retire from office at the next annual general meeting and are not taken into account in determining the number of directors to retire at that annual general meeting. Directors cannot hold office for a period in excess of three years (or later than the third annual general meeting following their appointment) without submitting themselves for re-election. Retiring directors may be eligible for re-election by shareholders.

Committee of the board

The Company has elected to depart from the adoption of ASX Corporate Governance Guidelines in that it will not be forming a nomination committee or a remuneration committee for the reason that these requirements are more appropriate for larger public companies and would unduly add to the cost structure of the Company

Audit and risk committee

Membership of this Committee is:

Peter Bartter (Chair)
David Kahn

The primary role of the Audit and Risk Committee is to monitor and review the effectiveness of the Company's control environment in the areas of operational risk, legal/regulatory compliance and financial reporting. It will advise and assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to:
• reporting of financial information to users of financial reports, in particular the quality and reliability of such information;
• assessing the consistency of disclosures in the financial statements with other disclosures made by the Company to the financial markets, governmental and other public bodies;
• review and application of accounting policies;
• financial management;
• review of internal and external audit reports to ensure that where weaknesses in controls or procedures have been identified, appropriate and prompt remedial action is taken by management;
• evaluation of the Company's compliance and risk management structure and procedures, internal controls and ethical standards;

• review of business policies and practices;
• conduct of any investigation relating to financial matters, records or accounts, and to report those matters to the Board;
• protection of the Company's assets; and
• compliance with applicable laws, regulations, standards and best practice guidelines.

The Audit and Risk Committee was appointed on 23 August 2007 and a meeting of the Committee was held on 3 June 2009.

The charter for the committee is set out in the Corporate Governance Policy noted above. The Company has departed from the ASX Corporate Governance Guidelines in that a majority of the committee is not independent for the reason that the Company has no independent directors.

Principle 3: Promote ethical and responsible decision-making

The Company has adopted a code of conduct for directors and senior executives to guide those parties as to the practices necessary to maintain confidence in the Company's integrity and the reporting of unethical practices. The code is published on the Company's website.

Through its oversight of Company activities, the board ensures that best practice standards of ethics and integrity in all business dealings and operations are maintained, including the company's interactions with its shareholders, employees, business partners, customers, suppliers, and the community.

The Company has adopted a policy on share trading, for employees and directors or their related entities. Employees, executives and directors of the Company may not trade in the Company's shares when in possession of inside information.

Principle 4: Safeguard integrity in financial reporting
CEO and CFO declaration:

Consistent with ASX Principle 4, the Company's financial report preparation and approval process involves both the managing director and the chief financial officer providing a written statement to the board that,

"to the best of their knowledge and belief, the Company's financial report presents a true and fair view, in all material respects, of the Company's financial condition and operating results and is in accordance with applicable accounting standards."

Audit and risk committee, governance and independence

As outlined under Principle 2, the board has established an audit and risk committee, with a formal charter, to verify the integrity of the Company's financial reporting. This committee is structured according to the guidelines set down in the ASX Principles, except that there is not a majority of independent directors. The committee reports to the board. As part of the Company's commitment to safeguarding integrity in financial reporting, the Company has implemented procedures and policies to monitor the independence and competence of the Company's external auditors.

Appointment of auditors

The Company's external auditors are Deloitte Touche Tohmatsu ("Deloitte"). The effectiveness, performance and independence of the external auditors are reviewed by the Audit Committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the audit committee will then formalise a procedure and policy for the selection and appointment of new auditors. It is a requirement, given that the company is listed, that the audit engagement partner is rotated at least every five years.

Principle 5: Make timely and balanced disclosure

The board has established written Company policies on continuous disclosure (including requirements for approval for release of information by the Company), and on shareholder communications, to promote effective communication with its shareholders.

In addition to its disclosure obligations under the ASX Listing Rules, the Company communicates with its shareholders through a number of means including:

• annual and half-yearly reports, including material presented at the Annual General Meeting

• quarterly shareholder updates released to the ASX, sent by email to shareholders and others who so request, and placed on the Company's website; and

• media releases, public announcements and investor briefings

All material disclosed, where feasible, and as authorised by the Executive Chairman, is posted to the Company's website.

Principle 6: Respect the rights of shareholders

The Company has a positive and formal strategy to communicate with shareholders and actively promote shareholder involvement in the Company. This is outlined above. It aims to continue to increase and improve the information available to shareholders on its website. All company announcements, presentations to analysts and other significant briefings will be posted on the company's website after release to the Australian Securities Exchange.

Consistent with ASX Principle 6 and CLERP 9, Deloitte will attend, and are available to answer questions at, the Company's annual general meetings. The Company encourages shareholders to register for receipt of announcements and updates electronically.

Principle 7: Recognise and manage risk

Consistent with ASX Principle 7, the Company is committed to the identification, monitoring and management of risks associated with its business activities and has established, as part of its management and reporting systems, a number of risk management controls. The Company has adopted a general risk management statement addressing the profile of risk relevant to the Company given its operational context (posted to the Company's website) supported by a set of internal procedures. Approval of detailed procedures and monitoring of their implementation has been delegated to the audit and risk committee of the board.

In particular, in accordance with ASX Principle 7, the Executive Chairman and the Chief Financial Officer provide the board with an annual written statement that:

• "the statement given with respect to the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and

• the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects".

The risk profile can be expected to change and procedures adapted as the Company's business develops and it grows in size and complexity. Regular review by the audit and risk committee will ensure that procedures adopted continue to be appropriate.

The Company has not established an internal audit function due to its small size.

Principle 8: Encourage enhanced performance

The Chairman of the Company will conduct an internal performance evaluation of the board subsequent to the end of the financial year. Performance reviews of all key executives will be carried out prior to the end of the financial year and the results used in setting performance-related pay for the then current year and remuneration levels for the following year.

No induction process for board members has been established but will be implemented as new directors unfamiliar with the company or its industry context are appointed in the future. The board is kept well informed by the CEO and senior executives on developments within the Company and in the broader sector within which the Company operates. Responsibility for governance issues is delegated to the chief executive officer and the company secretary, reporting to the board.

Principle 9: Remunerate fairly and responsibly

The aggregate remuneration of directors is determined by shareholders, apart from payments to executive directors, and the board determines individual directors' remuneration. The Company's remuneration policy is to balance the need to provide industry-competitive remuneration in order to attract and retain high quality personnel, while ensuring effective use of shareholder funds.

The Company has not formed a nomination committee because of the Company's size which is small enough for the whole board to efficiently address the issue of board competencies.

At this time, non-executive directors are remunerated by fees only. However, the Company has elected to depart from the adoption of ASX Corporate Governance Guidelines in that it plans to convene a meeting of shareholders for the purpose of considering the issue of shares to directors. The board considers it important to provide incentives for directors as well as executives to deliver the business plan.

No schemes for retirement benefits (other than statutory contributions to a superannuation scheme where relevant) or termination payments are in place.

Principle 10: Recognise the legitimate interests of stakeholders

As outlined above under Principle 3, the board has established conduct guidelines for staff and directors. The Company's broad corporate governance framework, posted on the company's website, contains general principles for corporate conduct to ensure compliance with legal and other obligations to stakeholders. Performance against these principles is monitored by the board.

DIRECTORS' REPORT

The directors present their report together with the financial report of the Company and of the Group, being the Company and its controlled entities, for the financial year ending 30 June 2009.

Directors

The names and particulars of the directors of the Company at any time during or since the end of the financial period are:

David Khan, Executive chairman
Appointed 24 June 2008 (as a director)
Appointed 28 November 2008 (as executive chairman)

Dr. David Kahn has 15 years of diverse experience in the petroleum industry. During the past seven years he has been a principal in companies focused on developing strategies for exploiting unconventional oil and gas assets. He has developed expertise in property evaluations, business analysis and development, budgeting and strategic planning, reservoir engineering with particular emphasis on enhanced oil recovery, drilling and completion operations, midstream & downstream technologies, and marketing.

Dr. Kahn has worked for Baker Hughes, Halliburton and Texaco E&P. Dr. Kahn is currently a director of Gale Force and Sonic Technology Inc. He is also a director of, and a minority shareholder in, Derby. His education includes a Bachelor's in Engineering from McGill University and a Master's in Chemical and Petroleum Engineering, as well as a PhD in the same discipline, from Ecole Nationale Superiore du Petroel at des Moteurs (Paris).

Peter John Bartter, Executive director
Appointed 10 March 2005.

Peter Bartter is the former chairman of Bartter Enterprises Pty Ltd., which owned and operated the Steggles brand, one of Australia's two largest wholesale chicken producers, employing over 4,500 people in Australia. Peter Bartter was the founder and headed, with his brother, Bartter Enterprises since the 1960's. Whilst chairman of the company, Peter Bartter was highly regarded for his knowledge and expertise within the industry and was a member of the Australian Poultry Industry Association and a governor of the Sydney University Poultry Research Foundation. Peter is known for his wide support of industry and commerce throughout New South Wales and Australia and was recently a member of the NSW Agricultural Ministerial Advisory Council. Peter has recently sold his interest in the above entity in order to concentrate on new opportunities. Peter is also a member of the Australian Institute of Company Directors.

Warwick Desmond Davies, Non-executive director
Appointed 3 June 2009.

Warwick Davies is a director of Autron Corporation Limited (Autron), an Australian company listed on both the Australian and Singapore stock exchanges. Mr Davies was appointed to the Autron board in 1997 and is currently the Chairman of the Audit Committee and a member of the Remuneration Committee for Autron. The Autron Group activities encompass electronics manufacturing and distribution operations in China, Malaysia, Singapore, Taiwan and Hong Kong, employing over 6,500 staff.

Mr Davies is highly experienced in financial analysis, capital raising, mergers and acquisitions, corporate governance and developments of positive cash flow.

Declan Nigel Pritchard, Non-executive director

Resigned 9 August 2009.

Declan Pritchard founded Wind Hydrogen Technologies Limited in 1994, the United Kingdom based Wind Hydrogen Limited in 2002 and was a founding director of WHL. He was the original author of the patents now held by WHL. Mr Pritchard developed WHL's hydrogen technology and has many years' experience in the renewable energy sector, primarily wind energy. Mr. Pritchard is a director of SEAL. SEAL's focus has been on securing hydro electric and wind development sites in India and gas development sites in the United States.

Lawrence Joseph Podrasky
Resigned 28 November 2008.

Lawrence Podrasky has more than 20 years experience in energy finance. Mr Podrasky previously held various management roles in the financial services sector, including Executive Vice President for BT Financial Group in Australia, responsible for regional energy clients, and First Vice President for Credit Lyonnais, as global head of electricity, oil & gas and infrastructure project finance. Mr Podrasky holds an MBA in finance and accounting from Cornell University.

Dr. Jeffery Bateson, Non executive director
Appointed 13 June 2006. Resigned 1 July 2008.

Jeffery Bateson has held several senior management and executive board positions in the energy industry. He was finance director/CFO for the UK, FTSE-100 energy utility, Innogy plc; group general manager for China Light & Power responsible for strategic and business development; and was with County NatWest Corporate Finance specialising in utilities work. Prior to these positions, Jeffery held senior executive positions in government including chief economist of the NSW Treasury where he was particularly involved in energy sector reform. Jeffery has a PhD in Economics and Finance, a Masters of Engineering in Nuclear Engineering, and BSc with Honours in Physics. He has a diploma in Company Directorship and is a fellow of the Australian Institute of Company Directors.

Company Secretary

Ian B. Mitchell, Company secretary
Appointed 2 February 2009

Ian Mitchell is a lawyer with over 30 years experience specialising in commercial and company law. He has been and is a director and secretary of a number of public listed companies and has had over 20 years experience in the administration and listing of companies on ASX.

Warwick James Pearce, Company secretary
Resigned 2 February 2009.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the year and the number of meetings attended by each director (while they were a director or committee member). During the financial year there were 15 board meetings and one audit committee meeting.

Directors' meetings (Continued)

	Board of directors		Audit & risk committee	
	Held	Attended	Held	Attended
Lawrence J. Podrasky	9	9	-	-
Peter J. Bartter	15	15	1	1
Declan N. Pritchard	11	10	-	-
Dr. David S. Kahn	15	15	1	1
Warwick Davies	2	2	-	-
Dr. Jeffery J. Bateson	-	-	-	-

Directors' shareholdings

At the date of this report, the relevant interests of each director of the Company in the issued share capital of the Company are:

Specified directors	Held at 1 July 2008	Purchased	Share Based Payment	Sold	Held at Report Date
Peter J. Bartter	16,438,105	3,540,200	-	-	19,978,305
Dr. David S. Kahn	5,000,000	-	-	-	5,000,000
Warwick Davies	-	-	-	-	-

Remuneration report - audited

The following persons acted as directors of the Company during or since the end of the financial year:

Peter J. Bartter, director executive chairman (appointed 28 November 2008)
Dr. David S. Kahn, director (appointed 24 June 2008)
Warwick Davies, director (appointed 3 June 2009)
Declan N. Pritchard, director (resigned 9 August 2009)
Lawrence J. Podrasky, director (resigned 28 November 2008)
Dr. Jeffery J. Bateson, director (resigned 1 July 2008)

The term “senior management” is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the financial year:

Warwick J. Pearce, company secretary (resigned 2 February 2009)
Ian B Mitchell, company secretary (appointed 2 February 2009)
Steven J. Radford (appointed as Managing Director of United Kingdom operations as of 11 December 2008 and commenced employment on 11 February 2008)

Options

During and since the end of the financial year no options were granted to the key management personnel of the Group as part of their remuneration.

Remuneration Policy

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The board is responsible for reviewing its own performance. The non-executive directors are responsible for evaluating the performance of the executive directors who, in turn, evaluate the performance of all other senior executives. The evaluation process is intended to assess the Company's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives

Discussion of the relationship between the remuneration policy and company performance

The table below sets out summary information about the consolidated entity's earnings for the period since incorporation of the Company on 10 March 2005.

	30 June 2009	30 June 2008	30 June 2007	30 June 2006 (period since 10 March 2005)
Income	223,466	563,642	36,138	31,270
Net (loss) before tax	(4,110,315)	(3,455,897)	(5,315,628)	(7,977,273)
Net (loss) after tax	(4,110,315)	(3,455,897)	(5,315,628)	(7,977,273)
Share price at start of year [(1)]	14.5 cents	N/A	N/A	N/A
Share price at end of year	3.6 cents	14.5 cents	N/A	N/A
Interim dividend	-	-	-	-
Final dividend	-	-	-	-
Basic loss per share	(2.67)	(2.51)	(11.65)	(29.0) cents
Diluted loss per share	(2.67)	(2.51)	(11.65)	(29.0) cents

[(1)] WHL Energy Limited was admitted to the Official List of ASX Limited on 6 September 2007. Official Quotation of the securities commenced on 10 September 2007 at 20.0 cents per share.

The company is a development stage business and this fact is reflected in the remuneration level of the directors and senior executives. Remuneration is not currently linked to company performance.

Key terms of employment contracts

Larry J. Podrasky's employment contract had a duration of three years. The period of notice required to terminate the contract was 12 months' written notice by the Company or 3 months written notice by Mr Podrasky. Upon termination of Mr Podrasky's employment contract, he was entitled to all sums then owing by the Company by way of remuneration or otherwise accrued to the termination date set off by any amount owing by Mr Podrasky to the Company. Mr Podrasky's compensation in the current reporting period was determined in accordance with the terms of his employment contract. Under the terms of his contract, Mr Podrasky was entitled to 1,000,000 shares were he employed on 1 January 2009.

Larry Podrasky resigned on 28 November 2008. As Mr Podrasky resigned the issue of 1,000,000 shares was forfeited.

Steven J. Radford's present employment contract has a duration of six months. The period of notice required to terminate the contract is 3 months' written notice by the Company or 3 months' written notice by Mr Radford. Upon termination of Mr Radford's employment contract, he is entitled to all sums then owing by the Company by way of remuneration or otherwise accrued to the termination date set off by any amount owing by Mr Radford to the Company. Mr Radford's compensation in the current reporting period was determined in accordance with the terms of his employment contract.

Mr Radford is currently entitled to 500,000 options to acquire ordinary shares in the Company on terms yet to be determined

There are no other employment contracts for directors or senior management.

Remuneration of directors and senior management

Details of the nature and amount of each major element of the remuneration of each director of the Company and Group are:

	Short-term employee benefits			Share Based Payments	Termination Payments	
Year ended 30 June 2009	**Salaries & Directors' Fees**	**Bonus**	**Consulting Fees**			**Total**
	$	**$**	**$**	**$**	**$**	**$**
Executive directors						
Dr David S. Kahn	30,583	-	-	-	-	30,583
Lawrence J. Podrasky	131,917	-	-	(84,597)	132,000	197,320
Non-executive directors				-		
Peter J. Bartter	-	-	18,000	-	-	18,000
Declan N. Pritchard	-	-	15,000	-	-	15,000
Dr. Jeffery J. Bateson	-	-	10,000	-	-	10,000
Warwick Davies	-	-	-	-	-	-
Senior Management			-	-		
Warwick J. Pearce	-	-	184,251	-	-	184,251
Ian Mitchell	-	-	6,000	-	-	6,000
Steven J. Radford	211,716	-	-	-	-	211,716
Total, all key management personnel	374,216	-	-	(84,597)	132,000	654,870

	Short-term employee benefits			Share Based Payments	Termination Payments	
Year ended 30 June 2008	**Salaries & Directors' Fees**	**Bonus**	**Consulting Fees**			**Total**
	$	**$**	**$**	**$**	**$**	**$**
Executive directors						
Lawrence J. Podrasky	273,050	-		84,597	-	365,292
Richard W. Pritchard	-	-	7,645	-	220,000	220,000
Non-executive directors			-			
Dr. Jeffery J. Bateson	32,500	-	-	-	-	32,500
Peter J. Bartter	41,667	-	-	-	-	41,667
Declan N. Pritchard	19,167	-	-	-	-	40,509
Dr. David S. Kahn	583	-	21,342	-	-	583
The Hon. Neville K. Wran	12,500	-	125,000	-	-	137,500
Robert E. Lees	27,500	-	-	-	-	27,500
Albert Y. L. Wong	12,500	-	125,000	-	-	137,500
Peter C. McLellan	-	-	124,797	-	45,281	170,078
Senior Management						
Warwick J. Pearce	-	75,000	187,875	-	-	262,875
Steven J. Radford	90,786	-	-	-	-	90,786
Total, all key management personnel	510,253	75,000	-	84,597	265,281	1,526,790

Other than as described above, no bonuses or other performance related compensation was paid to key personnel.

Principal Activities

WHL is an Australian based diversified energy company with projects in the United Kingdom and the United States. Subsequent to balance date, the Company has embarked upon an expanded business model which incorporates oil and gas projects, in addition to the Company's original focus on renewable energy.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2009. No dividends have been paid or declared during the financial year.

Changes in State of Affairs

In the opinion of the directors, significant changes in the state of affairs of the Group that occurred during the year ended 30 June 2009 are as follows:

- The group acquired a 50% interest in the Wardlaw Oil Project for a total consideration of $2,050,500
- The group acquired a 16.66% ownership interest in the Kentucky Gas Shale Project. The consideration paid to 30 June 2009 was $1,292,125 in cash and 5,000,000 WHL Energy Limited ordinary shares issued to the vendors as a finders fee, at an issue price of $0.0888, amounting to $444,000
- On 23 September 2008 the Company issued 1,000,000 ordinary fully paid shares as consideration for the provision of corporate advisory services
- On 19 June 2009 the Company placed 22,000,000 ordinary fully paid shares at one cent each to sophisticated investors for the purpose of providing funds for the purchase of oil assets and to provide working capital

Environmental Regulations

The Group's operations are subject to significant environmental regulations in relation to its activities in the United Kingdom and the United States.

The board of directors regularly monitors compliance with environmental regulations. The directors are not aware of any significant breaches of these regulations during the period covered by this report.

Review of Operations

The financial year ended 30 June 2009 and the period post balance date has been significant in the development of the Company and its controlled entities.

Major achievements during the year include:

- signing a definitive asset purchase agreement and associated contracts, including an assignment of oil and gas leases, along with its joint venture partners, Gale Force Petroleum Inc. and Derby Resources LLC, to acquire certain Kentucky shale gas assets consisting of approximately 22,000 acres of oil and gas leases, nine (9) gas wells, and six (6) miles of gathering lines including compressors. WHL paid US$1.25 million to acquire its 16.66% share in the Project.
- the granting of an outline consent by North Ayrshire planning committee for their 5 MW Hydrogen Balancing Plant in Kilbirnie, Ayrshire, Scotland.

- committing to a Joint Venture to acquire a 33% interest, with two partners KOS Energy (Kentucky) LLC and Deniz Energy LLC, in an oil production venture in Kentucky

WHL's oil & gas strategy is to focus on developing low risk unconventional oil and gas properties in mature basins where drilling, completion and production costs are low via an approach of leveraging new technologies to secure early cash flow and production.

WHL's renewable energy strategy involves commercialising its "pipeline" of potential wind farm projects in the United Kingdom, commencing with the ideally located Ladymoor project in Scotland.

Subsequent Events

Progress on KOS Energy Joint Venture

On 13 July 2009 the Company announced that work had commenced on a 3,000 acre lease in Wayne County, located in South Central Kentucky. KOS as the operator has re-entered a total of 5 wells which are now on pump and has restored production of 15 bbls/day with only one of these wells having had Short Radius Stimulation which is expected to increase the number of bbls/day when applied to all wells.

On 19 August 2009 the Company and its partners executed an agreement with Ky-Tenn Oil (KTO) to enter into a significant field re-entry opportunity in Southern Kentucky/Tennessee to complete in excess of 300 wells using KOS's proprietary Short Radius Stimulation (SRS) jet drilling technology. Drilling has now commenced on the first five wells.

Jetside Oil and Gas Agreement

On 14 August 2009 the Company announced that it had signed an agreement with Jetside Oil & Gas LLC ("Jetside"). The agreement allows WHL Energy to earn up to a 51% working interest in Jetside's Coal Bed Methane project in southeast Kansas by paying Jetside $500,000 upon the Company being satisfied that its SRSTM technology is appropriate and thereafter spending a minimum of $500,000 per year over a three year period. WHL expects that production will commence in September 2009. WHL will be the operator of the project and be employing the Short Radius Stimulation (SRSTM) technology that it has been leveraging successfully in Southern Kentucky/Tennessee. Drilling activities has also now commenced on the first wells in this project.

Rights Issue

On 14 August 2009 the Company announced a non-renounceable rights issue. The rights issue was a pro-rata non-renounceable entitlement issue of one new share for every three shares held on 1 September 2009. The issue price for each new share was 4 cents. The offer sought to raise $2,360,531 before expenses of the offer and was fully underwritten resulting in the issue of 59,013,285 new shares. The purpose of the rights issue is to fund new oil and gas business acquisitions and costs associated with such acquisitions and to supplement working capital. The rights issue has increased the issued shares in the Company from 179,039,857 to 238,053,142, an increase of 25%. Receipt of the proceeds is expected imminently and only the proportion received to date has been included in the below cash analysis.

The investments described above, in addition to other expenses incurred by the Group since balance date, have resulted in a material change to the cash balance of the Group since 30 June 2009 as described below.

	$
Cash and cash equivalents	215,044
Net cash on hand as at 30 June 2009	215,044
Less:	
KOS Energy Joint Venture	(108,983)
Ky - Tenn	(60,840)
Jetside Oil and Gas Agreement	(121,724)
Rights Issue Proceeds	355,000
Working capital costs since balance date	(195,686)
Approximate cash on hand at date of this report	82,811

The cash on hand of $ 82,811 is made up of the following:

	$
Cash on hand	82,811

The ability of the Company and the consolidated entity to continue as going concerns is dependent upon their ability to generate cash flows from the KOS Energy, Wardlaw and Kentucky joint ventures and their ability to source additional debt or equity finance.

Apart from the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments

Information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Indemnification of Officers and Auditors

During or since the end of the financial year, the Company has entered into deeds of access, insurance and indemnity with the directors of the Company. However, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer. The Company has not made a relevant agreement to indemnify the auditor of the Company against a liability incurred by such the auditor. The Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by the auditor.

Non-audit Services

During the year Deloitte Touche Tohmatsu, the Company's auditor, did not perform other services in addition their statutory duties.

Auditor's independence declaration

The lead auditor's independence declaration is set out on page 19 and forms part of the directors' report for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Board of Directors made pursuant to s298 (2) of the Corporations Act 2001:

Peter Bartter
Sydney, 30 September 2009

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
WHL Energy Limited
C/- Websters Solicitors
Level 11 37 Bligh Street
Sydney NSW 2000

Dear Board Members

WHL Energy Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of WHL Energy Limited.

As lead audit partner for the audit of the financial statements of WHL Energy Limited for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Michael Kulic
Partner
Chartered Accountant
Sydney, 30 September 2009

Member of Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

WHL ENERGY LIMITED
and its controlled entities

INCOME STATEMENTS
for the year ended 30 June 2009

	Notes	Consolidated		Company	
		2009	2008	2009	2008
		$	$	$	$
Interest income	2	179,148	563,642	178,866	562,389
Audit and taxation fees	2	(328,702)	(174,887)	(199,694)	(87,421)
Consultants expenses		(361,235)	(1,140,954)	(119,354)	(618,647)
Directors fees		(304,764)	(158,917)	(304,764)	(158,917)
Employee benefit expense		(570,524)	(1,426,578)	(259,548)	(849,451)
Impairment loss - available for sale financial asset	2	(179,890)	-	(179,890)	-
Impairment loss – intercompany loan	2,16	-	-	(667,586)	(846,100)
Impairment loss – intangible asset	2	-	(67,832)	-	-
Loss on sale of investment	2	(205,515)	-	(205,515)	-
Legal expenses		(267,942)	(492,453)	(121,031)	(407,544)
Other expenses from operating activities		(79,822)	(350,065)	(61,211)	(287,698)
Travel costs		(71,061)	(206,923)	(45,690)	(148,316)
Foreign exchange losses		(1,909,100)	-	(2,013,597)	(887,441)
Results from operating activities		(4,099,407)	(3,454,967)	(3,999,014)	(3,729,146)
Finance costs		(10,908)	(930)	(10,908)	(43)
Loss before income tax		(4,110,315)	(3,455,897)	(4,009,922)	(3,729,189)
Income tax expense	3	-	-	-	-
Loss for the year		(4,110,315)	(3,455,897)	(4,009,922)	(3,729,189)
Basic loss per share attributable to ordinary equity holders	12	(2.67) cents	(2.51) cents		
Diluted loss per share attributable to ordinary equity holders	12	(2.67) cents	(2.51) cents		

The notes are an integral part of these consolidated financial statements.

WHL ENERGY LIMITED
and its controlled entities

STATEMENTS OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Foreign Currency Translation differences on Translation of foreign operations	43,018	54,266	-	-
Income tax	-	-	-	-
Net income recognised directly in equity	43,018	54,266	-	-
Loss for the year	(4,110,315)	(3,455,897)	(4,009,922)	(3,729,189)
Total recognised income and expense for the year	(4,067,297)	(3,401,631)	(4,009,922)	(3,729,189)
Attributable to:				
Equity holders of the Company	(4,067,297)	(3,401,631)	(4,009,922)	(3,729,189)
Total recognised income and expense for the year	(4,067,297)	(3,401,631)	(4,009,922)	(3,729,189)

Other movements in equity arising from transactions with owners as owners are set out in note 10.

The notes are an integral part of these consolidated financial statements.

WHL ENERGY LIMITED
and its controlled entities

BALANCE SHEETS
as at 30 June 2009

	Notes	Consolidated		Company	
		2009	2008	2009	2008
		$	$	$	$
Current assets					
Cash and cash equivalents	15(b)	215,044	7,937,228	186,341	7,752,168
Trade and other receivables	4	51,145	43,207	20,814	23,651
Total current assets		266,189	7,980,435	207,155	7,775,819
Non-current assets					
Financial assets	5	104,379	918,819	104,603	919,043
Oil and gas assets	6	4,501,105	261,650	4,501,105	261,650
Property, plant and equipment	8	5,684	12,286	-	-
Other		2	2	-	-
Total non-current assets		4,611,170	1,192,757	4,605,708	1,180,693
Total assets		4,877,359	9,173,192	4,812,863	8,956,512
Current liabilities					
Trade and other payables	9	814,305	793,355	442,129	326,370
Borrowings	10	-	613,803	-	613,803
Total current liabilities		814,305	1,407,158	442,129	940,173
Total liabilities		814,305	1,407,158	442,129	940,173
Net assets		4,063,054	7,766,034	4,370,734	8,016,339
Equity					
Issued capital	11	24,803,260	24,064,460	24,803,260	24,064,460
Reserves	13	-	374,483	-	374,483
Foreign currency translation reserve	13	118,907	75,889	-	-
Accumulated losses	14	(20,859,113)	(16,748,798)	(20,432,526)	(16,422,604)
Total equity		4,063,054	7,766,034	4,370,734	8,016,339

The notes are an integral part of these consolidated financial statements.

WHL ENERGY LIMITED
and its controlled entities

STATEMENTS OF CASH FLOW
for the year ended 30 June 2009

	Notes	Consolidated		Company	
		2009	2008	2009	2008
		$	$	$	$
Cash flows from operating activities					
Cash payments in the course of operations		(1,943,352)	(3,661,985)	(1,119,127)	(2,131,800)
Interest paid		(10,908)	(930)	(10,908)	(43)
Net cash used in operating activities	15(a)	(1,954,260)	(3,662,915)	(1,130,035)	(2,131,843)
Cash flows from investing activities					
Loans to controlled entities		-	-	(667,586)	(1,733,567)
Payments for oil and gas projects		(3,801,318)	(890,583)	(3,801,318)	(890,807)
Proceeds from sale of investments		139,149	-	139,149	-
Payment for intangibles		-	(67,832)	-	-
Interest received		179,148	563,642	178,866	562,389
Net cash (used in) investing activities		(3,483,021)	(394,773)	(4,150,889)	(2,061985)
Cash flows from financing activities					
Proceeds from issue of shares		220,000	12,005,203	220,000	12,005,203
Cost of issue of shares		(13,200)	(1,524,708)	(13,200)	(1,524,708)
Proceeds from third party borrowings		3,715,560	613,830	3,715,560	613,830
Repayment of borrowings		(6,207,263)	-	(6,207,263)	-
Net cash (used in) / provided by financing activities		(2,284,903)	11,094,325	(2,284,903)	11,094,325
Net increase in cash and cash equivalents		(7,722,184)	7,036,637	(7,565,827)	6,900,497
Cash and cash equivalents at the beginning of the financial year		7,937,228	900,591	7,752,168	851,671
Cash and cash equivalents at the end of the financial year	15(b)	215,044	7,937,228	186,341	7,752,168

The notes are an integral part of these consolidated financial statements.

1. REPORTING ENTITY AND BASIS OF PRESENTATION

WHL is a company domiciled in Australia. The consolidated financial report of the Company for the year ended 30 June 2009 comprise the Company and its subsidiaries (together referred to as the "Group").

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASB including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group. The financial report also complies with the IFRS and interpretations adopted by the International Accounting Standards Board.

Going concern

The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The consolidated entity and company incurred net losses for the year ended 30 June 2009 of $4,110,315 (2008: $3,455,897) and $4,009,922 (2008: $3,729,189) respectively, had net current liabilities of $548,116 and $234,974 respectively and had net cash outflows from operations of $1,954,260 (2008:$3,662,915) and $1,130,035 (2008: $2,131,843) respectively.

The company currently does not trade and the ability of the company and the consolidated entity to continue as going concerns is dependent on their ability to raise additional debt or equity finance. Further, as disclosed in Note 22, the ability of the company and the consolidated entity to continue as going concerns is dependent upon their ability to generate cash flows from the KOS Energy, Wardlaw and Kentucky joint ventures.

The above conditions give rise to a material uncertainty that may cast significant doubt upon the company and consolidated entity's ability to continue as going concerns.

At the date of this report and having considered the above factors, the directors are confident that the company and the consolidated entity will be able to continue as going concerns and therefore be able to meet all of their debts as and when they fall due because of the following:

- the consolidated entity raising $2.360 million from a rights issue of 59,013,285 shares at 4 cents each to current shareholders which is fully underwritten, to extinguish current payables and for the purchase of additional assets; and
- at the date of this report conditional offers have been received for the sale of its UK wind farm developments and is subject to the satisfactory completion of appropriate due diligence, which will lead to the reimbursement of costs incurred (and expensed) to date.

However, if the sale of the UK wind farm developments does not proceed, or additional debt or equity finance is not obtained, there is significant uncertainty as to whether the consolidated entity and the company will be able to continue as going concerns.

Going concern (continued)

Should the company and consolidated entity be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different to those noted in the financial statements.

No adjustments have been made to the recoverability and classification of recorded asset values and the amount and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concerns.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value in use of the intangible assets. The calculation requires the entity to estimate the future cash flows expected to arise from the intangible assets and a suitable discount rate in order to calculate present value.

The carrying amount of intangible assets at the balance sheet date was nil (2008: nil) after an impairment loss of nil (2008: $67,832) was recognised during the current financial year.

Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. During the financial year, the directors determined that the useful life of its equipment should remain intact.

Exploration and evaluation expenditure

Management are required to make certain estimates and assumptions as to future events and circumstances, particularly in relation to the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the company's financial report:

AASB 101 'Presentation of Financial Statements (revised September 2007). AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101', AASB 2007-10 'Further amendments to Australian Accounting Standards arising from AASB 101'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 8 'Operating Segments', AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments'	Effective for annual reporting periods beginning on or after 1 January 2009 (and that end on or after 30 April 2009)

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

AASB 123 'Borrowing Costs' (revised). AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 3 'Business Combinations' (revised), AASB 127 'Consolidated and Separate Financial Statements' (revised)	Effective for annual reporting periods beginning on or after: AASB 3 (business combinations

and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127'	occurring after the beginning of annual reporting periods beginning 1 July 2009), AASB 127 and AASB 2008-3 (1 July 2009)
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Effective for annual reporting periods beginning on or after 1 July 2009
AASB 2008-7 'Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items'	Effective for annual reporting periods beginning on or after 1 January 2009
AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project AASB 2, AASB 138 and AASB Interpretations 9 and 16'	Effective for annual reporting periods beginning on or after 1 July 2009
AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project AASB5,8,101,107,117,118,136 and 139'	Effective for annual reporting periods beginning on or after 1 January 2010
AASB 2009-6 'Amendments to Australian Accounting Standards'	Effective for annual reporting periods beginning on or after 1 January 2009 that end on or after 30 June 2009
AASB 2009-7 'Amendments to Australian Accounting Standards AASB 5, 7, 107, 112, 136, 139 and Interpretation 17'	Effective for annual reporting periods beginning on or after 1 July 2009
AASB 1 'First Time Adoption of Australian Accounting Standards'	Effective for annual reporting periods beginning on or after 1 July 2009
AASB Interpretation 18 'Transfers of Assets from Customers'	Effective for annual reporting periods beginning on or after 1 July 2009

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are carried at their cost of acquisition less any impairment in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the consolidated entity's interest in such entities is disposed of.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other receivables

Trade and other receivables are stated at their amortised cost, which is determined using the effective interest rate method, less impairment losses and less allowances for doubtful debts.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Noncurrent assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sales in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Noncurrent assets classified as held for sale are measured at the lower of their previous carrying amount and the fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

Oil and gas assets

Assets in development

The cost of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings. When commercial operation commences, the accumulated costs are transferred to oil and gas assets in production.

Intercompany loans

Intercompany loans are loans made to controlled entities that are repayable on demand and interest is charged on the outstanding balance at market rates. The company expects to settle any outstanding balances within the next twelve months. Loans made to controlled entities which are interest free, unsecured, of no fixed term, and repayable only out of potential future profits are classified as investments.

Jointly controlled operations and assets

The Group has certain contractual arrangements with other ventures to engage in joint venture activities that do not give rise to a jointly controlled entity. These arrangements involve the joint ownership of assets dedicated to the purposes of the joint venture. The assets are used to derive benefits for the ventures.

The interest of the parent entity and Group in the unincorporated joint ventures are brought to account by recognising in the financial statements under the groups proportionate share of joint venture revenues expenses, assets and liabilities.

Financial Assets

Unlisted shares are traded in inactive markets. Equities acquired less than 6 months prior to year end are carried at cost due to the proximity of acquisition to year end. The fair value is evaluated as being equal to cost, provided there are no indications that they have not traded as expected.

Listed shares are marked to their market value at balance date.

Leased assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Plant and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Office equipment, furniture and fittings are depreciated at rates between 10% and 50% per annum.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other payables

Trade and other payables are stated at their amortised cost, which is determined using the effective interest rate method. The trade and other payables are non-interest bearing and are normally settled within 60 days.
The effective interest method is a method of calculating the amortised cost and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liabilities or, where appropriate, a shorter period.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Taxation

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are temporary differences are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax / value added tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST') or value added tax ('VAT'), except where the amount of GST/VAT incurred is not recoverable from the taxation authority. In these circumstances, the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST/VAT included. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST/VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Share-based payment transactions

The grant date fair value of shares is recognised as an expense, with a corresponding increase in equity, over the period in which the recipients become unconditionally entitled to the shares.

Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Employee benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the

consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Share capital transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income and foreign exchange gains and losses. Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

2. LOSS FROM OPERATIONS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Loss from operations includes the following items of revenue and expense:				
Depreciation expense	(6,768)	(7,282)	-	-
Employee benefit expense	(570,524)	(1,426,578)	(259,548)	(849,451)
Impairment loss - available for sale financial asset	(179,890)	-	(179,890)	-
Impairment loss – intangible asset	-	(67,832)	-	-
Impairment loss – intercompany loan (note 16)	-	-	(667,586)	(846,100)
Consultants and administration expenses	(361,235)	(1,140,954)	(119,354)	(618,647)
Legal expenses	(267,942)	(492,453)	(121,031)	(407,544)
Interest income	179,148	563,642	178,866	562,389
Loss on sale of investments	(205,515)	-	(205,515)	-

2(b) AUDITORS REMUNERATION

The auditor of WHL is Deloitte Touche Tohmatsu ("Deloitte"). The following amounts were paid to the auditor of the Group:				
Auditor's remuneration (Deloitte)				
- audit and review of financial reports - Australia	136,443	62,197	136,443	62,197
Other auditors				
- audit of financial reports – overseas Deloitte firm	30,000	33,513	-	-
Total remuneration - Deloitte	166,443	95,710	136,443	62,197
Amounts paid to the previous auditor are as follows:				
Auditor's remuneration (KPMG)				
- audit and review of financial reports - Australia	-	8,439	-	8,439
- audit of financial reports – overseas KPMG firm	23,760	45,240	-	-
	23,760	53,679	-	8,439
Other services (KPMG)				
- investigating accountants report - Australia	-	-	-	-
- taxation consultancy services - Australia	-	16,785	-	16,785
- taxation consultancy services - overseas KPMG firm	39,744	8,713	-	-
	39,744	25,498	-	16,785
Total remuneration – KPMG	63,474	79,177	-	25,224

3. INCOME TAX EXPENSE

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Numerical reconciliation between tax expense and pre-tax net profit				
Loss before tax	(4,110,315)	(3,455,897)	(4,009,922)	(3,729,189)
Income tax using the domestic corporation tax rate of 30%	(1,233,095)	(1,036,769)	(1,202,977)	(1,118,757)
Increase in income tax expense due to:				
- Non-deductible expenses	2,030	2,185	-	-
- Impairment loss – tax benefit not recognised	-	20,350	200,276	253,830
- Unrealised foreign exchange (gains) – tax benefit not recognised	701,647	-	732,996	266,232
- Tax assets relating to losses not recognised	529,418	1,014,234	269,705	598,695
Income tax expense – current and deferred	-	-	-	-
Deferred tax assets have not been recognised in respect of the following items:				
Taxable temporary differences (net)	1,832,727	1,131,080	3,413,308	2,480,036
Tax losses	3,924,217	3,394,799	2,219,874	1,950,169
Net	5,756,944	4,525,879	5,633,182	4,430,205

The taxable temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from.

4. RECEIVABLES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
GST and VAT receivable	48,309	32,591	20,814	23,651
Other	2,836	10,616	-	-
	51,145	43,207	20,814	23,651

5. FINANCIAL ASSETS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Non-current				
Loans to subsidiaries – at amortised cost	-	-	8,046,932	7,379,346
Less: Impairment	-	-	(8,046,932)	(7,379,346)
Investments in subsidiaries – at cost	-	-	224	224
Investment in Canacol Canada Inc., unlisted – at cost	5	344,669	5	344,669
Investment in Glen Rose – available for sale – at fair value	104,374	574,150	104,374	574,150
	104,379	918,819	104,603	919,043

Impairment loss

At 30 June 2009, the directors assessed the recoverability of investments in controlled entities. The controlled entities are in the pre- development phase of operations and as a result the directors are unable to prepare discounted cash flow calculations to support the recoverability of these investments. The full carrying value of these investments has been impaired in the Company's financial statements. The impairment loss recognised during the year ended 30 June 2009 was $667,586 (2007: $846,100).

6. OIL AND GAS ASSETS

	Consolidated		Company	
	2009	2008	2009	2008
Assets in development:	$	$	$	$
Non Current				
Glen Rose, WHL joint venture (Wardlaw Oil project) (i)	2,073,516	261,650	2,073,516	261,650
Gale Force, Derby, WHL joint venture (Kentucky Gas Shale project) (ii)	2,427,589	-	2,427,589	-
	4,501,105	261,650	4,501,105	261,650

(i) WHL Energy Limited have a 50% interest in the Wardlaw Oil project.

(ii) WHL Energy Limited have a 16.66 % interest in the Kentucky Gas Shale project.

7. INTANGIBLE ASSETS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Project rights and intellectual property, at cost	3,770,264	3,770,264	-	-
Less impairment losses	(3,770,264)	(3,770,264)	-	-
	-	-	-	-

Impairment loss

At 30 June 2009, the directors assessed the recoverability of intangible assets. These assets related to rights in relation to wind farm projects and rights with respect to certain patents. The wind farm projects are in the pre-development phase of operations and as a result the Group is still assessing the commercial development of these projects. In addition the Group does not have approvals to develop these wind farms. As a result the directors are unable to prepare discounted cash flow calculations to support the recoverability of these assets. With respect to the patent rights the commercialisation of this intellectual property has yet to be assessed and accordingly the directors are unable to prepare discounted cash flow calculation supporting the commercialisation of this intellectual property. The carrying value of these assets has been fully impaired.

8. PROPRTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Property, Plant and equipment – at cost	65,665	66,576	-	-
Accumulated depreciation	(59,981)	(54,290)	-	-
	5,684	12,286	-	-

	Consolidated			
	Office equipment	Computer equipment	Plant and machinery	Total
Balance at 1 July 2007	21,627	-	-	21,627
Transfers	(20,645)	1,686	18,959	-
Depreciation	(232)	(525)	(6,525)	(7,282)
Net foreign currency exchange differences	(109)	(167)	(1,783)	(2,059)
Balance at 30 June 2008	641	994	10,651	12,286
Balance at 1 July 2008	641	994	10,651	12,286
Depreciation	(153)	(308)	(6,307)	(6,768)
Net foreign currency exchange differences	13	-	153	166
Balance at 30 June 2009	501	686	4,497	5,684

The Company does not own any fixed assets.

9. TRADE AND OTHER PAYABLES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Secured: at amortised cost				
Trade payables (i)	814,305	793,355	442,129	326,370

(i) The average credit period on purchases of goods and services is 60 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

10. BORROWINGS

	Consolidated		Company	
	2009	2008	2009	2008
Secured – at amortised cost: current	$	$	$	$
Amount used	-	613,803	-	613,803
Amount unused	-	4,386,197	-	4,386,197
	-	5,000,000	-	5,000,000

The Company entered into a facility with HSBC with a standalone limit of $5,000,000 on 19 March 2008. Under the facility the Company is able to make drawings under the multiple advance facility in Australian dollars, United States dollars, Euro dollars and United Kingdom pounds to a combined maximum of $5,000,000. In the event the maximum exposure exceeds $5,000,000, HSBC would convert all amounts owing to $A denominated debt and require the Company to provide additional security to reduce the amount owing to $5,000,000. The facility was secured by collateral of $5,500,000 in cash. The maturity date of the facility was 31 October 2009. The loan is interest only. The reference interest rate for $A drawings is HSBC's bank bill rate, for $US drawings it is HSBC's $US foreign currency reference rate, for GBP drawings it is HSBC's GBP foreign currency reference rate; and for EUR drawings it is HSBC's EUR foreign currency reference rate. The margin on these rates is 0.50% per annum. The weighted average effective interest rate under the facility was 4.72% per annum. Interest was payable in arrears monthly on the last day of each month. An establishment fee of $10,000 was paid and a line fee of 0.25% per annum was payable on the stand alone limit payable quarterly in advance. The facility was an on demand facility and HSBC could, at any time, at its sole and absolute discretion and without having to explain or provide any reasons or notice, cancel the facility and terminate HSBC's obligations under it. The facility was repaid in full 7 November 2008.

11. ISSUED CAPITAL

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
177,039,857 fully paid ordinary shares (2008: 149,039,857)	24,803,260	24,064,460	24,803,260	24,064,460

	Company		Company	
	2009		2008	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	149,039,857	24,064,460	84,503,127	12,791,821
Issue of shares	28,000,000	752,000	64,536,730	12,797,347
Costs of share issue – underwriting fees	-	(13,200)	-	(1,524,708)
Balance at end of financial year	177,039,857	24,803,260	149,039,857	24,064,460

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. In the event of a winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation. Ordinary shares have no par value.

During the year:

- The Company issued on 23 September 2008, 5,000,000 fully paid ordinary shares with fair value of $444,000 (Issue Price $0.0888) and 1,000,000 fully paid ordinary shares with a fair value of $88,000 (Issue Price $0.088)
- The Company issued 22,000,000 fully paid ordinary shares for $220,000 on 22 June 2009, Issue Price $0.01

12. EARNINGS PER SHARE

	Consolidated	
	2009	2008
	$	$
Net loss for the year	(4,110,315)	(3,455,897)
Loss used in the calculation of basic EPS from operations	(4,110,315)	(3,455,897)
Weighted average ordinary shares at year end used in the calculation of basic EPS	154,201,501	137,688,981
Weighted average ordinary shares at year end used in the calculation of diluted EPS	154,201,501	137,688,981
Total basic earnings per share	(2.67)	(2.51)
Total dilutive earnings per share	(2.67)	(2.51)

At 30 June 2009, there were no share options in issue that could potentially dilute basic earnings per share in the future.

13. RESERVES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Equity settled employee benefits reserve (i)	-	84,597	-	84,597
Revaluation reserve (ii)	-	289,886	-	289,886
Balance at end of year	-	374,483	-	374,483

(i) the equity settled employee benefits reserve arose on the Company's commitment to issue 1,000,000 ordinary fully paid shares in the Company to the Executive Chairman on 1 January 2009. The Executive Chairman left the Company on 28 November 2008 and therefore the requirement for this reserve has ceased.
(ii) the revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a re-valued financial asset is sold that portion of the reserve which relates to that financial asset and is realised, is recognised in profit or loss. Where a re-valued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

Foreign currency translation reserve

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Balance at beginning of financial year	75,889	21,623	-	-
Translation of foreign operations	43,018	54,266	-	-
Balance at end of year	118,907	75,889	-	-

The foreign currency translation reserve arises on the translation of the accounts of the foreign entities within the Group.

14. ACCUMULATED LOSSES

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Accumulated losses at beginning of year	(16,748,798)	(13,292,901)	(16,422,604)	(12,693,415)
Net loss attributable to members of the parent entity	(4,110,315)	(3,455,897)	(4,009,922)	(3,729,189)
Accumulated losses at end of year	(20,859,113)	(16,748,798)	(20,432,526)	(16,422,604)

15. CASH FLOW STATEMENT

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Reconciliation of net loss from operations after tax to net cash used in operating activities				
Loss from operations	(4,110,315)	(3,455,897)	(4,009,922)	(3,729,189)
Items classified as investing/financing activities				
Interest received	(179,148)	(563,642)	(178,866)	(562,389)
Non-cash items				
Depreciation	6,768	7,282	-	-
Impairment loss – available for sale financial assets	179,890	-	179,890	-
Impairment loss – intangible	-	67,832	-	-
Impairment loss – intercompany loans	-	-	667,586	846,100
Share based payments	88,000	876,740	88,000	876,740
Employee benefit share based payment reversal	(84,597)	-	(84,597)	-
Profit on sale of investment	205,515	-	205,515	-
Foreign exchange loss	1,909,100	-	1,883,763	887,441
Changes in assets and liabilities				
Receivables	(7,938)	142,171	2,837	123,772
Other non-current assets	17,515	152,897	-	152,897
Trade and other payables	20,950	(890,298)	115,759	(727,215)
Net cash used in operating activities	(1,954,260)	(3,662,915)	(1,130,035)	(2,131,843)

Non-cash financing and investing activities

During the current financial year, the Company issued 5,000,000 fully paid ordinary shares with a fair value of $444,000 as consideration for finding and developing the Kentucky Gas Shale project; 1,000,000 fully paid ordinary shares with a fair value of $88,000 as consideration for corporate advisory services.

During the current or prior financial year, the Group did not dispose of any property, plant and equipment to acquire a business. During the current or prior financial year, the Group did not acquire equipment under a finance lease.

(b) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash and cash equivalents	215,044	2,437,228	186,341	2,252,168
Security term deposits	-	5,500,000	-	5,500,000
	215,044	7,937,228	186,341	7,752,168

16. RELATED PARTY TRANSACTIONS

Key management personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Executive directors

Peter J. Bartter (Executive Chairman from 28 November 2008)
David S. Khan
Lawrence J. Podrasky (Executive Chairman resigned 28 November 2008)

Non-executive directors

Warwick D Davies (Appointed 3 June 2009)
Declan N. Pritchard (Resigned 9 August 2009)
Dr. Jeffery J. Bateson (Resigned 1 July 2008)

There were three key management personnel of the Company or Group who are not directors; Steven J. Radford, Warwick J. Pearce and Ian B. Mitchell.

The previous Executive Chairman, Larry Podrasky, was entitled to 1,000,000 fully paid ordinary shares in the Company on 1 January 2009. On termination of his contract Mr Podrasky forfeited these shares. Mr. Steven Radford is currently entitled to 500,000 options to acquire ordinary shares in the Company on terms yet to be determined.

Movement in shares 2009

Key management personnel	Held at 1 July 2008	Purchased	Share Based Payment	Sold	Held at Report Date
Peter J. Bartter	16,438,105	3,540,200	-	-	19,978,305
Dr. David S. Kahn	5,000,000	-	-	-	5,000,000
Warwick Davies	-	-	-	-	-
Lawrence J. Podrasky	50,000	-	-	50,000	-
Declan N. Pritchard	6,156,364	-	-	2,118,325	4,038,039
Dr Jeffrey J. Bateson	3,013,750	-	-	3,013,750	-

Movement in shares 2008

Key management personnel	Held at 1 July 2007	Purchased	Share Based Payment	Sold	Held at 30 June 2008
Lawrence J. Podrasky	-	50,000	-	-	50,000
Peter J. Bartter	16,288,105	150,000	-	-	16,438,105
Dr. David S. Kahn (i)	-	-	5,000,000	-	5,000,000
Declan N. Pritchard	5,939,895	278,085	-	(61,616)	6,156,364
Dr Jeffery J. Bateson	1,763,750	1,250,000	-	-	3,013,750
The Hon. Neville K. Wran	500,000	150,000	-	(150,000)	500,000
Albert Y.L.Wong	500,000	150,000	-	(150,000)	500,000
Richard W. Pritchard	9,597,452	-	-	(1,608,446)	7,989,006
Robert E. Lees	267,500	50,000	-	-	317,500
Peter C. McLellan	-	-	-	-	-

(i) Issued on the introduction of the Kentucky Gas Shale project to WHL Energy

Controlled entities

At balance date, the Company had amounts receivable from Wind Hydrogen (UK) Holdings Limited and Wind Hydrogen Limited totalling $8,046,932. This amount is classified as an investment as it is interest free, unsecured, there is no fixed term of repayment, and it is not expected to be repaid.

At 30 June 2009, the directors assessed the recoverability of investments in controlled entities and, given that the controlled entities are in the pre-development phase of operations and that there is no impact on the financial statements of the consolidated entity, the full carrying value of these investments has been impaired in the Company's financial statements. The impairment loss recognised in the current year was $667,586 (2008: $846,100).

17. FINANCIAL INSTRUMENTS DISCLOSURE

Capital risk management

The Group manages its capital to protect shareholder wealth. The Group's overall strategy remains unchanged from 30 June 2008.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades. None of the Group's entities are subject to externally imposed capital requirements. Debt/equity financing is used to fund the Group's activities.

The Group's policy is to borrow centrally; using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

(i) Debt is defined as long- and short-term borrowings.

(ii) Equity includes all capital and reserves.

Gearing ratio

The Group's risk management committee reviews the capital structure on a semi-annual basis. As a part of this review the management considers the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of 20-25%, which is determined as the proportion of net debt to equity. Based on recommendations of the management the Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt. The gearing ratio at year end was as follows:

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Financial assets				
Debt (i)	-	613,803	-	613,803
Cash and cash equivalents	(215,044)	(7,937,228)	(186,341)	(7,752,168)
Net cash	(215,044)	(7,323,425)	(186,341)	(7,138,365)
Equity (ii)	4,063,054	7,766,034	4,370,734	8,016,339
Net cash to equity ratio	(5)%	(94)%	(4)%	(89)%

(i) Debt is short term borrowings as detailed in note 10.
(ii) Equity includes all capital and reserves.

Given that the Group is currently in start up the ratios are currently not within target. The policy will be monitored by the Group going forward.

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Group is exposed to foreign currency risk on purchases and borrowings that are denominated in a currency other than the AUD. The currencies giving rise to this risk are primarily United States dollars ("USD") and Great British Pounds ("GBP").

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2009	2008	2009	2008
	$	$	$	$
US dollars	-	585,900	-	-
GBP	-	-	28,603	88,843

Foreign currency sensitivity analysis
The Group is mainly exposed to USD and GBP.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

USD impact

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Profit or loss	-	61,274	-	61,274
Other equity	-	-	-	-

	GBP impact			
	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Profit or loss	2,860	18,495	-	-
Other equity	-	-	-	-

Credit risk exposure

The maximum credit risk exposure on financial assets of the Group which have been recognised on the statement of financial position is the carrying amount, net of any provision for doubtful debts. The Group mitigates risk by dealing with Australian and United Kingdom regulated banks.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group does not enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at fixed interest rates and invests in cash and cash equivalents at both fixed and variable interest rates. The risk is managed by the Group by maintaining an appropriate mix of borrowings. The Company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss would decrease by $1,075 and increase by $nil (2008: decrease by $39,000 and increase by $3,000). This is mainly attributable to the Group's exposure to interest rates on variable interest rates on cash and cash equivalents (2008: its variable rate borrowings).

Other price risks

The Group is exposed to equity price risks arising from equity investments in the United States. This risk will be managed by the executive team in the head office. The price risks will relate to the $US price of oil and gas in the United States.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5% p.a. higher or 5% p.a. lower:

- net profit for the year ended 30 June 2009 would decrease/increase by $5,219 (2008: nil);
- other equity reserves would decrease/increase by $5,200 (2008: $28,000) for the Group and $5,200 (2008: $28,000) for the Company, mainly as a result of the changes in fair value of available-for-sale shares.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by careful analysis of its cash flows. Included in note 9 is a listing of additional un-drawn facilities that the Company/Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

Liabilities

The following tables detail the Company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Consolidated

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 months $	3 months to 1 year $	1 + years $
2009					
Non-interest bearing	-	814,305	-	-	-
Fixed interest rate instruments	-	-	-	-	-
		814,305	-	-	-
2008					
Non-interest bearing	-	793,355	-	-	-
Fixed interest rate instruments	4.72	5,575	18,316	81,964	2,531,827
		798,930	18,316	81,964	2,531,827

Company

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 months $	3 months to 1 year $	1 + years $
2009					
Non-interest bearing	-	442,129	-	-	-
Fixed interest rate instruments	-	-	-	-	-
		442,129	-	-	-
2008					
Non-interest bearing	-	326,370	-	-	-
Fixed interest rate instruments	4.72	5,575	18,316	81,964	2,531,827
		331,945	18,316	81,964	2,531,827

Assets

The following table details the Company's and the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company/Group anticipates that the cash flow will occur in a different period.

Consolidated

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 months $	3 months to 1 year $	1 + years $
2009					
Fixed interest rate instruments	-	-	-	-	-
				-	-
2008					
Fixed interest rate instruments	7.90	152,373	5,719,036	-	-
		152,373	5,719,036	-	-

Company

	Weighted average effective interest rate %	Less than 1 month $	1 – 3 months $	3 months to 1 year $	1 + years $
2009					
Fixed interest rate instruments	-	-	-	-	-
		-	-	-	-
2008					
Fixed interest rate instruments	7.90	152,373	5,719,036	-	-
		152,373	5,719,036	-	-

Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

Trade and other receivables/payables

All receivables/payables with a remaining life of less than one year, the carrying amount is deemed to reflect the fair value. There are no receivables/payables with a life greater than one year.

18. FINANCIAL REPORTING BY SEGMENTS

The consolidated entity operates within one business segment and three geographical regions being the management of energy assets in Australia, the United Kingdom and the United States.

	Australia 2009 $	United Kingdom 2009 $	United States 2009 $	Elimination 2009 $	Consolidated 2009 $
Segment revenue	44,318	-	-	-	44,318
Unallocated financial income	178,866	282	-	-	179,148
Total revenue	223,184	282	-	-	223,466
Segment results	(4,009,922)	(872,476)	-	772,083	(4,110,315)
Segment assets	207,379	64,619	4,605,484	(123)	4,877,359
Unallocated assets	-	-	-	-	-
Total assets	207,379	64,619	4,605,484	(123)	4,877,359
Segment liabilities	(442,129)	(8,419,107)	-	8,046,931	(814,305)
Unallocated liabilities	-	-	-	-	-
Total liabilities	(442,129)	(8,419,107)	-	8,046,931	(814,305)
Depreciation	-	(6,768)	-	-	(6,768)

	Australia 2008 $	United Kingdom 2008 $	Elimination 2008 $	Consolidated 2008 $
Segment revenue	-	-	-	-
Unallocated financial income	563,642	-	-	563,642
Total revenue	563,642	-	-	563,642
Segment results	(3,729,191)	(2,411,324)	2,684,618	(3,455,897)
Segment assets	8,935,986	220,120	17,086	9,173,192
Unallocated assets	-	-		-
Total assets	8,935,986	220,120	17,086	9,173,192
Segment liabilities	(919,649)	(8,733,773)	8,246,264	(1,407,158)
Unallocated liabilities	-	-	-	-
Total liabilities	(919,649)	(8,733,773)	8,246,264	(1,407,158)
Depreciation	-	(7,282)	-	(7,282)
Impairment loss – intangible asset	(67,832)	-	-	(67,832)

As the Group only operates in one business segment no secondary reporting is necessary.

19. CAPITAL COMMITMENTS AND EARN-IN AGREEMENTS

The Company has contractual commitments related to the acquisition, construction, development and operation of various projects. These expenditures are contingent upon successful raising of the required capital and failure to make these expenditures will result in the forfeiture of the associated project rights.

The forecast amounts are:

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Not later than one year	-	-	-	-
Later than one year but not later than two years	-	-	-	-
Later than two years but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	-	-	-

The consolidated entity, as a result of the acquisition of Wind Hydrogen Technologies Limited (formerly Ynni a Gwynt Mon Cyfyngedig), and Wind Hydrogen Developments Limited (formerly Hunterston Hydrogen Limited) owns the rights to the Ladymoor renewable energy project, located in Scotland. Attached to these rights is an ongoing gross revenue royalty of 1.0% along with a number of conditional payments to be made to the promoters and vendors upon the following milestone events been reached; (i) granting of planning consent (GBP $150,000), (ii) commencement of construction (GBP $200,000), and (iii) completion of construction (GBP $1,000,000). Rights in relation to the use of land are subject to renewable two year option periods. The table above includes the payments which will fall due on the occurrence of each of the three events specified.

On 23 July 2008 the Company and Glen Rose, a publicly-listed oil & gas company trading on NASDAQ, signed a definitive Participation Agreement under which the Company entered into a joint venture with Glen Rose to acquire for US$1.8 million a 50% interest in 2,560 acres of the currently producing 10,360 gross acre Wardlaw Field located in Edwards County, Texas USA. The Company acquired options to pursue two additional 2,560 acre phases on similar terms.

The individual amounts in relation to the above agreements have not been disclosed due to their commercial sensitivity.

20. CONTROLLED ENTITIES

Particulars in relation to controlled entities:
Parent Entity
WHL is a public company, which was incorporated in Australia on 10 March 2005 and listed on the ASX on 10 September 2007.

Wholly Owned Controlled Entities
Wind Hydrogen Holdings (Australia) Pty Limited, incorporated in Australia.
WHL Wind Farm Pty Limited, incorporated in Australia.
WHL Oil and Gas Pty Limited, incorporated in Australia.
Wind Hydrogen (UK) Holdings Limited, incorporated in the United Kingdom.
Wings Law Wind Farm Limited, incorporated in the United Kingdom.
Wind Hydrogen Developments Limited, incorporated in the United Kingdom.
Wind Hydrogen Limited, incorporated in the United Kingdom.
Wind Hydrogen Technologies Limited, incorporated in the United Kingdom.
Huron Gas LLC, incorporated in the United States on 17 June 2008.
Texas Enhanced Oil Recovery LLC, incorporated in the United States on 17 June 2008.
Frogden Wind Farm Limited, incorporated in the United Kingdom on 8 July 2008.
Bodinfinnoch Wind Farm Limited, incorporated in the United Kingdom on 8 July 2008.

21. ACQUISITION OF CONTROLLED ENTITIES

No entities were acquired during the 2009 financial year. During 2008 a number of new entities were incorporated. These are disclosed in note 20.

22. SUBSEQUENT EVENTS

Progress on KOS Energy Joint Venture
On 13 July 2009 the Company announced that work had commenced on a 3,000 acre lease in Wayne County, located in South Central Kentucky. KOS as the operator has re-entered a total of 5 wells which are now on pump and has restored production of 15 bbls/day with only one of these wells having had Short Radius Stimulation which is expected to increase the number of bbls/day when applied to all wells. KOS was expected to re-enter another 5 wells and have at least 6 wells being SRS treated by the end of July.

On 19 August 2009 the Company and its partners executed an agreement with Ky-Tenn Oil (KTO) to enter into a significant field re-entry opportunity in Southern Kentucky/Tennessee to complete in excess of 300 wells using KOS's proprietary Short Radius Stimulation (SRS) jet drilling technology.

Jetside Oil and Gas Agreement

On 14 August 2009 the Company announced that it had signed an agreement with Jetside Oil & Gas LLC ("Jetside"). The agreement allows WHL Energy to earn up to a 51% working interest in Jetside's Coal Bed Methane project in southeast Kansas by paying Jetside $500,000 upon the Company being satisfied that its SRSTM technology is appropriate and thereafter spending a minimum of $500,000 per year over a three year period. WHL expects that production will commence in September 2009. WHL will be the operator of the project and be employing the Short Radius Stimulation (SRSTM) technology that it has been leveraging successfully in Southern Kentucky/Tennessee with its partner KOS Energy.

Rights Issue

On 14 August 2009 the Company announced a non-renounceable rights issue. The rights issue was a pro-rata non-renounceable entitlement issue of one new share for every three shares held on 1 September 2009. The issue price for each new share was 4 cents. The offer sought to raise $2,360,531 before expenses of the offer and was fully underwritten resulting in the issue of 59,013,285 new shares. The purpose of the rights issue is to fund new oil and gas business acquisitions and costs associated with such acquisitions and to supplement working capital. The rights issue has increased the issued shares in the Company from 179,039,857 to 238,053,142, an increase of 25%. Receipt of the proceeds is expected imminently and only the proportion received to date has been included in the below analysis.

The investments described above, in addition to other expenses incurred by the Group since balance date, have resulted in a material change to the cash balance of the Group since 30 June 2009 as described below.

	$
Cash and cash equivalents	215,044
Net cash on hand as at 30 June 2009	215,044
Less:	
KOS Energy Joint Venture	(108,983)
KY – Tenn	(60,840)
Jetside Oil and Gas Agreement	(121,724)
Rights Issue Proceeds	355,000
Working capital costs since balance date	(195,686)
Approximate cash on hand at date of this report	82,811

$

The cash on hand of 82,811 is made up of the following:

	$
Cash on hand	82,811

The ability of the Company and the consolidated entity to continue as going concerns is dependent upon their ability to generate cash flows from the KOS Energy, Wardlaw Oil project and Kentucky Gas Shale project and their ability to source debt or equity finance.

Apart from the matters outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' Declaration

In the opinion of the directors of WHL Energy Limited ('the Company'):

1. (a) the financial statements and notes set out on pages 20 to 48, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards, (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and

   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2009.

Signed at Sydney this 30th day of September 2009 in accordance with a resolution of the Board of Directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the directors

Peter Bartter

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the members of WHL Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of WHL Energy Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 20 to 49.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:
(a) the financial report of WHL Energy Limited is in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 "Going Concern" in the financial report which indicates that the consolidated entity and company incurred net losses for the year ended 30 June 2009 of $4,110,315 (2008: $3,455,897) and $4,009,922 (2008: $3,729,189) respectively, had net current liabilities of $548,116 and $234,974 respectively and had net cash outflows from operations of $1,954,260 (2008:$3,662,915) and $1,130,035 (2008: $2,131,843) respectively. These conditions, along with other matters as set forth in Note 1 and Note 22, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of WHL Energy Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

Michael Kulic
Partner
Chartered Accountants
Sydney, 30 September 2009

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd ("ASX") and not shown elsewhere in this report is as follows. The information is current as at 8 September 2009.

a) Twenty largest shareholders

The names of the twenty largest holders of ordinary shares are:

	Number of shares	% of ordinary shares
PETER BARTTER	14,754,785	8.33
TOWN INNS (HOLDINGS) PTY LIMITED	7,844,275	4.43
J P MORGAN NOMINEES AUSTRALIA LIMITED	7,450,000	4.21
DERBY RESOURCES LLC	5,000,000	2.82
MR DECLAN NIGEL PRITCHARD	4,038,039	2.28
MR NIGEL MARRIS SIMPSON <PUFF SUPER A/C>	3,555,438	2.01
MR GARY JOHN CHESSON	3,513,841	1.98
RAYMOND JOSEPH ALLEN	3,272,095	1.85
AUSTOCK INVESTMENTS PTY LTD	3,200,000	1.81
JENNIFER BARTTER	3,090,200	1.75
C M C RYAN PTY LTD	3,000,000	1.69
{PRO} VENTUM INTERNATIONAL GMBH	3,000,000	1.69
MRS NATASHA LOUISE YOUNG	2,700,000	1.53
MRS JAQUELINE HEATHER CLARKE	2,543,913	1.44
PRATT WATER PTY LTD	2,500,000	1.41
SUN HUNG KAI INVESTMENT SERVICES LIMITED <CLIENT.A/C>	2,430,000	1.37
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,279,947	1.29
PENINSULA INVESTMENTS (WA) PTY LTD	2,100,000	1.19
MRS AMANDA LEE ELLEN	2,010,000	1.14
MR BRUCE WARREN CLARK	1,935,283	1.09
	80,217,816	**45.31**

b) Distribution of equity securities

As of 8 September 2009 there were 1,500 holders of ordinary voting shares distributed as follows:

	Number of holders	Number of ordinary shares
1 to 1,000	10	4,165
1,001 to 5,000	100	408,151
5,001 to 10,000	409	3,861,445
10,001 to 100,000	789	29,617,420
100,001 and over	192	143,148,676
Total	**1,500**	**177,039,857**

As at 8 September 2009, there were 527 shareholders holding less than a marketable parcel of shares.

c) Substantial shareholders

Information included in the last notices lodged pursuant to Section 671B of the Corporations Act 2001. These are not necessarily the current holdings.

Holder giving notice	Total Relevant Interest Notified
Peter John Bartter	19,978,305

ASX ADDITIONAL INFORMATION

d) Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

e) Home Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney. The Company's securities are not quoted on any other stock exchange.

f) Buy Back

There is not a current on-market buy-back.

g) Restricted Securities

As of 18 August 2008, the following securities remained restricted by the ASX for the following periods:

- 32,412,386 ordinary shares fully paid for a period of 24 months from the date of official quotation, 10 September 2007.

h) Directors' Interests in Securities

Directors' relevant interests in securities are as shown in the table below.

Director	Direct Interest	Indirect Interest
Peter John Bartter	14,754,785 ordinary shares	5,223,520 ordinary shares
David Seemab Kahn	-	5,000,000
Warwick Davies	-	-

i) Use of Cash and Assets

During the reporting period the Company has used its cash and assets that it had at the time of admission to the ASX in a way consistent with its stated business objectives. The stated business objectives of the Company were amended by the members of the Company at the General Meeting of the Company held on 24 June 2008. The Company has changed the nature of its activities to include complementary energy projects.

CORPORATE DIRECTORY

Directors:

Peter J. Bartter
David S. Kahn
Warwick Davies

Company Secretary: Ian B Mitchell

Principal Place of Business

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