



ABN 25 113 326 524

Annual Report 2011



Corporate Information

WHL Energy Ltd

ABN: 25 113 326 524

Directors:

Mr Peter John Bartter – Chairman

Mr Steven Robert Noske – Managing Director

Mr David Paul Rowbottam – Finance Director

Mr John Anthony Parsons Chandler – Non-Executive Director

Company Secretary:

Mr Matthew Edward Edmondson

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Advanced Share Registry

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Westpac

Level 6, 109 St Georges Terrace, Perth WA 6000

Auditors:

HLB Mann Judd

Level 4, 130 Stirling Street, Perth WA 6000

Securities Exchange Listing:

WHL Energy Ltd shares are listed on the Australian Securities Exchange (ASX: WHN)



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Chairman's Report



On behalf of your Board,
I am pleased to present this
report on WHL Energy's progress
and activities over the twelve month
period ended June 30, 2011.

STRATEGIC FOCUS

During the year there has been a substantial change in focus for WHL Energy Limited ("WHL Energy" or "the Company"). The acquisition of the exploration blocks in the Seychelles area has resulted in the direction of administration and financial resources towards our exploration efforts in this area as well as commencement of our farm-out campaign in order to secure a long term partnership for our ongoing exploration work program.

SEYCHELLES ASSETS

In late October 2010, the Company announced that it had secured rights to 21,426 square kilometres of highly prospective oil and gas exploration interests in the shallow water area off the southern Seychelles coast via the acquisition of 100% of SEYCO Energy Pty Ltd ("SEYCO") and its wholly owned subsidiary Petroquest International Inc. This acquisition covering 35 Seychelles exploration blocks ("WHL blocks") was a company changing event and was initially subject to the successful completion of an independent technical, legal and taxation review of SEYCO and

its wholly owned subsidiary Petroquest International Inc, the original owner of the licenses.

The Directors commissioned oil and gas consultants Isis Petroleum Consultants Pty Ltd ("Isis") to provide an independent assessment of the potential of our Seychelles exploration interests. Isis concluded that there is good evidence of a working petroleum system in the area of the WHL blocks as well as noting that the larger structures identified in the WHL blocks have the potential to contain multi trillion cubic feet (Tcf)/multi hundred million barrel (MMbbl) range hydrocarbon accumulations. Furthermore, Isis identified three key play types within WHL Energy's acreage and has validated the presence of some of the key existing leads using the seismic data provided by WHL Energy together with other publicly available data while also delineating new leads which warrant further data acquisition and evaluation.

WHL Energy participated in the largest ever Seychelles multi-client seismic program, commissioning a total 20,887km of 2D seismic. Interpretation

of this seismic is ongoing by the technical team, with analysis confirming an extensive portfolio of prospects and leads with very large potential.

During the third quarter of 2011, WHL Energy has moved to formalise the farm-out process with both online and physical data rooms being established in the new office premises.

NON-SEYCHELLES ASSETS

UK Wind Business

During the year the Company withdrew its appeal on the earlier unfavourable ruling for a planning consent on the Wings Law Wind Farm. At the time of the report the Company was still working to resolve issues around the domestic radar mitigation strategy while seeking advice on potential technical solutions.

The Company also has interests in a number of smaller projects that are less well developed. Progress is being made in seeking expressions of interest from third parties to divest these projects without further investment.

Chairman's Report

Continued



USA OIL AND GAS

The Company has continued to monetise its remaining US oil and gas asset suite during the year.

The combined Kansas oil and gas projects continued with small increases in production rates. In June the Company farmed out a shallow oil well that was drilled to retain a lease. The Company continues to negotiate with potential buyers for the entire Kansas project.

The Company concluded the sale of the oil assets in Tennessee as well as the plug and abandon programme in Kentucky.

At the end of June the Company notified the Joint Venture partner in the Kansas gas project that it would relinquish operatorship of the project. This will further reduce the costs borne by the Company and a formal cost sharing agreement is being negotiated.

Discussions aimed at securing a litigation funder to support action to recover the drilling advance made to Glen Rose Petroleum Corporation have been facilitated during the most recent quarter.

EQUITY ISSUES

To meet the strategic focus of the Company, a number of capital raisings were undertaken during the year.

On the 12 November 2010, shareholders at a General Meeting approved the conversion of a \$2 million loan that had been fully subscribed through a placement to strategic shareholders. At the same meeting, shareholders approved a \$5 million placement through the issue of 217,391,304 ordinary shares at 2.3 cents per share to a number of sophisticated and professional investors from which it has received prior commitments.

Shareholders indicated their continued support of the Company's programmes at a General Meeting on the 31 May 2011 by ratifying the allotment and issue of a total of 312.5 million shares at 3.2 cents which raised \$10 million.

Shareholders also approved a placement to the Seychelles Petroleum Company Limited ("SEYPEC") to invest \$2,080,000 in the Company through an acquisition of 65 million ordinary shares at 3.2 cents per share. SEYPEC is 100% owned by the Republic of Seychelles Government, and the Board is pleased to welcome SEYPEC as a shareholder in WHL Energy and view their equity participation as a strong endorsement of the Company's large Seychelles interests and the management and technical team's ability to progress these assets.

"Shareholders indicated their continued support of the Company's programmes..."



“The Company remains focused on maximising shareholder value...”

BOARD CHANGES

During the year to June 30, 2011 there were a number of changes to the Board; this was driven by the change in focus for the business following the Seychelles acquisition and relocation of the Company’s main office to Perth, Western Australia.

At the time of the relocation in September 2010 Dr Kahn resigned from the Board and as the Company’s Chief Executive Officer. The Company subsequently appointed Mr Rowbottam as Chief Executive Officer and he also joined the Board. Later in the month Mr Noske was appointed to the Board and Mr Davies resigned. I would like to express my thanks to Mr Rowbottam and Mr Noske for joining the Company.

To further strengthen the Board and Executive, in June Mr Noske was appointed Managing Director and Mr Rowbottam became Finance Director. Subsequent to the June year end, Mr Chandler has joined the Board as a Non-Executive Director in August 2011. Mr Chandler has had a long and successful corporate legal career. I would like to take the opportunity to officially welcome Mr Chandler to the Board.

OUTLOOK

The Board would like to thank shareholders for their ongoing support and welcome the new shareholders that have joined the share register through the expansion of the Company’s capital base. I believe all our shareholders have appreciated that the year ended 30 June 2011 has been a year of transformation for the Company.

The Company remains focused on maximising shareholder value through actively progressing towards a farm-out in the exciting Seychelles asset where it is anticipated a significant farm-out can be reached before year end as well as through the restructuring of the UK and USA assets.

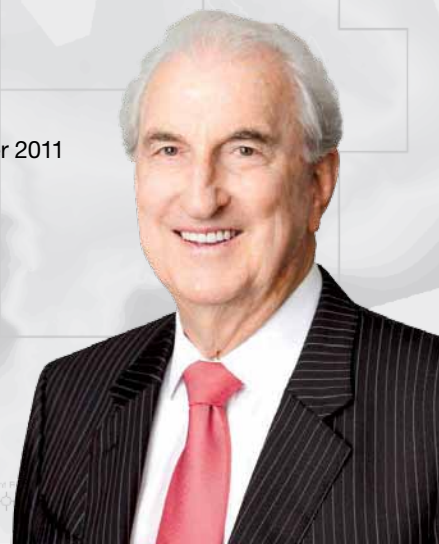
I would like to also expressly thank the members of the Board for their contribution during this year of transformation especially the executive directors Mr Noske and Mr Rowbottam. The Board as whole also extends its thanks to the management and staff including the recently appointed Exploration Manager Mr Fittall. The Board remains confident that it has the right team for the future of the Company.

In closing, the Board looks forward to an exciting phase in development of the Company and trusts that 2012 is a successful year for the Company and its shareholders.



Peter Bartter
Non-Executive Chairman

Dated this 27 day of September 2011
Perth



Directors' Report

Your directors submit the annual financial report of the consolidated entity consisting of WHL Energy Limited and the entities it controlled during the period for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Peter Bartter

Chairman (10 March 2005 Appointed)

Mr 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 founded the business in late 1956 and later with his brother acted as joint Managing Directors of Bartter Enterprises Pty Ltd. Whilst chairman of the company, Mr 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. Mr Bartter 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. Mr Bartter is also a member of the Australian Institute of Company Directors.

Board and Management Team

From left to right

Mr Matthew Fittall – Exploration Manager
Mr David Rowbottam – Finance Director
Mrs Beverley Scully – Financial Controller
Mr Steven Noske – Managing Director
Mr Peter Bartter – Chairman



Mr Steven Noske, B.Eng Hons (Mech)

Managing Director (6 June 2011 Appointed)

Previously Non-Executive Director (28 September 2010 Appointed)

Mr Noske is a senior manager in the Energy industry with more than 27 years experience and 20 years in senior management roles, having worked both in Australia and throughout Asia.

Mr Noske's career has encompassed working with major oil and gas organisations building into senior management roles with BHPB, TRU Energy and Mitsui E&P Australia Pty Ltd. Mr Noske was initially employed with Woodside Energy for approximately 6 years in various engineering and operational roles. He has also been employed with Shell International (1990-1993) in Brunei, BHP Petroleum (1993-1999) and consulted to Mitsui E&P Australia (2004-2011).

Mr Noske established BNA Petroleum Asset Management Pty Ltd (BNA) with his partners in 2002 to offer management services in the areas of petroleum commercialisation specialising in the commercialisation of gas opportunities worldwide.

BNA has consulted to many blue chip organisations including Mitsui E&P Australia, Woodside, Santos, Petronas (Malaysia), Rothschild Australia and PWC.

Mr Noske was previously a Non-Executive Director of an ASX listed junior oil and gas explorer focused on the USA before resigning in November 2008.

In the 3 years immediately before the end of the financial year, Mr Noske also served as a director of the following listed companies:

- Exoma Energy Limited (November 2007 to 4 November 2008).

Mr David Rowbottam, B.Bus,CPA

Finance Director (6 June 2011 Appointed)

Previously Chief Executive Officer (6 September 2010 Appointed)

Mr Rowbottam was previously the founding Managing Director of Exoma Energy Limited, an ASX listed US focused oil and gas exploration company from July 2007 through to March 2010. Prior to that role Mr. Rowbottam had worked as a senior financial executive with international and Australian experience as General Manager, Chief Financial Officer, Financial Controller, and in Senior Management positions with businesses including Exoma Energy Ltd, Antares Energy Ltd, Alinta Group (2002-2005) and the BHP Group (1987-1999).

Mr Rowbottam was the Group Financial Controller for Antares Energy Ltd from 2006 through until forming Exoma Energy Ltd. Through his role as Financial Controller for Alinta Power Services Pty Ltd (2004-2005) Mr Rowbottam was involved in the operation of five power stations and had a further two Cogeneration Power Stations under construction. As Manager of Corporate Investments – Alinta Ltd, Perth (2003-2004) he worked closely with the General Manager for Business Development, involved in the financial assessment of ad-hoc project work, construction accounting, cost management services, corporate financial planning and modelling. As Chief Financial Officer for National Power Services (2002-2003) he performed the Company Secretary function for a business equally owned by two publicly listed entities, employing 250 staff servicing the network maintenance and construction requirements of the shareholders and third customers.

Mr Rowbottam was employed by various divisions within the BHP Billiton group, including BHP Iron Ore, BHP Corporate, BHP Steel and BHP Engineering groups. As Chief Financial Officer and company secretary of BHP Steel Thailand, Mr Rowbottam was involved with the start-up of a steel processing plant.

In the 3 years immediately before the end of the financial year, Mr Rowbottam also served as a director of the following listed company:

- Exoma Energy Limited (July 2007 to 31 March 2010).

Directors' Report

Continued

DIRECTORS (CONTINUED)

Mr John Chandler, LL.B (Hons), Diploma in Business Administration

Non-Executive Director (17 August 2011 Appointed)

Mr Chandler has been appointed to the Board of Directors as a Non-Executive Director. Mr Chandler brings to this new role a strong background in oil and gas company management and corporate governance.

After graduating with a LL.B (Hons), Mr Chandler went on to establish a career within the legal industry, progressing to become a Managing Partner at Parker and Parker, as well as the Perth Office of KPMG Legal. He has over 30 years commercial and legal experience.

Mr Chandler is also a Non-Executive Director of ASX listed oil and gas company Sino Gas & Energy Holdings Limited and an unlisted engineering company. In addition, he is the Associate Director of the Centre for Mining, Energy and Natural Resources Law in the Law School at the University of Western Australia.

In the 3 years immediately before the end of the financial year, Mr Chandler served as a director of the following listed company:

- Sino Gas & Energy Limited (16 April 2008)*

Dr David Kahn, Ph.D.

Chief Executive Officer (6 September 2010 Resigned)

Dr Kahn has 16 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 Supérieure du Pétrole et des Moteurs (Paris).

Mr Warwick Davies

Non-Executive Officer (28 September 2010 Resigned)

Mr Davies was a director of Autron Corporation Limited (Autron), an Australian company listed on both the Australian and Singapore stock exchanges until his resignation in August 2010. Mr Davies was appointed to the Autron Board in 1997 and was previously 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 the development of positive cash flow.

* Denotes Current Directorships

COMPANY SECRETARY

Mr Matthew Edmondson, B.Comm, CA (ACIS)

Company Secretary (21 September 2010 Appointed)

Mr Edmondson is a chartered accountant and chartered secretary with more than 20 years experience in a variety of roles and industries in both Australia and the United Kingdom. Mr Edmondson is now primarily engaged in providing company secretarial services to ASX listed companies.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

Directors	Number of listed options granted	Number of options over ordinary shares
Mr Bartter	-	-
Mr Noske	5,000,000	5,000,000
Mr Rowbottam	5,000,000	5,000,000
Mr Chandler	-	-

The following share options of WHL Energy Limited were granted to directors and to the five most highly remunerated officers of the Company during or since the end of the financial year as part of their remuneration:

Directors and officers	Number of options granted	Number of options over ordinary shares
Mr Bartter	-	-
Mr Noske	15,000,000	15,000,000
Mr Rowbottam	10,000,000	10,000,000
Mr Chandler	-	-
Mr Fittall (Exploration Manager)	10,000,000	10,000,000
Mrs Scully (Financial Controller)	2,750,000	2,750,000
Mr Edmondson (Company Secretary)	1,000,000	1,000,000

Directors' Report

Continued

SHARES UNDER OPTIONS

At the date of this report unissued ordinary shares of the Company under option are:

Expiry Date	Exercise price	Number of shares under option
Listed Options		
30/06/2012	\$0.0750	169,808,346
Unlisted Options		
31/07/2013	\$0.0392	4,550,000
30/09/2013	\$0.0750	5,000,000
30/09/2013	\$0.0500	5,000,000
31/12/2013	\$0.0495	35,000,000
31/12/2013	\$0.0001	250,000,000
31/12/2013	\$0.0511	1,000,000
		470,358,346

No shares in WHL Energy limited were issued during the year ended 30 June 2011 on the exercise of options.

DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2011. No dividends have been paid or declared during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the entities within the consolidated entity during the year were oil and gas exploration. WHL Energy Limited is an Australian based diversified energy company with projects in the Republic of Seychelles, United Kingdom and the United States. The Company has continued to expand its business model which incorporates oil and gas projects, focussing more specifically on the opportunities within the East African area alongside the Company's original focus on renewable energy.

REVIEW OF OPERATIONS

Seyco Acquisition

On 1 March 2011, the Company announced it had completed the acquisition agreement to secure rights to up to 100% of approximately 21,426 square kilometres of highly prospective oil and gas exploration interests in the shallow water area off the southern Seychelles coast.

As consideration for acquiring all of the issued capital of SEYCO the Company issued to the Vendors of SEYCO the following:

- 150,000,000 ordinary fully paid shares of WHL Energy, of which 75,000,000 shares are subject to a voluntary escrow of 12 months;
- 60,000,000 Class A options; each to acquire a further share, exercisable at 7.5 cents, which expire on 30 June 2012; and
- 250,000,000 Class B options to subscribe for ordinary shares in the capital of the Company at an exercise price of \$0.0001 per Class B option. The Class B options will expire on 31 December 2013 and will only vest subject to the following:
 - WHL Energy entering into one or more unconditional binding farmin agreements with one or more third parties where the farminee/s have an obligation to spend not less than US\$10 million or 50% of the Work Commitment related to period two (including extensions); or
 - the VWAP of WHL Energy's shares as traded on ASX being 10 cents or more for 10 consecutive trading days.

In addition to the above, the Company has acknowledged the survival of the overriding royalty interests in the Seychelles exploration blocks.

The acquisition was originally subject to three conditions precedent:

- Completion of due diligence by WHL Energy on SEYCO and the exploration blocks;
- SEYCO completing the acquisition of the entity that holds the exploration blocks. This acquisition was completed with the advance provided by the Company for the US\$1.5 million payment of back costs; and
- Approval from WHL Energy Ltd shareholders in a general meeting. This meeting was held on 28 January 2011 and shareholder approval was received.

As a result of the acquisition WHL Energy also became Operator for the Seychelles blocks.

The SY10 Multi-Client 2D Seismic Survey ("MC2D") in the greater Seychelles area was completed in April 2011 and WHL Energy announced that it had licensed a total of 7,966 km of the largest ever seismic programme in the Seychelles covering 19,609 km.

Processing of the SY10 MC2D data progressed during the quarter, with a preliminary processed dataset consisting of a post stack time migration, delivered to the Company in June 2011. The final processed product is still expected to be delivered to WHL Energy during the third quarter 2011 as previously announced.

WHL Energy has moved quickly to maximise the opportunity and has commenced interpretation of the preliminary processed data. Geological synthesis studies, geophysical studies and economic evaluation studies are ongoing.

Preparations for a concerted industry wide farmout campaign have commenced. As previously reported, WHL Energy has received unsolicited approaches regarding the Seychelles acreage from several large companies and has held initial discussions with these companies. An electronic data room has been constructed and will be made available to potential farminees during the formal farmout process.

The WHL Energy management team aims to have a binding farm-out in place by the end of 2011.

Given the scope and current strategic priorities of WHL Energy, the Company continues to direct its resources and activities to support its cornerstone Seychelles acreage position and other opportunities in Africa.

On 7 June 2011, the Company was pleased to announce that the Seychelles Government owned Seychelles Petroleum Company Limited ("SEYPEC") had invested A\$2.080 million in WHL Energy to acquire 65 million shares in WHL Energy.

Subsequent to year-end the Company announced it had completed the buyback of a 4% farmin option from Austin Exploration Limited. The Company had actively pursued the buyback for a number of strategic reasons; including the removal of the potential for a minor equity holding in the asset. This development has been seen as a positive move for the Company as it enters into farm-out negotiations with major organisations and would strengthen the Company's farm-out position.

US Operations

The Company has continued to monetise its US oil and gas asset suite during the year.

Wardlaw Oil Project, Texas

The Company has a 50% interest in the Wardlaw Oil project in Texas. Upon acquisition of the interest, initial payments were made which included a prepaid drilling contribution. However, the timing of the drilling programme had been under review due to technical difficulties and the Company subsequently suspended further contributions to the project until drilling commenced. Following a protracted dispute with the operator, the Company sought the return of a portion of the prepaid drilling contribution. The Company and the operator were not able to reach a mutually acceptable agreement.

The Company has subsequently engaged local legal representation to review the status of a potential claim against the operator.

Simultaneously the Company has also held discussions aimed at having an investor provide the Company with a deed of indemnity and underwrite the funding for legal costs in an action to recover the drilling advance made to Glen Rose Petroleum Corporation. The investor is seeking a share of the potential recovery if a settlement is reached. The agreement with the investor has not been completed. Ongoing costs in relation to the project are expected to be minor.

Directors' Report

Continued

REVIEW OF OPERATIONS (CONTINUED)

US Operations (Continued)

Kansas Oil and Gas Projects

- McCune Oil Field – Kansas (100% Operator)
- Girard Shallow Gas Project – Kansas (30% Non-operator).

The two projects utilise some of the same staff and field assets but have separate joint venture partners. The level of production from the combined projects is insufficient to cover costs and the future investment required to expand production.

The combined Kansas oil and gas projects continued with small increases in production rates during the year.

An independent report was commissioned in late 2010 seeking to obtain an independent value of the combined asset of both the Kansas Gas and Oil projects. Subsequent to half-year end, the Board agreed to sell these assets subject to a bid exceeding the valuation received.

McCune Oil Field

During the month of June the Company farmed out a small shallow oil well that was drilled to retain a lease. The well is yet to be put into production following technical issues with a frac process.

Girard Shallow Gas Project

By June 2011, the Company had advised the Joint Venture partner in the gas project that it would relinquish operatorship of the project. This will result in further reduction in costs borne by the Company and a formal cost sharing agreement is under negotiation.

The Company continues to speak with potential buyers for the McCune Oil Field and Girard Shallow Gas Projects as it works towards reducing the Company's commitments in the USA.

Kentucky Shale Gas and Tennessee Oil Projects

- *Kentucky Shale Gas Project*

As reported in the December Half Year Accounts, the Company agreed to plug and abandon this asset. Applications to transfer seven of the wells to the property owners were lodged, along with applications to plug the two remaining wells. The former Joint Venture partner in the Kentucky Shale Gas Project and subsequently purchased the remaining surface assets from the Company at the completion of the plug and abandon programme ending the Company's involvement.

- *Tennessee Oil Projects*

On 1 December 2010 the Company reached an agreement with Miller Petroleum Inc ("Miller"), through its wholly owned subsidiary, WHL Energy Appalachia LLC, on the remaining wells in and around Morgan County Tennessee.

The terms of the sale of oil assets in Tennessee were agreed in June 2011 and the final payment was received in July 2011.

UK Operations

UK Wind Farm Projects

Prior to the December half year end, management worked to progress the appeal for the Wings Law Wind Farm ("WLWF"). A number of the required surveys and projects were undertaken, including:

- The completion of additional years Ornithological survey for WLWF including;
 - submission of the application
 - submission of additional survey information resulting in the removal of objection by the Scottish Natural Heritage and the Royal Society for the protection of Birds;
- The production and submission of Further Environmental Information in relation to Landscape and Visual Supplementary Information for the Wings Law Application;
- Both legal and consultancy inputs to the Inquiry process in relation to Aviation, Ornithology, Geotechnical and Hydrology and Socioeconomic and Planning; and
- Preparation of Aviation mitigation.

The appeal which was scheduled to be heard at a Public Inquiry in January 2011 was subsequently withdrawn during December 2010 after the adjournment requested by the Company to deal with the remaining aviation radar issue was declined.

Subsequent to withdrawing from appeal, the Company announced that progress had been delayed on the fresh application for the planning consent for the WLWF as part of the Ladymoor Renewable Energy Scheme in North Ayrshire, Scotland. The Company placed an order with BAE Systems ("BAE"), a global company engaged in the development of advanced aerospace systems, to commence the first phase of the aviation mitigation for WLWF. The Company was informed by BAE that the mitigation options report did not provide a clear path for the Company and that BAE would not be able to provide future service as BAE was restructuring its business model. The Company has since sought a new consultant to run the project subsequent to the departure of the in-country project manager and seek a new radar mitigation advisor. These appointments and the centralisation of the legal services were addressed in July 2011.

During the year, the Company continued to negotiate with the landowners for both access and turbine options while seeking a path forward on the radar mitigation. Until a viable path forward for the radar mitigation is resolved the Company is unable meet the conditions precedent for the proposed farmout. This has delayed the Company in making the final commitments to landowners on the renewal of the turbine options covering their properties. The Company remains committed to obtaining planning consent for the 48 megawatt ("MW") generation project at WLWF. The approval sought would support the earlier planning consent by North Ayrshire Council on 23 March 2011 for the nearby 5 MW hydrogen balancing demonstrator facility. The WLWF proposal is part of WHL Energy's Ladymoor Renewable Energy Project, which would contain the UK's first grid connected, commercially-sized hydrogen balancing facility, with WHL Energy holding the exclusive patent on this technology in the UK.

As announced during the year, the Company is also currently engaged in due diligence on the potential sale of three, additional wind farm projects in its portfolio.

OPERATING RESULTS FOR THE YEAR

The net loss after income tax of the Group for the year ended 30 June 2011 totalled \$5,884,114 (year ended 30 June 2010: loss \$4,546,014). This is equivalent to a loss of 0.95 cents per share (year ended 30 June 2010 loss of 1.88 cents per share). The loss from continuing operations equates to a loss of 0.38 cents per share (year ended 30 June 2010: loss of 0.98 cents per share).

	30 June 2011	30 June 2010
Net loss after tax from continuing operations (\$)	2,342,541	2,381,374
Net loss after tax from discontinued operations (\$)	3,541,573	2,164,640
Overall net loss after tax (\$)	5,884,114	4,546,014

SHAREHOLDER RETURNS

The table below shows the financial performance against shareholder returns as measured by the closing share price at 30 June 2011:

	30 June 2011	30 June 2010
Net loss after tax (\$)	5,884,114	4,546,014
Basic loss per share (cents)	0.95	1.88
Closing period end share price (\$)	0.026	0.018

Note: Net loss after tax and EPS included discontinued operations.

Directors' Report

Continued

RISK MANAGEMENT

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are aligned with the objectives set by the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the identified risks. These include the following;

- Board approval of a strategic plan, which encompasses the Group's vision and is designed to meet stakeholders' needs and manage business risk; and
- Implementation of Board-approved operating plans and budgets and Board monitoring of progress against these criteria.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

New Managing Director and Exploration Team

During the June quarter, the Company announced the appointment of Mr Noske and Mr Fittall in the role of Managing Director and Exploration Manager respectively, along with the appointment of further members to complete a dynamic exploration team. These appointments join WHL Energy from a background with major oil and gas organisations and bring along strong experience in farm-outs, farm-ins and acquisitions. Mr Rowbottam assumed the role of Finance Director.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Since the end of the financial year the Directors are not aware of any other matter or circumstances not otherwise dealt with within the financial report that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years other than:

- On 11 July 2011 the Company received \$463,600 being the final balance of funds in respect of the capital raising of \$10 million as announced on 8 April 2011; and
- During September 2011 the Company announced 40,550,000 share options had been issued in terms of the Employee Share Incentive Plan.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

ENVIRONMENTAL LEGISLATION

The Group's operations are subject to significant environmental regulations relating to existing conventional oil and gas operations in the United States, planned wind farm developments in the United Kingdom and oil and gas exploration in the Seychelles.

The Board of Directors in its ongoing monitoring of compliance with environmental regulations has not been aware of any significant breach of the regulations governing the Company's operations during the period covered by this report.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for the key management personnel of the Group for the financial year ended 30 June 2011. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company and includes the five executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Directors

Mr Bartter	Non-Executive Chairman	
Mr Noske	Managing Director	Appointed 6 June 2011
Mr Rowbottam	Finance Director	Appointed 6 June 2011
Mr Chandler	Non-Executive Director	Appointed 17 August 2011
Dr Kahn	Non-Executive Chairman	Resigned 6 September 2010
Mr Davies	Non-Executive Director	Resigned 28 September 2010

Executives

Mr Radford	Managing Director of United Kingdom Operations (UK)	Resigned 1 June 2011
Mr Edmondson	Company Secretary	
Mr Fittall	Exploration Manager	
Mrs Scully	Financial Controller	

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the executive team. The remuneration for Non-Executive Directors is set out in the constitution of the company. The Executive Director's contracts were approved by the Chairman following an external review.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit for the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of Non-Executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Board considers advice from external stakeholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company inclusive of additional fees paid for each Board committee on which a director sits.

The remuneration of Non-Executive Directors for the period ended 30 June 2011 is detailed in Table 1 of this report.

REMUNERATION REPORT (CONTINUED)

Senior Manager and Executive Directors Remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

The fixed remuneration component of the 5 most highly remunerated Group and Company executives is detailed in Table 2.

Variable Remuneration

The objective of the short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets such that the cost to the Group is reasonable in the circumstances.

Actual payments granted to each senior manager depend on the extent to which specific operating targets are met.

The aggregate of annual payments available for executives across the Group is subject to the approval of the Board. Payments made are delivered as a cash bonus in the following reporting period.

The Company also makes long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth. See details of employee share option plans.

Employment Contracts

Non- Executive Directors

The Company has entered into terms of engagement with Mr Bartter and Mr Chandler whereby they are appointed respectively as Chairman and Non-Executive Director of the Company. The terms of the appointment are determined in accordance with the Company's constitution and are subject to the provisions of the Constitution dealing with retirement, re-election and removal of directors of the Company.

The terms of the engagement provide that the Company will maintain an appropriate level of directors' and officers' insurance and provide access to the Company's records in accordance with the terms of indemnity, insurance and access entered into between the Company and each Non-Executive Director.

The remuneration payable to the Chairman, Mr Bartter, is \$60,000 per annum exclusive of superannuation and payment commenced on 1 November 2010. The remuneration payable to the Non-Executive, Mr Chandler, from 17 August 2011 is \$40,000 per annum exclusive of superannuation.

Executive Directors

At the date of this report Mr Noske and Mr Rowbottam are the only executive directors.

Mr Noske was appointed Managing Director on 6 June 2010 under an executive employment agreement. Mr Noske had been employed as a Non-Executive Director on 28 September 2010 under the same terms and conditions for Non-Executives as described above.

The terms of the executive employment agreement expires on 30 June 2014. Mr Noske's annual base package with effect from 6 June 2011 is \$450,000 exclusive of superannuation. Mr Noske is eligible for a short-term incentive bonus for the period up until 30 June 2012 of up to a maximum of \$200,000 based on meeting preset annual performance requirements as well as being eligible for the long term incentive bonus of 15,000,000 share options under the Employee Share Option Plan.

The Managing Director may terminate his executive employment by giving 3 months notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive director's employment as follows:

- by giving Mr Noske not less than 6 months written notice (or payment in lieu);
- by providing either 1 month's written notice, if by reason of any illness, injury or incapacity, Mr Noske is unable to perform his duties for a total of 3 months in any period of 12 months; or
- in the event of redundancy or defined change in circumstances entitled to severance pay of 6 months salary.

The terms of the engagement provide that the Company will maintain an appropriate level of directors' and officers' insurance and provide access to the Company's records in accordance with the terms of indemnity, insurance and access entered into between the Company and each executive director.

Mr Rowbottam was appointed as Chief Executive Officer under an executive employment agreement on 6 September 2010. On 1 May 2011, the Company entered into a new executive employment agreement with Mr Rowbottam assuming the role of Finance Director. Mr Rowbottam's base package with effect from 1 May 2011 is \$270,000 inclusive of superannuation. Mr Rowbottam is eligible for a short term bonus of up to \$100,000 based on the achievement of preset performance goals, as well as a long term incentive bonus of 10,000,000 share options under the Employee Share Option Plan.

The Finance Director may terminate his executive employment by giving 2 months notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive director's employment as follows:

- by giving Mr Rowbottam 6 months written notice (or payment in lieu); or
- by providing either 1 month's written notice, if by reason of any illness, injury or incapacity, Mr Rowbottam is unable to perform his duties for a total of two months in any period of 12 months.

The terms of the engagement provide that the Company will maintain an appropriate level of directors' and officers' insurance and provide access to the Company's records in accordance with the terms of indemnity, insurance and access entered into between the Company and each executive director.

REMUNERATION REPORT (CONTINUED)

Senior Manager and Executive Director Remuneration (Continued)

Executives

Mr Fittall was appointed as Exploration Manager under an executive employment agreement on 6 June 2011. Mr Fittall's base package is \$370,000 inclusive of superannuation. Mr Fittall has a short-term incentive bonus not exceeding \$85,000 based on achieving predetermined performance criteria as well as a long term incentive bonus of 10,000,000 share options under the Employee Share Option Plan.

The executive may terminate his executive employment by giving 3 months notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive's employment as follows:

- by giving Mr Fittall 6 months written notice (or payment in lieu); or
- in the event of redundancy or defined change in circumstances entitled to severance pay of 6 month's salary.

Mr Edmondson was appointed as Company Secretary under a contract on 21 September 2010. Mr Edmondson's remuneration is determined on an hourly basis in terms of the contract. Subsequent to 30 June 2011 Mr Edmondson entered into an executive employment agreement effective 1 July 2011. Mr Edmondson's base package is \$50,000 exclusive of superannuation and includes a long term incentive bonus of 1,000,000 share options under the Employee Share Option Plan.

The executive may terminate his executive employment by giving 1 months notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive's employment as follows:

- by giving Mr Edmondson 2 months written notice (or payment in lieu);
- by providing either 1 month's written notice, if by reason of any illness, injury or incapacity, Mr Edmondson is unable to perform his duties for a total of three months in any period of 12 months; or
- in the event of redundancy or defined change in circumstances entitled to severance pay of 4 months salary.

Mrs Scully was appointed as Financial Controller on 1 November 2010. On 1 May 2011, the Company entered into a revised executive employment agreement with Mrs Scully. Mrs Scully's base package with effect from 1 May 2011 is \$160,800 per annum exclusive of superannuation. Mrs Scully has a short-term incentive bonus equivalent to one month's salary based on performance criteria and as well as a long term incentive bonus of 2,750,000 share options under the Employee Share Option Plan.

The executive may terminate her executive employment by giving 2 months notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive's employment as follows:

- by giving Mrs Scully 6 months written notice (or payment in lieu);
- by providing either 1 month's written notice, if by reason of any illness, injury or incapacity, Mrs Scully is unable to perform her duties for a total of three months in any period of 12 months; or
- in the event of redundancy or defined change in circumstances, Mrs Scully is entitled to severance pay of 6 month's salary.

Mr Radford's executive employment contract as managing director of United Kingdom operations was not renewed and during the year Mr Radford entered into a monthly contract with the Company. Under the terms of the contract he was remunerated £8,000 per month. Following a mutual agreement the contract with Mr Radford was not renewed at the end of May 2011. All outstanding options previously granted and on issue to Mr Radford were forfeited subsequent to year end.

Remuneration of Directors and Named Executives

Table 1: Directors' remuneration for the year ended 30 June 2011

		Short-term employee benefits			Post-employment benefits			Equity		Performance related %
		Salary & fees \$	Bonuses \$	Consulting fees \$	Other \$	Super-annuation \$	Other \$	Share based payments \$	Total \$	
Mr Bartter	2011	80,000	-	-	-	3,600	-	-	83,600	Nil
	2010	98,964	-	-	-	-	-	456,000	554,964	Nil
Mr Noske	2011	60,086	-	77,249	-	3,767	-	-	141,102	Nil
	2010	-	-	-	-	-	-	-	-	Nil
Mr Rowbottom	2011	152,558	-	-	-	12,442	-	-	165,000	Nil
	2010	-	-	-	-	-	-	-	-	Nil
Dr Kahn	2011	-	-	-	-	-	-	-	-	Nil
	2010	98,860	-	-	-	-	-	380,000	478,860	Nil
Mr Davies	2011	21,450	-	-	-	-	-	-	21,450	Nil
	2010	-	-	-	-	9,500	-	-	9,500	Nil
Total Directors Remuneration	2011	314,094	-	77,249	-	19,809	-	-	411,152	Nil
	2010	197,824	-	-	-	9,500	-	836,000	1,043,324	Nil

Table 2: Remuneration of the 5 named executives who received the highest remuneration for the year ended 30 June 2011

		Short-term employee benefits			Post-employment benefits			Equity		Performance related %
		Salary & fees \$	Bonuses \$	Consulting fees \$	Other \$	Super-annuation \$	Other \$	Share based payments \$	Total \$	
Mr Edmondson	2011	-	-	80,947	-	-	-	-	80,947	Nil
	2010	-	-	-	-	-	-	-	-	Nil
Mr Radford	2011	160,161	-	-	-	-	-	11,597	171,758	Nil
	2010	207,990	-	-	-	-	-	-	207,990	Nil
Mr Fittall	2011	25,818	-	34,000	-	1,267	-	-	61,085	Nil
	2010	-	-	-	-	-	-	-	-	Nil
Mr Scully	2011	92,760	-	-	-	6,548	-	-	99,308	Nil
	2010	-	-	-	-	-	-	-	-	Nil
Mr Mitchell	2011	-	-	10,250	-	-	-	-	10,250	Nil
	2010	-	-	35,000	-	-	-	-	35,000	Nil
Total Key Executives	2011	278,739	-	125,197	-	7,815	-	11,597	423,348	Nil
	2010	207,990	-	35,000	-	-	-	-	242,990	Nil

REMUNERATION REPORT (CONTINUED)

Remuneration of Directors and Named Executives (Continued)

Table 3: Option plans in existence during the financial year

Option series	Grant date	Expiry date	Fair value at grant date	Vesting date
WHNAI	04/03/2010	30/08/2012	11,597	50% immediately and 50% dependent on performance
WHNAK	18/11/2010	30/09/2013	45,854	On grant date
WHNAM	18/11/2010	30/09/2013	37,630	On grant date
WHNAO	28/03/2010	31/12/2013	500,000	Dependent on performance criteria

For details on the valuation of the options, including models and assumptions used, please refer to Note 20. There were no alterations to the terms and conditions of options granted as remuneration since their grant date. At the general meeting held on 31 May 2011 shareholders approved an Employee Share Option Plan. During the financial year ended 30 June 2011 no employee options were issued.

Subsequent to year end options were granted to employees refer Note 27.

Details of Employee Share Option Plans

The Company believes that the best way to encourage employees to become shareholders is to align their interests with those of shareholders. On 31 May 2011 at a General Meeting, shareholders approved the adoption of an Employee Share and Option Plan ("ESOP").

Retention Incentive

As part of the policy to retain staff, other than directors and senior technical staff, options are available to be issued under the ESOP. Vesting of the options issued to employees will occur in accordance with the following milestones:

- 50% of the options will vest after 12 months continuous employment; and
- 50% of the options will vest after 24 months of continuous employment.

Performance Incentive

As part of the policy to retain executive directors and senior technical staff, options are available to be issued under the ESOP. Vesting of any options issued to executive directors and senior technical staff, will occur in accordance with the following milestones:

- The Company (for one of its subsidiaries) has entered into one or more binding farmin agreements with one or more third parties under which the farminee/s have a collective obligation to spend the greater of \$10 million or 50% of the Work Commitment on the Licences; or
- The volume weighted average price of the Company's shares as traded on ASX is at least 10 cents or more for ten (10) consecutive trading days.

At the General Meeting of shareholders held on 31 May 2011, approval was obtained for the issue under the ESOP of 15,000,000 options to Steve Noske and 10,000,000 to Mr Rowbottam. These were issued subsequent to year end.

The exercise price of each option will be determined by reference to the 5-day volume-weighted average share price ("VWAP") being \$0.0495 together with a predetermined uplift factor based on the length until expiry of the options. The number of options vesting is determined by period of service.

During the year under review no options were granted under this Employee share option scheme. Subsequent to year end options were issued to employees.

Name	No. granted	Date granted	FV at grant date	No. vested	% of grant vested	% of grant forfeited	% compensation consisting of options	Expiry date
Mr Radford	1,000,000	4/03/2010	23,194	500,000	50	50	6.75	31/08/2012

No options were exercised as compensation during the year.

Name	Value of options granted at the grant date \$	Value of options exercised at the exercise date \$	Value of options lapsed at the date of lapse \$
Mr Radford	23,194	-	11,597

End of remuneration report.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

	Directors' meetings
Number of meetings held	7
Number of meetings attended	
Mr Bartter	6
Mr Noske	5
Mr Rowbottam	7
Dr Kahn	-
Mr Davies	-

PROCEEDINGS ON BEHALF OF THE COMPANY

The Company at balance date was aware of a single dispute involving a drilling consultant claiming a right to an overriding royalty interest over part of the Company's Kansas oil producing properties. The Company disputes the validity of the claim and has received a report from a technical consultant engaged to support the Company's defence of the expected claim. At date of the report the drilling consultant had not lodged a formal claim in regard to the dispute.

The Company has also continued to review its legal option to commence a litigation action for a recovery of the drilling advance made to Glen Rose Petroleum Corporation ("GRPC") for the Wardlaw joint venture.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium \$11,266 in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report

Continued

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 28 and forms part of this directors' report for the year ended 30 June 2011.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 26 to the financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the directors.



Mr Noske
Managing Director
Perth, 27 September 2011

WHL and its Board are committed to achieving and maintaining best practice in corporate governance, consistent with its 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 it has followed the ASX Corporate Governance Council’s Principles of Good Corporate Governance and Best Practice Recommendations (“ASX Principles”).

The Company and its controlled entities (collectively “the Group”) have adopted a Board charter which provides the framework for the Group’s corporate governance practices. As part of its corporate governance practices, the Group has adopted detailed guidelines and policies referred to as follows:

- Corporate code of conduct;
- Audit and risk committee charter;
- Nomination and remuneration committee charter;
- Risk management statement;
- Securities trading policy;
- Shareholder communications strategy;
- Performance evaluation statement; and
- Continuous disclosure statement.

At regular intervals the Board will review these policies and procedures, as it is expected that requirements will change as the Company develops and grows in complexity. Where, after due consideration, the Company’s governance practices depart from the ASX Corporate Governance Recommendations, the Board has set these out at the end of the Statement of Corporate Governance in its “if not, why not report”.

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 Managing Director is responsible for the day to day activities of the Company, and such other activities as are delegated by the Board. 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; and
- approving and monitoring the Company’s risk management strategy and internal controls and accountability systems and their effectiveness.

Role of Management

As stated above, the Managing Director is responsible for the day to day activities of the Company. The Managing Director may delegate responsibilities to senior management.

Letters of Appointment

Current directors of the Company have been provided with letters of appointment. All executives of the Company are employed under contracts which outline their duties, rights and responsibilities and entitlements upon termination.

Evaluation of the Board, Committees, Directors and Senior Executives

It is noted that evaluations of the Board, committees, directors and senior executives did not occur during the year because:

- there were no full time executives until March 2011; and
- the composition of the Board changed significantly during the year.

Corporate Governance Statement

Continued

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

Director Education

The Group has a process to educate new directors about the nature of the business, current issues and the corporate strategy with respect to the performance of directors. Directors are given the opportunity to access management to obtain a greater understanding of the business. Directors are provided with access to continuing education opportunities to update and enhance their skills and knowledge.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Board Composition

The Board has four directors, two of whom are executive, being Mr Noske and Mr Rowbottom. The two Non-Executive Directors are the Chairman, Mr Bartter and Mr Chandler who was appointed as an independent Non-Executive Director.

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

Name	Appointed	Executive	Independent	Term of appointment
Mr Bartter	2011	No	Yes	Until AGM 2011
	2005	No	No	
Mr Noske	2010	Yes	No	Until 30 June 2014
Mr Rowbottom	2010	Yes	No	Until AGM 2012
Dr Kahn	2008	Yes	No	Resigned 6 September 2010
Mr Davies	2009	No	Yes	Resigned 28 September 2010

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 only Mr Chandler is independent. Mr Bartter, the Non-Executive Chairman does not meet the independence criteria by virtue of his substantial shareholding in the Company and due to him being Executive Chairman for part of the year.

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.

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.

During the year the Board met seven times.

Retirement and re-election

The constitution of the Company requires one third of the directors, other than the managing director, to retire from office at the end of each annual general meeting. Directors who have been appointed by the Board during the year 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. If the appointment of an executive director, including the managing director is for a fixed term, the term must not exceed five years.

Committees of the Board

The Company has elected to depart from the adoption of ASX Corporate Governance Guidelines in that it has not presently constituted a separate audit and risk committee or a nomination and remuneration committee. The whole Board has performed the functions of these committees to the extent that those functions have been carried out.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

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

Through its stewardship 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 Securities Trading Policy, for employees and directors or their related entities. Employees and directors of the Company may not trade in the Company's shares when in possession of inside information. The Securities Trading Policy is published on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Managing Director and Finance Director Declaration:

Consistent with ASX Principle 4, the Company's financial report preparation and approval process involves the Managing Director, who performs the chief executive function and the Finance Director, who performs the chief financial officer function 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

As outlined under Principle 2, the Board as a whole performed the roles of the audit and risk committee based on the formal charter, to verify the integrity of the Company's financial reporting. 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. It is the Company's intention to reconstitute the audit and risk committee during the year ending 30 June 2012.

Appointment of Auditors

The Company's external auditors are HLB Mann Judd. The effectiveness, performance and independence of the external auditors are reviewed by the Board. If it becomes necessary to replace the external auditors for performance or independence reasons, the Board will then formalise a procedure and policy for the selection and appointment of new auditors. It is a requirement, given that the Company is ASX listed, that the audit engagement partner is rotated at least every five years.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Board has an established written Company policy 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 Chairman, is posted to the Company's website.

A summary of the Continuous Disclosure and Shareholder Reporting Policy designed to guide compliance with Listing Rule disclosure requirements is available on the Company's website at www.whlenergy.com.

Corporate Governance Statement

Continued

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 contained in the Continuous Disclosure and Shareholder Reporting Policy referred to at Principle 5. 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 The Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 (also known as CLERP 9) a representative of HLB Mann Judd will attend, and be 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 supported by a set of internal procedures. Approval of detailed procedures and monitoring of their implementation is subject to ongoing review. A copy of the Risk Management Statement is available on the Company's website at www.whlenergy.com.

In accordance with ASX Principle 7, the Managing Director, who performs the chief executive function and the Finance Director, who performs the chief financial officer function 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 Board will be implemented to ensure that procedures adopted continue to be appropriate.

The Company has not yet established an internal audit function due to the small size of the Company.

PRINCIPLE 8: 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 and reviews the remuneration of employees. 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.

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

EXPLANATIONS FOR DEPARTURES FROM ASX CORPORATE GOVERNANCE RECOMMENDATIONS

The Board sets out below, on an “if not, why not” basis, disclosure of any ASX Corporate Governance Recommendations that have not been adopted by the Company during the financial year ended 30 June 2011.

Principle 1 – Recommendation 1.2

Notification of Departure

During the year ended 30 June 2011, the Board did not have a separate disclosed process for evaluating the performance of senior executives. The ASX Corporate Governance Recommendations explain that the performance of senior executives should be reviewed regularly against appropriate measures.

Explanation for Departure

The Company has been in a transition during the year ended 30 June 2011. Other than Mr Rowbottam, the Company has not had any senior executives serving longer than six months for the year ended 30 June 2011.

In March 2011 the Company announced the appointment of Mr Noske as Managing Director with the then Chief Executive Officer assuming the role of Finance Director. Further, in June 2011 the Company announced that its Exploration Team had been appointed.

These appointments in the Company’s view now warrant the adoption of a formal process for evaluating the performance of senior executives. The Board plans to adopt an appropriate policy during the year ending 30 June 2012.

Principle 2 – Recommendation 2.1

Notification of Departure

During the year ending 30 June 2011, the Board did not have a majority of independent Directors. The ASX Corporate Governance Recommendations provide for a test of independence as set out in Box 2.1 of the ASX Corporate Governance Recommendations (Independence Test). In accordance with the Independence Test, and as a result of information obtained from Directors’ Independence Questionnaires:

Director	Nature of interest
Mr Bartter is not considered to be independent	Mr Bartter was Executive Chairman for part of the year so there has not been a period of at least 3 years since being an executive. Mr Bartter is also a substantial shareholder of the Company.
Mr Noske is not considered to be independent	Mr Noske was considered independent for part of the year following his appointment in September 2010 as a non-executive director until his announced appointment as Managing Director in May 2011.
Mr Rowbottam is not considered to be independent	Mr Rowbottam was appointed as Chief Executive Officer and Executive Director in September 2010 and continues to hold the role of Finance Director.
Mr John Chandler is considered to be independent	Not applicable
Mr Davies	-

Materiality thresholds were not applicable in determining the independence of directors.

Corporate Governance Statement

Continued

EXPLANATIONS FOR DEPARTURES FROM ASX CORPORATE GOVERNANCE RECOMMENDATIONS (CONTINUED)

Principle 2 – Recommendation 2.1 (Continued)

Explanation for Departure

The Company has been in transition during the year and the Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties.

The Board considers that its structure and size is, and will continue to be, appropriate in the context of the Company's strategic plans. The Company considers that the non-independent directors possess the skills and experience suitable for building the Company. The Board intends to reconsider its composition as the Company's operations evolve, and intends to appoint additional independent directors as it deems appropriate. Mr Chandler was appointed as an independent Non-Executive Director in August 2011.

All directors are aware that they are required to bring an independent judgment to bear on Board decisions. Where a potential conflict of interest may arise, involved directors must, unless the remaining directors resolve otherwise, withdraw from deliberations concerning the matter. Further, each director has the right to seek independent professional advice at the expense of the Company.

Principle 2 – Recommendation 2.2

Notification of Departure

During the year ending 30 June 2011, Mr Bartter acted as chairman of the Company. During the year the Chairman did not satisfy the Independence Test provided by the ASX Corporate Governance Recommendations and as for the reasons set out above, Mr Bartter is not an independent director.

Explanation for Departure

While the Board recognises the importance of independence in decision making, it believes that Mr Bartter was the most appropriate person for the position of chairman during the financial year. The Company is continually reviewing the requirement to have an independent non-executive chairman.

Principle 2 – Recommendation 2.4

Notification of Departure

The Company has not established a separate nomination committee. The full Board is responsible for the examination of the selection and appointment practices of the Company.

Explanation for Departure

The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee, in particular in view of the size of the Company's Board. However, the Company recognises that a formal and transparent procedure for the selection and appointment of new directors helps promote understanding and confidence in that process and the Board intends to adopt formal procedures and policies for the selection and appointment of new directors.

Subsequent to the balance date, it is intended to form a nomination and remuneration committee in recognition of the growth of the Company and its Board so as to closer align itself with the ASX Corporate Governance Recommendations.

Principle 2 – Recommendation 2.5

Notification of Departure

During the year ended 30 June 2011, the Board did not have a separate disclosed process for evaluating the performance of the Board, its committees and individual directors. The ASX Corporate Governance Recommendations explain that the performance of the Board, its committees and individual directors should be reviewed regularly against appropriate measures.

Explanation for Departure

The Company has been in a transition during the year ended 30 June 2011. The changes in the composition of the Board that have occurred during the year ended 30 June 2011, in the Board's view now warrant the adoption of a formal process for evaluating the performance of the Board, its committees and individual directors. The Board plans to adopt an appropriate policy during the year ending 30 June 2012.

Principle 4 – Recommendation 4.1

Notification of Departure

During the year ended 30 June 2011, the Company did not have an audit committee which is a departure from ASX Corporate Governance Principle 4.1. As noted above, the Board performed the role of the audit committee under the Company's Audit and Risk Committee Charter.

Explanation for Departure

Given the changes that occurred in the Company during the year and the size of the Company, the Board considered that no benefit would be gained in establishing a separate audit committee until such time that additional Board changes occurred and the Company matured.

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations.

Subsequent to the balance date, it is intended to reform the audit and risk committee in recognition of the growth of the Company and its Board so as to closer align itself with the ASX Corporate Governance Recommendations.

Principle 4 – Recommendations 4.2

Notification of Departure

By virtue of the Board performing the role of the audit committee, the Company could not satisfy ASX Corporate Governance Recommendation 4.2 requiring that the audit committee should be structured so that it:

- consists only of Non-Executive Directors;
- consists of a majority of independent directors; and
- is chaired by an independent chair who is not chair of the Board.

Explanation for Departure

The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each director has the relevant industry experience and specific expertise relevant to the Company's business and level of operations.

Subsequent to the balance date, it is intended to reform the audit and risk committee in recognition of the growth of the Company and its Board so as to closer align itself with the ASX Corporate Governance Recommendations.

Principle 8 – Recommendation 8.1

Notification of Departure

During the year ended 30 June 2011, the Company did not have a Remuneration Committee which is a departure from ASX Corporate Governance Principle 8.1.

Explanation for Departure

Given the changes that occurred in the Company during the year and the size of the Company, the Board considered that no benefit would be gained in establishing a separate Remuneration Committee until such time that additional Board changes occurred and the Company matured.

Subsequent to the balance date, it is intended to form a nominations and remuneration committee in recognition of the growth of the Company and its Board so as to closer align itself with the ASX Corporate Governance Recommendations.

Auditor's Independence Declaration



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of WHL Energy Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WHL Energy Limited.

A handwritten signature in blue ink, appearing to read 'Norman Glue', which is the signature of N G Neill.

Perth, Western Australia
27 September 2011

N G NEILL
Partner, HLB Mann Judd

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HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

Statement of Comprehensive Income

For the Year Ended 30 June 2011



	Notes	Consolidated 2011 \$	Consolidated 2010 \$
Revenue	2	104,390	142,315
Operating expenses	3	(2,444,811)	(2,523,466)
Finance costs	3	(2,120)	(223)
Loss before income tax expense		(2,342,541)	(2,381,374)
Income tax expense	4	-	-
Loss after tax from continuing operations		(2,342,541)	(2,381,374)
Loss after tax from discontinued operations	2 & 3	(3,541,573)	(2,164,640)
Loss for the year		(5,884,114)	(4,546,014)
Other comprehensive income			
Exchange differences on translating foreign operations		(450,645)	81,457
Fair value adjustment to financial assets		6,869	(6,819)
Other comprehensive income		(443,776)	74,638
Total comprehensive loss for the year		(6,327,890)	(4,471,376)
Loss attributable to:			
Owners of parent		(6,327,890)	(4,471,376)
Total comprehensive loss attributable to owners of the parent		(6,327,890)	(4,471,376)
		Cents	Cents
Earnings per share			
Basic loss per share (cents per share)	7	0.95	1.88
Basic loss per share from continuing operations (cents per share)	7	0.38	0.98
Basic loss per share from discontinued operations (cents per share)	7	0.57	0.90

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2011

	Notes	Consolidated 2011 \$	Consolidated 2010 \$
Current assets			
Cash and cash equivalents	8	9,411,547	175,785
Trade and other receivables	9	397,404	105,339
Other financial assets	10	22,810	-
		9,831,761	281,124
Asset classified as held for sale	6	574,687	-
Total current assets		10,406,448	281,124
Non-current assets			
Other financial assets	10	57	105,107
Plant and equipment	11	55,200	5,707
Deferred exploration expenditure	12	15,608,786	3,951,394
Intangible assets	13	2	2
Total non-current		15,664,045	4,062,210
Total assets		26,070,493	4,343,334
Current			
Trade and other payables	14	1,290,738	679,455
Borrowings	15	-	22,000
Other financial liabilities	16	2,328,590	-
Provisions	17	21,127	-
Liabilities associated with assets held for sale	6	34,630	-
Total current liabilities		3,675,085	701,455
Total liabilities		3,675,085	701,455
Net assets		22,395,408	3,641,879
Equity			
Issued capital	18	53,339,799	28,853,461
Reserves		344,850	193,545
Accumulated losses	19	(31,289,241)	(25,405,127)
Total equity		22,395,408	3,641,879

The accompanying notes form part of these financial statements.

Statements of Cashflows

For the Year Ended 30 June 2011



	Notes	Consolidated 2011 \$	Consolidated 2010 \$
Cash flows from operating activities			
Payments to suppliers and employees		(2,584,665)	(1,938,852)
Interest paid		(1,812)	(223)
Net cash used in operating activities	8	(2,586,477)	(1,939,075)
Cash flows from investing activities			
Proceeds from sale of financial assets		127,218	-
Payment for plant and equipment		(23,872)	-
Payment for deferred exploration expenditure		(7,248,661)	(1,427,736)
Proceeds from disposal of exploration interests		6,629	-
Proceeds from disposal of entities		-	130,589
Interest received		77,752	4,349
Net cash used in investing activities		(7,060,934)	(1,292,798)
Cash flows from financing activities			
Proceeds from issue of shares		19,756,400	3,444,616
Payments for share issue costs		(835,912)	(269,915)
Proceeds from borrowings		-	162,000
Repayment of borrowings		(22,000)	(140,000)
Net cash provided by finance activities		18,898,488	3,196,701
Net increase/(decrease) in cash and cash equivalents		9,251,077	(35,172)
Cash and cash equivalents at beginning of period		175,785	215,044
Effect of exchange rate fluctuations on cash held		(15,315)	(4,087)
Cash and cash equivalents at end of period		9,411,547	175,785

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2011

Consolidated	Issued Capital	Accumulated Losses	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2009	24,803,260	(20,859,113)	-	118,907	-	4,063,054
Loss for the year	-	(4,546,014)	-	-	-	(4,546,014)
Other comprehensive income	-	-	(6,819)	81,457	-	74,638
Total comprehensive income for the year	-	(4,546,014)	(6,819)	81,457	-	(4,471,376)
Shares issued during the year	4,050,201	-	-	-	-	4,050,201
Recognition of share-based payments	-	-	-	-	-	-
Balance at 30 June 2010	28,853,461	(25,405,127)	(6,819)	200,364	-	3,641,879
Balance as at 1 July 2010	28,853,461	(25,405,127)	(6,819)	200,364	-	3,641,879
Loss for the year	-	(5,884,114)	-	-	-	(5,884,114)
Other comprehensive income	-	-	6,869	(450,645)	-	(443,776)
Total comprehensive income for the year	-	(5,884,114)	6,869	(450,645)	-	(6,327,890)
Shares issued during the year	24,486,338	-	-	-	-	24,486,338
Recognition of share-based payments	-	-	-	-	595,081	595,081
Balance at 30 June 2011	53,339,799	(31,289,241)	50	(250,281)	595,081	22,395,408

The accompanying notes form part of these financial statements.

Notes to The Financial Statements

For the Year Ended 30 June 2011



NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of WHL Energy Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments and derivative financial instruments which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars, which is the Company's functional currency unless otherwise stated.

The Company is a listed public company, incorporated in Australia and operating in United States, Seychelles and United Kingdom. The entity's principal activities are oil and gas exploration.

b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

These Standards and interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

c) Statement of compliance

The financial report was authorised for issue on 27 September 2011.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of WHL Energy Limited ("Company" or "parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. WHL Energy Limited and its subsidiaries are referred to in this financial report as the group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Basis of consolidation (Continued)

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 13.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions detailed in Note 20.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 20.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". The exploration and evaluation of the mineral resources has not reached a stage at which there is sufficient information to estimate future cash flows for determining value in use.

The group has decided that until there is sufficient data to determine technical feasibility and commercial viability, the exploration asset will not be assessed for impairment by reference to value in use. However, when such information becomes available or other fact and circumstances suggest that the asset may be impaired, the exploration asset will be assessed for impairment which in turn could impact future financial results.

Impairment of available-for-sale financial assets

The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluated, among other factors, an offer received during the year and a review of the assets by an independent consultant and current production performance and the extent to which the fair value of an investment is less than its cost.

f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of WHL Energy Limited.

g) Foreign currency translation

Both the functional and presentation currency of WHL Energy Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of WHL Energy Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividends

Dividends are recognised as revenue when the right to receive payment is established which in the case of quoted securities is ex-dividend date.

i) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

m) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

n) Cash and cash equivalents

Cash comprises cash at bank and in hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade and other receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade and other receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

p) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of the disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of comprehensive income.

q) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

r) Financial assets

Financial assets in the scope of *AASB 139 Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date.

s) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Impairment of financial assets (Continued)

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

t) Interest in a jointly controlled operation

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.

u) Plant and equipment

Items of 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 plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment – over 3 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. 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 statement of comprehensive income, unless an asset has previously been re-valued, 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.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

v) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified to development.

w) Intangible assets

Intangible assets acquired

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

x) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

y) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

aa) Share-based payment transactions

Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one Employee Share Option Plan ("ESOP") which provides benefits to directors, senior executives and employees. It was approved by shareholders at a general meeting held on 31 May 2011. On 24 June 2011, the WHL Qualifying Rights Plan ("QRP") that received shareholder approval at a general meeting held on 24 June 2008 lapsed.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes model, further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of WHL Energy Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 7).

ab) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

ac) 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.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

ad) Parent entity financial information

The financial information for the parent entity, WHL Energy Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of WHL Energy Limited.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTE 2: REVENUE

	Consolidated 2011 \$	Consolidated 2010 \$
Revenue from continuing operations		
Interest income	83,502	4,349
Sale of Bodinfinnoch	-	128,597
Other	20,888	9,369
	104,390	142,315
Revenue from discontinued operations		
Sale of exploration interests	34,697	-
	34,697	-

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 3: OPERATING EXPENSES

	Consolidated 2011 \$	Consolidated 2010 \$
Expenses and losses from continuing operations:		
Depreciation	3,221	3,937
Employee benefit		
Share based payments	11,597	845,500
Wages and salaries	691,613	333,540
Other	15,055	-
Total employee benefits	718,265	1,179,040
Finance costs	2,120	223
Other expenses		
Accounting, audit and compliance	406,241	423,656
General and administrative expenses	61,696	36,013
Consultants	374,445	365,419
Project expenses	475,719	420,015
Occupancy costs	37,053	(563)
Travel and accommodation	141,563	75,514
Subsidiary acquisition costs	131,169	-
Foreign exchange losses	83,421	-
Other expenses	12,018	20,435
Total other expenses	1,723,325	1,340,489
Expenses and losses from discontinued operations		
Accounting, audit and compliance	77,139	14,223
General and administrative expenses	1,634	26,724
Consultants	54,406	23,353
Impairment exploration assets	2,718,669	2,100,340
Impairment plant and equipment	3,771	-
Occupancy costs	20,366	-
Travel and accommodation	3,393	-
Loss on sale of oil and gas assets	693,733	-
Other expenses	3,159	-
Total expenses and losses from discontinued operations	3,576,270	2,164,640

NOTE 4: INCOME TAX EXPENSE

	Consolidated 2011 \$	Consolidated 2010 \$
Numerical reconciliation between tax expense and pre-tax net profit		
Loss before tax	(5,884,114)	(4,546,014)
Income tax using the domestic corporation tax rate 30 %	(1,765,234)	(1,363,804)
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	3,275	80,085
Tax losses forgone under failure of loss recoupment rules	957,805	-
Other deferred tax assets and tax liabilities not recognised	907,906	-
Tax assets relating to losses not recognised	(103,752)	1,283,719
Income tax expense	-	-

Deferred tax assets have not been recognised in respect of the following items:

Taxable temporary differences (net)	1,511,852	1,832,727
Tax Losses	5,104,184	5,207,936
Net deferred tax assets	6,616,036	7,040,663

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.

NOTE 5: SEGMENT REPORTING

The operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance focused on operating oil and gas exploration, the wind farm activity in the UK and the corporate administration entity.

The segment information for the corporate entity focused on the administration costs and the minimisation thereof as assessment of performance. The exploration entity and the windfarm development entity were reviewed as a whole and the assessment of performance focused on exploration expenditure and cost minimisation. The operating entity's performance was assessed based on cashflow information. A consolidated position was not used to assess the performance of the operating segments. This information is prepared in the tables below to reconcile to the Annual Financial Statements for the period.

There are no accounting policy differences between the reportable segments.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 5: SEGMENT REPORTING (CONTINUED)

Information regarding the Group's reportable segments is presented below.

Segment information

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the year ended 30 June 2011.

	Continuing Operations			Discontinued Operation		
Year ended 30 June 2011	Windfarm Development	Oil and Gas Exploration	Corporate Entity	US Oil and Gas Operations	Elimination	Total
Revenue						
Interest received	-	-	83,502	-	-	83,502
Other revenue	-	-	20,888	34,697	-	55,585
Total segment revenue	-	-	104,390	34,697	-	139,087
Operating expenses	(743,604)	(84,580)	(3,493,499)	(3,576,270)	1,874,752	(6,023,201)
Segment net operating loss	(743,604)	(84,580)	(3,389,109)	(3,541,573)	1,874,752	(5,884,114)
Segment assets						
Cash and cash equivalents	3,312	5,187	9,343,415	59,633	-	9,411,547
Other receivables	11,903	29,900	335,729	42,682	-	420,214
Loans subsidiaries	-	-	9,781,013	-	(9,781,013)	-
Investment subsidiaries	-	-	6,609,454	-	(6,609,454)	-
Other investments	-	-	57	-	-	57
Deferred exploration expenditure	-	13,702,100	-	566,160	1,906,686	16,174,946
Plant & equipment	-	-	55,200	8,527	-	63,727
Intangible assets	2	-	-	-	-	2
Total segment assets	15,217	13,737,187	26,124,868	677,002	(14,483,781)	26,070,493
Segment liabilities						
Trade and other payables	34,519	345,710	3,260,331	34,630	(105)	3,675,085
Loan from parent entity	7,230,908	9,140,908	-	1,471,091	(17,842,907)	-
Total segment liabilities	7,265,427	9,486,618	3,260,331	1,505,721	(17,843,012)	3,675,085

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the year ended 30 June 2010.

	Continuing Operations			Discontinued Operation		
Year ended 30 June 2010	Windfarm Development	Oil and Gas Exploration	Corporate Entity	US Oil and Gas Operations	Elimination	Total
Revenue						
Interest received	-	-	4,349	-	-	4,349
Other revenue	128,690	-	9,276	-	-	137,966
Total segment revenue	128,690	-	13,625	-	-	142,315
Operating expenses	(648,611)	-	(2,427,202)	(2,164,640)	552,124	(4,688,329)
Segment net operating loss	(519,921)	-	(2,413,577)	(2,164,640)	552,124	(4,546,014)
Segment assets						
Cash and cash equivalents	12,324	-	103,623	59,838	-	175,785
Other receivables	23,917	-	48,670	36,947	(4,195)	105,339
Loans subsidiaries	-	-	1,259,191	-	(1,259,191)	-
Investment subsidiaries	-	-	335	-	(335)	-
Other investments	-	-	105,107	-	-	105,107
Deferred exploration expenditure	-	-	2,825,648	1,105,319	20,427	3,951,394
Plant & equipment	2	-	-	5,705	-	5,707
Intangible assets	2	-	-	-	-	2
Total segment assets	36,245	-	4,342,574	1,207,809	(1,243,294)	4,343,334
Segment liabilities						
Trade and other payables	228,550	-	416,033	56,983	(111)	701,455
Loan from parent entity	7,454,288	-	-	1,194,914	(8,649,202)	-
Total segment liabilities	7,682,838	-	416,033	1,251,897	(8,649,313)	701,455

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 5: SEGMENT REPORTING (CONTINUED)

Segment information (Continued)

i) Segment net operating loss reconciliation to the statement of comprehensive income

Management meet on a regular basis to assess the performance of each segment.

	Consolidated 2011 \$	Consolidated 2010 \$
Reconciliation of segment net operating loss after tax to net profit/loss before tax.		
Net operating loss after tax	(5,884,114)	(4,566,014)
Net gains/losses on of available-for-sale investments	6,869	(6,819)
Translation differences on translating foreign operations	(450,645)	81,457
Total operating loss per the statement of comprehensive income	(6,327,890)	(4,491,376)

ii) Segment assets reconciliation to the statement of financial position

In assessing the segment performance on a monthly basis, management analyse the segment assets.

	Consolidated 2011 \$	Consolidated 2010 \$
Cash and cash equivalents	9,411,547	175,785
Other receivables	397,404	105,339
Other financial assets	22,810	105,107
Assets classified as held for sale	574,687	-
Available for sale assets	57	-
Plant and equipment	55,200	5,707
Deferred exploration expenditure	15,608,786	3,951,394
Intangible assets	2	2
	26,070,493	4,343,334

iii) Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables and debt. The Group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations. Management review the level of debt for each segment.

Reconciliation of segment operating liabilities to the statement of financial position.

	Consolidated 2011 \$	Consolidated 2010 \$
Trade and other payables	1,290,738	701,455
Other financial liabilities	2,328,590	-
Liabilities directly associated with assets classified as held for sale	34,630	-
Provisions	21,127	-
Total liabilities per the statement of financial position	3,675,085	701,455

NOTE 6: ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

These assets are classified as held for sale as a result of the Consolidated Entity's change in strategic focus from US oil and gas assets to the Seychelles exploration asset and therefore the divestment of the US oil and gas assets. The disposal proceeds are expected to be in cash. The transactions are expected to be concluded in the first half of 2011. The total exploration impairment losses recognised in the current reporting period is \$2,718,669 and the total plant and equipment impairment losses recognised is \$3,177.

The results of the discontinued operation which have been included in the statement of comprehensive income are as follows:

	Consolidated 2011 \$	Consolidated 2010 \$
Revenue	34,697	-
Expenses	(3,573,093)	(2,164,640)
Loss	(3,538,396)	(2,164,640)
Loss recognised on the re-measurement to fair value	(3,177)	-
Loss before tax from discontinued operations	(3,541,573)	(2,164,640)
Tax income	-	-
Loss for the year from discontinued operations	-	-

Loss attributable to owners of the parent entity relates to:

Loss from discontinuing operations	(3,541,573)	(2,164,640)
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The major classes of assets and liabilities of comprising the operations classified as held for sale at balance date are as follows:

	Consolidated 2011 \$
Assets	
Deferred exploration expenditure	566,161
Plant and equipment (Note 11)	8,526
	574,687
Liabilities	
Trade creditors and payables	(34,630)
	(34,630)
Net assets classified as held for sale	540,057

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 7: EARNINGS PER SHARE

	Consolidated 2011 Cents per Share	Consolidated 2010 Cents per Share
Basic earnings per share:		
Loss from continuing operations	0.38	0.98
Loss from discontinued operations	0.57	0.90
Total basic earnings per share	0.95	1.88

Diluted earnings per share

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

	\$	\$
Basic earning per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Loss for the year (refer (i))	(5,884,114)	(4,546,014)
Loss from continuing operations (refer (i))	(2,342,541)	(2,381,374)
	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	619,225,395	241,988,338
	\$	\$

(i) Earnings used in the calculation of total basic loss per share reconciles to net profit in the income statement as follows:

Loss used in the calculation of loss per share	(5,884,114)	(4,546,014)
Loss from discontinued operation	3,541,573	2,164,640
Loss used in the calculation of basic loss per share from continuing operations	(2,342,541)	(2,381,374)

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated 2011 \$	Consolidated 2010 \$
Cash at bank and on hand	5,691,547	175,785
Short-term deposits	3,720,000	-
	9,411,547	175,785

Cash at bank earns interest at floating rates on daily deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation to Cash Flow Statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Reconciliation of loss for the year to net cash flows used in operating activities

	Consolidated 2011 \$	Consolidated 2010 \$
Loss from operations	(5,884,114)	(4,546,014)
Items classified as investing/financing activities		
Interest received	(77,752)	(4,349)
Non cash items		
Depreciation	3,221	3,937
Foreign exchange loss	83,421	-
Impairment of plant and equipment	3,771	-
Impairment of oil and gas exploration assets	2,718,669	2,048,352
Loss on disposal of fixed assets	-	1,140
Loss on disposal of oil and gas exploration assets	693,733	-
Profit on available for sale assets	(15,300)	-
Profit on disposal of subsidiary	-	(128,597)
Provision for employee entitlements	21,127	-
Share based payments	95,081	875,500
Change in assets and liabilities		
Receivables	(292,065)	(54,194)
Trade and other payables affecting operating activities	63,731	(134,850)
Net cash used in operating activities	(2,586,477)	(1,939,075)

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated 2011 \$	Consolidated 2010 \$
Trade receivables	13,048	36,678
GST recoverable	138,997	31,714
Other receivables	245,359	36,947
	397,404	105,339

The average credit period on sales of goods and rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arriving from the past sale of goods and rendering of services, determined by reference to past default experience.

There are no related party receivables.

	Consolidated 2011 \$	Consolidated 2010 \$
Aging of past due but not impaired		
30 – 60 days	379,609	36,678
60 – 90 days	10,208	-
90 – 120 days	2,997	-
120 and over	4,590	-
	397,404	36,678

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the balance date. The directors believe that there is no provision required for impairment.

NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated 2011 \$	Consolidated 2010 \$
Current		
Derivatives that are designated and effective as hedging instruments carried at fair value		
Foreign currency option contracts	22,810	-
	22,810	-
Non-Current		
Available-for-sale investments carried at fair value (i)		
Listed shares	57	105,107
	57	105,107

(i) Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

NOTE 11: PLANT AND EQUIPMENT

Plant and equipment

	Consolidated 2011 \$	Consolidated 2010 \$
Opening balance, net of accumulated depreciation and impairment	5,707	5,684
Additions	63,138	9,377
Disposals	-	(1,187)
Disposals - discontinued operation	3,058	-
Assets included in discontinued operation held for sale	(8,526)	-
Impairment	(3,771)	-
Depreciation charge for the year	(3,221)	(7,609)
Foreign currency exchange differences	(1,185)	(558)
Closing balance, net of accumulated depreciation and impairment	55,200	5,707
Cost or fair value	80,494	35,072
Accumulated depreciation and impairment	(25,294)	(29,365)
Net carrying amount	55,200	5,707

Impairment of plant and equipment

During the year, recoverable amount was estimated for certain items of plant and equipment. An impairment loss of \$3,771 in total was recognised to reduce the carrying amount of certain of those assets to recoverable amount. The recoverable amount estimation was based on fair value less costs to sell and was determined at the cash-generating unit level being the US operations.

The useful life of the assets was estimated as follows for both 2010 and 2011:

- Plant and equipment: 3 to 15 years

NOTE 12: DEFERRED EXPLORATION EXPENDITURE

	Consolidated 2011 \$	Consolidated 2010 \$
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	3,951,394	4,501,105
Acquisition of tenements	11,455,702	1,098,800
Expenditure incurred	3,953,692	344,627
Disposal of tenements	(700,362)	-
Impairment of asset	(2,718,669)	(2,100,340)
Foreign currency exchange differences	233,190	107,202
Classified as held for sale	(566,161)	-
Balance at end of financial year	15,608,786	3,951,394

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 12: DEFERRED EXPLORATION EXPENDITURE (CONTNUED)

- The Group has a disputed 50% interest (2010 50%) in the Wardlaw Oil project in Texas, USA. The initial payments made at the acquisition of the project included a prepaid drilling contribution. The timing of the drilling programme had been delayed due to technical difficulties and the Company subsequently suspended further contributions to the project. A material dispute exists between the Company and the USA joint venture operator regarding WHL's continuing interest in this project. There is substantial doubt as to whether any future recovery will be made or any revenue will be derived from this investment. Accordingly the asset has been fully impaired.
- The Group has a 0% interest (2010 33.3%) in the Kentucky Gas Shale project in USA. This project had ceased production. The Company and its joint venture partner agreed to plug and abandon this asset. Two wells were returned to the mineral right owners from which the Company originally had leased the property.
- The Group has a 30% interest (2010 42.5%) in the Girard and Union Town projects in Crawford and Bourbon Counties in South Western Kansas USA, referred to as the Kansas Gas asset. During the year the Company surrendered operatorship and the interest was reduced to 30%. In the first quarter of 2011 the Company made a strategic decision to exit from US oil and gas assets. As part of a broader review of the carrying values of the Kansas assets held by the Company, an independent valuation was completed in January 2011. The Company has impaired the asset to the estimated recoverable amount less selling costs and has reclassified the asset as held for sale.
- The Group has a 100% interest (2010 100%) in Kansas to exploit a shallow oil play. While being shallow, the oil has a low reservoir pressure and requires water flooding to stimulate the production of oil. The costs associated with this production method are higher than the revenue received. While there are further development opportunities in the acquired acreage the Company has decided as part of the strategic focus of the Company to exit from US oil and gas assets. The Company has impaired the asset to the estimated recoverable amount less selling costs and has reclassified the asset as held for sale.
- The Group has a 100% interest (2010 0%) in Seychelles exploration blocks. This includes 21,426 square kilometres of oil and gas exploration interests in the shallow water area off the southern Seychelles coast. During the year the Company has progressed the processing of the SY10 Multi-client Seismic data.

For details of the interests refer to the ASX information.

Ultimate recoupment of this expenditure is dependent upon the Group's right to tenure of the area of interest and the discovery of commercially viable oil and gas reserves, their successful development and exploitation, or alternatively, sale of the respective areas of interest at an amount at least equal to book value.

Impairment losses are provided when the carrying amount exceeds the recoverable amount.

Exploration expenditure is written off for any related impairment losses when the permits are relinquished or disposed of.

NOTE 13: INTANGIBLE ASSETS

	Consolidated 2011 \$	Consolidated 2010 \$
Cost		
Opening balance	3,770,264	3,770,264
Closing balance	3,770,264	3,770,264
Accumulated amortisation and impairment		
Opening balance	3,770,262	3,770,262
Closing balance	3,770,262	3,770,262
Balance at end of financial year	2	2

At 30 June 2011, 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.

NOTE 14: TRADE AND OTHER PAYABLES

	Consolidated 2011 \$	Consolidated 2010 \$
Trade payables	1,290,738	679,455

Trade payables are non-interest bearing and are normally settled on 30-day terms.

For terms and conditions relating to related party payables refer to Note 23.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 21.

NOTE 15: BORROWINGS

	Consolidated 2011 \$	Consolidated 2010 \$
Directors loans	-	22,000

The directors loans are non-interest bearing and are unsecured.

NOTE 16: OTHER FINANCIAL LIABILITIES

	Consolidated 2011 \$	Consolidated 2010 \$
Derivatives that are designated and effective as hedging instruments are carried at fair value		
Forward currency option contracts	95,830	-
Amounts due under contract	2,232,760	-
	2,328,590	-

NOTE 17: PROVISIONS

	Consolidated 2011 \$	Consolidated 2010 \$
Employee benefits		
Arising during the year	28,182	-
Utilised	(7,055)	-
Balance at end of financial year	21,127	-

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 18: ISSUED CAPITAL

	Consolidated		Consolidated	
	2011 No.	2011 \$	2010 No.	2010 \$
Ordinary share issued and fully paid	1,212,100,886	51,827,304	292,303,142	28,766,966
Listed Options	169,808,346	1,512,495	9,808,346	86,495
	1,381,909,232	53,339,799	302,111,488	28,853,461

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary shares on issue

	2011 No.	2011 \$	2010 No.	2010 \$
Balance at beginning of financial year	292,303,142	28,766,966	177,039,857	24,803,260
Issue of shares			115,263,285	4,222,031
New equity issued on 13 December 2010	22,727,273	500,000	-	-
New equity issued on 23 November 2010	166,666,667	2,000,000	-	-
New equity issued on 15 December 2010	217,391,304	5,000,000	-	-
Equity issued on 28 February 2011 as consideration for acquisition of controlled entity	150,000,000	5,190,000	-	-
New equity issued on 19 April 2011 pursuant to equity issue of \$10M	127,000,000	4,064,000	-	-
New equity issued on 2 June 2011 pursuant to equity issue of \$10M	146,875,000	4,700,000	-	-
New equity issued on 8 June 2011	65,000,000	2,080,000	-	-
New equity issued on 3 June pursuant to new equity issue of \$10M	24,137,500	772,400	-	-
Share issue costs	-	(1,246,062)	-	(258,325)
Balance at end of financial year	1,212,100,886	51,827,304	292,303,142	28,766,966

Movement in listed options on issue

	2011 No.	2011 \$	2010 No.	2010 \$
Balance at beginning of financial year	9,808,346	86,495	-	-
Issue of options			9,808,346	86,495
New equity issued on 15 December 2010	30,000,000	30,000	-	-
New equity issued on 28 February 2011	10,000,000	10,000	-	-
New equity issued on 28 February 2011 as consideration for acquisition of controlled entity	60,000,000	786,000	-	-
New equity issued on 28 February 2011	60,000,000	600,000	-	-
Balance at end of financial year	169,808,346	1,512,495	9,808,346	86,495
Total issued capital	1,381,909,232	53,339,799	302,111,488	28,853,461

NOTE 19: ACCUMULATED LOSSES AND RESERVES

Retained losses

Movements in retained earnings were as follows:

	Consolidated 2011 \$	Consolidated 2010 \$
Balance at beginning of financial year	25,405,127	20,859,113
Net loss for the year	5,884,114	4,546,014
Balance at end of financial year	31,289,241	25,405,127

Nature and purpose of reserves

Net unrealised gains reserve

This reserve records fair value changes on available-for-sale financial assets.

Share based payments reserve

This reserve is used to record the value of equity benefits provided to:

- employees and directors as part of their remuneration;
- as part of the consideration to acquire a controlled subsidiary, SEYCO; and
- as part consideration for corporate advisory fees.

Movement in unlisted options on issue

The Company has two share based payment option schemes under which options to subscribe for the Company's shares have been granted to certain executives and other employees refer Note 20.

The Company issued options as part of the consideration to acquire control of a subsidiary refer Note 20.

The Company issued options as part of payment to a supplier refer Note 20.

	2011 No.	2011 \$	2010 No.	2010 \$
Balance at the beginning of financial year	-	-	-	-
Issued pursuant to share based payment to employee	500,000	11,597	-	-
Issued on 18 November 2010 as consideration services	10,000,000	83,484	-	-
Issued on 28 February 2011 as consideration for acquisition of controlled entity	250,000,000	500,000	-	-
Balance at end of financial year	260,500,000	595,081	-	-

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 20: SHARE BASED PAYMENT PLANS

Employee Share Option Plan

The Company believes that the best way to encourage employees to become shareholders is to align their interests with those of shareholders. There is currently one Employee Share Option Plan ("ESOP") which provides benefits to directors, senior executives and employees. It was approved by shareholders at a general meeting held on 31 May 2011. On 24 June 2011, the WHL Qualifying Rights Plan ("QRP") that received shareholder approval at a general meeting held on 24 June 2008 lapsed. The following incentives are provided for under the ESOP.

Retention Incentive

As part of the policy to retain staff, other than directors and senior technical staff, options are available to be issued under the ESOP. Vesting of the options issued to employees will occur in accordance with the following milestones:

- 50% of the options will vest after 12 months continuous employment; and
- 50% of the options will vest after 24 months of continuous employment.

Performance Incentive

As part of the policy to retain executive directors and senior technical staff, options are available to be issued under the ESOP. Vesting of any options issued to executive directors and senior technical staff, will occur in accordance with the following milestones:

- The Company (for one of its subsidiaries) has entered into one or more binding farmin agreements with one or more third parties under which the farminnee/s' have a collective obligation to spend the greater of \$10 million or 50% of the Work Commitment on the Licences; or
- The volume weighted average price of the Company's shares as traded on ASX is at least 10 cents or more for ten (10) consecutive trading days.

At the General Meeting of shareholders held on 31 May 2011, approval was obtained for the issue under the ESOP of 15,000,000 options to Mr Noske and 10,000,000 options to Mr Rowbottom. These were issued subsequent to year end.

The exercise price of each option will be determined by reference to the 5-day volume-weighted average share price ("VWAP") together with a predetermined uplift factor based on the length until expiry of the options.

During the year 1,000,000 options were issued under the Wind Hydrogen Qualifying Right plan approved by shareholders on 28 June 2008 were brought to account. The options are exercisable at \$0.055 and 50% vested immediately and 50% vested based on performance criteria and expire on 31 August 2012 or 30 days after termination of employment. The fair value of the options recognised in the statement of comprehensive income for the year was \$11,597. All outstanding options on issue were forfeited subsequent to year end.

The expense recognised in the statement of comprehensive income in relation to the employee share-based payments is disclosed in Note 3.

Share based payments to acquire subsidiary

On 28 February 2011 250,000,000 options were issued as part of the consideration to acquire SEYCO. Options issued under the purchase deed regarding the purchase of SEYCO vest when the following milestones are met and have an exercise price of \$0.0001 and expire on 31 December 2013:

- Binding farmin agreements with a minimum spend of the greater of \$10 million or 50% of the work commitment on the licences; or
- The volume weighted average price of the Company's shares as traded is at least 10 cents or more for ten consecutive trading days.

The fair value of these options has been included in the value attributable to the Seychelles petroleum leases at a total value of \$500,000. These options were outstanding at the end of the year.

Share based payments to a supplier

On 18 November 2011 10,000,000 options were issued as part of the payment for corporate advisory services. Options issued under the service contract vested immediately and have the following terms:

- 5,000,000 at an exercise price of \$0.050 and expire on 30/09/2013
- 5,000,000 at an exercise price of \$0.075 and expire on 30/09/2013.

The expense recognised in the statement of comprehensive income in relation to share-based payment for corporate advisory services is \$83,484.

The following share-based payment arrangements were in place during the current and prior periods:

	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
Employee Share Option Plan	04/04/2010	31/08/2012	0.0550	11,597
Share based payments to suppliers	18/11/2010	30/09/2013	50% at 0.075 50% at 0.050	83,484
Share based payments to acquire subsidiary	28/02/2011	31/12/2013	0.0002	500,000

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2011 No.	2011 Weighted average exercise price	2010 No.	2010 Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	261,000,000	0.0027	-	-
Forfeited during the year	(500,000)	0.0550	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	260,500,000	0.0026	-	-
Exercisable at the end of the year	260,500,000	-	-	-

The outstanding balance as at 30 June 2011 is represented by:

- 500,000 options over ordinary shares with an exercise price of \$0.055 each, exercisable until 31 July 2011 in terms of the Share option plan;
- 5,000,000 options over ordinary shares with an exercise price of \$0.050 each, exercisable until 30 September 2013;
- 5,000,000 options over ordinary shares with an exercise price of \$0.075 each, exercisable until 30 September 2013; and
- 250,000,000 options over ordinary shares with an exercise price of \$0.0001 each, exercisable until 31 December 2013.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 910 days (2010: Nil)

The range of exercise prices for options outstanding at the end of the year was \$0.0001 - \$0.0500 (2010: Nil).

The fair value of the equity-settled share options granted under the option is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 20: SHARE BASED PAYMENT PLANS (CONTINUED)

The following table lists the inputs to the model used for the years ended 30 June 2011:

	Employee Related	Supplier	Supplier
Dividend yield (%)	-	-	-
Expected volatility (std dev)	2.0032	0.9626	0.9626
Risk-free interest rate (%)	5.05	5.13	5.13
Discount rate (%)	30	30	30
Expected life of option (days)	911	1,047	1,047
Exercise price (cents)	0.055	0.050	0.075
Grant date share price	0.038	0.027	0.027

NOTE 21: FINANCIAL INSTRUMENTS

Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets.

The Group's overall strategy remains unchanged from 2010.

None of the Group's entities are subject to externally imposed capital requirements.

Categories of financial instruments

	Consolidated 2011 \$	Consolidated 2010 \$
Financial assets		
Derivative financial instruments	22,810	-
Loans and receivables	366,103	105,339
Cash and cash equivalents	9,411,547	175,785
Financial liabilities		
Derivative financial instruments	2,328,590	-
Trade and other payables	985,368	679,455
Borrowings	-	22,000
Other financial liabilities	340,000	-

Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk including foreign exchange forward contracts to hedge the exchange rate.

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.

Foreign currency risk management

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 utilising forward foreign exchange contracts. During the year ended 30 June 2010 no forward exchange contracts were entered into.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date explained in Australian dollars are as follows:

	Liabilities 2011 \$	Liabilities 2010 \$	Assets 2011 \$	Assets 2010 \$
US dollars	708,077	56,983	100,989	90,208
GBP	34,509	228,541	15,211	36,142

Foreign currency sensitivity analysis

The Group is exposed to US Dollar (USD) and British Pound (GBP) currency fluctuations.

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 Consolidated 2011 \$	USD Consolidated 2010 \$	GBP Consolidated 2011 \$	GBP Consolidated 2010 \$
Profit or loss	(60,709)	3,323	(3,120)	(21,632)
Other equity	60,709	(3,323)	3,120	21,632

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments.

The following table details the forward foreign currency contracts outstanding as at balance date:

Outstanding contracts	Average exchange rate 2011	Average exchange rate 2010	Foreign 2011 USD\$	Foreign 2010 USD\$	Contract value 2011 A\$	Contract value 2010 A\$	Fair value 2011 A\$	Fair value 2010 A\$
Buy US Dollars								
Less than 3 months	1,0368	-	2,366,100	-	2,282,970	-	2,232,760	-

As at balance date, the aggregate amount of unrealised losses under forward foreign exchange contracts charged to the statement of comprehensive income is the exposure on these anticipated future transactions is \$50,210 thousand (2010: nil). It is anticipated that the sales will take place during the first 3 months of the next financial year at which stage the amount deferred in equity will be released into profit or loss.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 21: FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk management

The Group is subject to interest rate exposure through its cash and cash equivalents. The Group is currently not exposed to interest rate risk on borrowings as it has no borrowings.

Interest rate risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance 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 balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit or loss will be impacted as follows:

	Consolidated 2011 \$	Consolidated 2010 \$
Profit or Loss	24,250	867
Equity	24,250	867

The Consolidated Entity's exposure to interest rate risk is minimal as it has no borrowings with variable interest rates. The risk is attributable to the Groups exposure to interest rates on its variable rate deposits.

Equity price risk

At 30 June 2011 the Group had \$57 in available-for-sale financial assets representing an unmarketable parcel of shares. The Group's exposure to equity price risks arising from available-for-sale financial assets is considered to be minimal for 2011. (In 2010 equity reserves would increase/decrease by \$5,210 for the Group, as a result of the change in fair value of available for sale assets and profit would have been unaffected).

Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is reviewed and approved by managers on a continuous basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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 maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1-5 years \$	Total \$
2011						
Financial assets						
Non-interest bearing		424,031	22,935	22,810	-	469,776
Variable interest rate instruments	4.73	5,610,685	-	-	-	5,610,685
Fixed interest rate instruments	5.90	-	3,720,000	-	-	3,720,000
		6,034,716	3,742,935	22,810	-	9,800,461
Financial Liabilities						
Non-interest bearing		1,203,427	2,232,760	217,771	-	3,653,958
		1,203,427	2,232,760	217,771	-	3,653,958
2010						
Financial assets						
Non-interest bearing		281,234	-	-	-	281,234
Variable interest rate instruments		-	-	-	-	-
Fixed interest rate instruments		-	-	-	-	-
		281,234	-	-	-	281,234
Financial Liabilities						
Non-interest bearing		701,455	-	-	-	701,455
		701,455	-	-	-	701,455

NOTE 22: COMMITMENTS AND CONTINGENCIES

Future exploration commitments

The Company has obligations to carry out certain work programme commitments on exploration in tenement areas. The work programmes are not defined in terms of annual commitments but in terms of periods which include more than one year. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operation of the Company. Expenditures are contingent upon successful raising of the required capital and failure to make these expenditures may result in the forfeiture of the associated project rights or a reduction in working interest revenue until a multiple of capital costs are earned.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 22: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	Consolidated 2011 \$	Consolidated 2010 \$
Within one year	1,346,895	-
After one year but not more than five years	58,653,105	-
Total	60,000,000	-

In prior years the Group had paid a premium to join several Joint ventures through acquisitions of oil and gas developments. The premium paid generally included a prepayment of initial drilling programs.

Other expenditure commitments

The Group has non-cancellable operating leases for the following:

- Office Premises - the lease expires on 31 October 2011; and
- Corporate Services contracts expiring in July 2012 and 31 October 2011 respectively.

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	Consolidated 2011 \$	Consolidated 2010 \$
Within one year	185,406	-
After one year but not more than five years	-	-
Longer than five years	-	-
Total	185,406	-

Legal claim

The Company at balance date was aware of a single dispute involving a claim of a right to an overriding royalty interest over part of the Company's Kansas oil producing properties. The Company disputes the validity of the claim and has engaged a technical consultant to support the Company's defence of the expected claim. At date of the report a formal claim had not been lodged in regard to the dispute.

The Company has continued to review its legal option to commence a litigation action for a recovery of the drilling advance made to Glen Rose Petroleum Corporation for the Wardlaw joint venture.

Contingent liabilities

The Group owns the rights to the Ladymoor project, located in Scotland. Attached to these rights is an ongoing gross revenue royalty of 1% along with a number of conditional payments to be made upon the following milestone events been reached: (i) granting of planning consent, (ii) commencement of construction and (iii) completion of construction. Rights in relation to the use of land are subject to renewable two year option periods.

Subject to commercial production commencing there are overriding royalty interests on the production of oil, gas and other associated hydrocarbons produced under the Seychelles Petroleum agreement.

NOTE 23: RELATED PARTY DISCLOSURE

Controlled entities

WHL is a public company, which was incorporated in Australia on 10 March 2005 and listed on the ASX on 10 September 2007.

The consolidated financial statements include the financial statements of WHL Energy Limited and its subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest 2011
Wind Hydrogen (UK) Holdings Limited	United Kingdom	100%
Wings Law Wind Farm Limited	United Kingdom	100%
Wind Hydrogen Developments Limited	United Kingdom	100%
Wind Hydrogen Limited	United Kingdom	100%
Wind Hydrogen Technologies Limited	United Kingdom	100%
Frogden Wind Farm Limited	United Kingdom	100%
WHL Energy USA LLC	USA	100%
WHL Energy Midcon LLC	USA	100%
WHL Energy Appalachia LLC	USA	100%
Petroquest International Inc	USA	100%
Seyco Energy Proprietary Limited	Australia	100%

Key management personnel

The following table provides the total amount of transactions that were entered into with key management personnel for the relevant financial year (for information regarding outstanding balances at year-end, refer to Note 14).

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Related party		Fees to related parties	Expenditure related parties	Amounts owed by related parties	Amounts owed to related parties
		\$	\$	\$	\$
Mr Bartter (Peter Bartter Enterprises Pty Limited)	2011	40,000	38,541	-	-
	2010	27,500	104,569	-	-
Mr Noske (Ausoco Pty Limited)	2011	77,249	44,359	-	12,950
	2010	-	-	-	-
Mr Rowbottom (Ovid Management Services Pty Limited)	2011	-	50,847	-	-
	2010	-	-	-	-
Mr Edmondson (Regalriver Holdings Pty Ltd)	2011	80,947	233	-	-
	2010	-	-	-	-
Mr Fittall (Goodwells Geoscience)	2011	34,000	-	-	-
	2010	-	-	-	-
Mr Mitchell	2011	10,250	18	-	-
	2010	35,000	-	-	-

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 24: PARENT ENTITY DISCLOSURES

Financial position

	2011 \$	2010 \$
Assets		
Current assets	9,679,144	152,293
Non-current assets	16,445,724	4,190,281
Total assets	26,124,868	4,342,574
Liabilities		
Current liabilities	3,260,331	416,033
Total liabilities	3,260,331	416,033
Equity		
Issued capital	53,339,799	28,853,461
Asset revaluation reserve	50	(6,819)
Share based payment reserve	595,081	-
Retained earnings	(31,070,393)	(24,920,101)
Total equity	22,864,537	3,926,541

Financial performance

	2011 \$	2010 \$
Loss for the year	(6,150,292)	(4,487,576)
Other comprehensive income	6,869	(6,819)
Total comprehensive income	(6,143,423)	(4,494,395)

NOTE 25: ACQUISITION OF SUBSIDIARY

On the 28 February 2011, the parent entity acquired 100% of SEYCO, an entity that owned 100% interest in an exploration entity, Petroquest International Inc, which in turn had an interest in Seychelles exploration blocks. The purchase was satisfied by the issue of:

- 150,000,000 ordinary fully paid shares of WHL Energy, of which 75,000,000 shares are subject to a voluntary escrow of 12 months;
- 60,000,000 Class A options; each to acquire a further share, exercisable at 7.5 cents, which expire on 30 June 2012; and
- 250,000,000 Class B options to subscribe for ordinary shares in the capital of the Company at an exercise price of \$0.0001 per Class B option. The Class B options will expire on 31 December 2013 and are subject to the following vesting conditions:
 - WHL Energy entering into one or more unconditional binding farmin agreements with one or more third parties where the farminee/s have an obligation to spend not less than US\$10 million or 50% of the Work Commitment related to period two (including extensions); or
 - the VWAP of WHL Energy's shares as traded on ASX being 10 cents or more for 10 consecutive trading days.

For more details on the acquisition of SEYCO and the interest in the Seychelles exploration blocks please examine the ASX announcement made 26 October 2010.

The Seychelles exploration blocks acquired at the date of the acquisition were valued at \$6,476,000.

The acquisition of SEYCO is not considered to be a business combination under AASB3 as it does not have sufficient inputs and process to generate outputs under the standard. The accounting for the acquisition has been determined in accordance with AASB2 in the Consolidated Financial Statements. The initial acquisition costs of the Seychelles Exploration Blocks, was determined by Directors with reference to a market related transaction that had occurred in a similar region at the initial agreement date, it was not based on the fair value of the equity instruments. Acquisition related costs of \$131,169 are included in other expenses in the Statement of Comprehensive Income.

NOTE 26: AUDITOR'S REMUNERATION

The auditor of WHL Energy Limited is HLB Mann Judd.

	Consolidated 2011 \$	Consolidated 2010 \$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the Group	41,500	-
Tax compliance	5,000	-
	46,500	-
Amounts received or due and receivable by non HLB Mann Judd audit firms		
Auditor's Remuneration (non HLB Mann Judd audit firms)		
Audit of Financial reports-overseas: 2009/2010	27,320	-
Audit of Financial reports-overseas: 2011	36,620	-
Other Services		
Tax compliance: 2011	2,108	-
Tax compliance-overseas: 2011	13,449	-
Tax compliance-overseas: 2009/2010	12,655	-
Tax other services	3,500	-
	95,652	-
Amounts paid to the previous auditors are as follows:		
Auditor's Remuneration (Russell Bedford NSW)		
Audit and review of Financial reports - Australia	9,349	62,107
Audit of Financial reports-overseas Russell Bedford firm	-	33,429
Other services (Russell Bedford NSW)	-	5,036
	9,349	100,572
Auditor's Remuneration (Deloitte Touche Tohmatsu)		
Audit and review of Financial reports - Australia	-	39,100
Audit of Financial reports - overseas Deloitte firm	-	27,203
	-	66,303
Auditor's Remuneration (KPMG)		
Taxation consultancy services - overseas KPMG firm	-	16,862
	-	16,862
Auditor's Remuneration (Lohrey & Associates)		
Taxation consultancy services-overseas Lohrey firm	24,794	-
	24,794	-

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 27: EVENTS AFTER THE BALANCE DATE

Since the end of the financial year the Directors are not aware of any other matter or circumstances not otherwise dealt with within the financial report that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years other than:

- On 11 July 2011 the Company received \$463,600 being the final balance of funds in respect of the capital raising of \$10 million as announced on 8 April 2011; and
- During September 2011 the Company announced the following employee share options had been issued in terms of the Employee Share Incentive Plan:

Number	Exercise price \$	Expiry date	Vesting conditions
35,000,000	0.0495	31/12/2013	Based on the following performance criteria being met prior to expiry date: The Company has entered into one or more binding farmin agreements under which the farminnee have a collective spend of greater than \$10m or 50% of the work commitment; or Company's shares are traded on ASX at 10 cents or more for ten consecutive days
4,550,000	0.0392	31/07/2013	50% after continuous employment for a 12 month period and 50% after 24 months continuous employment
1,000,000	0.0511	31/12/2013	50% after continuous employment for a 12 month period and 50% after 24 months continuous employment

NOTE 28: DIRECTORS AND EXECUTIVES DISCLOSURES

Details of key management personnel

Directors

Mr Bartter	Chairman (Non-Executive)
Mr Noske	Managing Director
Mr Rowbottom	Finance Director
Mr Chandler	Director (Non-Executive) – appointed 17 August 2011

Executives

Mr Radford	Managing Director of United Kingdom operations – resigned 1 June 2011
Mr Edmondson	Company Secretary
Mr Fittall	Exploration Manager
Mrs Scully	Financial Controller

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Shareholdings of key management personnel

Shares

The number of ordinary shares in the Company held during the financial year by each director of WHL Energy Limited and other key management personnel of the Group, including their personally related parties are set out below:

30 June 2011

	Balance at beginning of year	Options exercised	Share based payment	Net change other	Balance at end of year
Directors					
Mr Bartter	44,037,741	-	-	3,462,259	47,500,000
Mr Noske	-	-	-	-	-
Mr Rowbottam	-	-	-	-	-
Dr Kahn**	15,000,000	-	-	(15,000,000)	-
Mr Davies**	250,000	-	-	-	250,000
Executives					
Mr Radford**	-	-	-	-	-
Mr Edmondson	-	-	-	1,000,000	1,000,000
Mr Fittall	-	-	-	634 438	634 438
Mrs Scully	-	-	-	-	-
Total	59,287,741	-	-	(9,903,303)	49,384,438

** These key management personnel resigned during the year to 30 June 2011.

30 June 2010

	Balance at beginning of year	Options exercised	Share based payment	Net change other	Balance at end of year
Directors					
Mr Bartter	19,978,305	-	12,000,000	12,059,436	44,037,741
Mr Noske	-	-	-	-	-
Mr Rowbottam	-	-	-	-	-
Dr Kahn	5,000,000	-	10,000,000	-	15,000,000
Mr Davies	-	-	250,000	-	250,000
Mr Pritchard	4,038,039	-	-	(4,038,039)	-
Executives					
Mr Radford	-	-	-	-	-
Mr Edmondson	-	-	-	-	-
Mr Fittall	-	-	-	-	-
Mrs Scully	-	-	-	-	-
Total	29,016,344	-	22,250,000	8,021,397	59,287,741

Notes to The Financial Statements

For the Year Ended 30 June 2011 (Continued)

NOTE 28: DIRECTORS AND EXECUTIVES DISCLOSURES (CONTINUED)

Listed options

The number of listed options over ordinary shares in the Company held during the financial year by each director of WHL Energy Limited and other key management personnel of the Group, including their personally related parties are set out below:

30 June 2011

	Balance at beginning of year	Options exercised	Share based payment	Net change other	Balance at end of year
Directors					
Mr Bartter	-	-	-	-	-
Mr Noske	-	-	-	5,000,000	5,000,000
Mr Rowbottom	-	-	-	5,000,000	5,000,000
Dr Kahn**	-	-	-	-	-
Mr Davies**	-	-	-	-	-
Executives					
Mr Radford **	-	-	-	-	-
Mr Edmondson	-	-	-	1,000,000	1,000,000
Matthew Fittall	-	-	-	-	-
Mrs Scully	-	-	-	500,000	500,000
Total	-	-	-	11,500,000	11,500,000

Includes forfeitures

** These key management personnel resigned during the year to 30 June 2011

30 June 2010

There were no listed options over ordinary shares in the Company held during the financial year ended 30 June 2010 by the directors of WHL Energy Limited and other key management personnel of the Group, including their personally related parties.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Shareholding of key management personnel in unlisted options

The only unlisted options over ordinary shares in the Company held during the financial year ended 30 June 2011 by the directors of WHL Energy Limited and other key management personnel of the Group, including their personally related parties is set out below.

	Balance at beginning of period	Granted as remune- ration	Options exercised	Net change other	Balance at end of period	Vested as at end of period		
						Total	Exer- cisable	Not exer- cisable
30 June 2011								
Executives								
Mr Radford	-	1,000,000	500,000	(500,000)	500,000	500,000	500,000	-
Total	-	1,000,000	500,000	(500,000)	500,000	500,000	500,000	-

Includes forfeitures

There were no unlisted options over ordinary shares in the Company held during the financial year ended 30 June 2010 by the directors of WHL Energy Limited and other key management personnel of the Group, including their personally related parties.

Directors' Declaration



1. In the opinion of the directors of WHL Energy Limited (the "Company"):
 - a. the accompanying financial statements, notes and the additional disclosures are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with *Section 295A of the Corporations Act 2001* for the financial year ended 30 June 2011.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read "J N Noske", with a horizontal line underneath the name.

Mr Noske
Dated this day 27 of September 2011
Perth

Independent Auditor's Report



Accountants | Business and Financial Advisers

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 ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report 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. Those 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 company'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 company'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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of WHL Energy Limited for the financial year ended 30 June 2011 included on WHL Energy Limited's website. The company's directors are responsible for the integrity of the WHL Energy Limited website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.



Accountants | Business and Financial Advisers

Independence

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

Qualification in respect of comparative balances

The Company's financial report for the year ended 30 June 2010 contained the following comment in the Auditors' Report: "As stated in Note 6 to the financial statements, the consolidated entity has included in Deferred Mining Exploration and Evaluation Costs its Wardlaw Oil Interests in Texas USA with a carrying value of \$1,770,711. These interests are presently subject to significant commercial dispute with the joint venture operator. Due to this dispute, we have been unable to obtain sufficient appropriate audit evidence regarding the economic entity's legal title to or the value of this asset".

Qualified Auditor's Opinion

In our opinion, except for the effect on the comparative balances in the financial report of the matter referred to in the qualification paragraph above:

- (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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
27 September 2011

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 16 September 2011.

a) Twenty largest shareholders

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

	Number of shares	% of ordinary shares
SEYCHELLES PETROLEUM COMPANY LTD	65,000,000	5.299
MR ROBERT ANTHONY HEALY	39,999,500	3.261
PETER BARTTER	34,000,000	2.772
J P MORGAN NOMINEES AUSTRALIA LIMITED	18,945,858	1.545
SWORDFISH PTY LTD	15,889,600	1.295
HSBC CUSTODY NOMINEES	14,860,903	1.212
NORDWAND INVESTMENTS PTY LTD	13,549,618	1.105
REVOLVE PROJECTS PTY LTD	12,923,762	1.054
DWELLERS NOMINEES PTY LTD	12,000,000	0.978
COMSEC NOMINEES PTY LTD	11,286,962	0.920
ABM AMRO CLEARING SYDNEY NOMINEES PTY LTD	10,616,597	0.866
MR ROBERT ANTHONY HEALY	10,364,630	0.845
MRS JENNIFER BARTTER	10,000,000	0.815
CONFADENT LIMITED	9,500,000	0.775
CONFADENT LIMITED	9,500,000	0.775
CITICORP NOMINEES PTY LIMITED	9,208,708	0.751
MR ROBERT ANTHONY HEALY	8,333,333	0.679
PROVIDENCE PETROLEUM CORPORATION	7,962,188	0.649
GEORGE CLARK	7,500,000	0.611
LIBERTY PETROLEUM CORPORATION	7,370,280	0.601
	328,811,939	26.808

ii) The names of the twenty largest holders of options are:

	Number of shares	% of ordinary shares
DR COLIN FREDERICK RAYNER	14,000,000	8.245
PROVIDENCE PETROLEUM CORPORATION	9,219,750	5.430
LIBERTY PETROLEUM CORPORATION	9,171,225	5.401
MR TRAVIS RAYNER	7,500,000	4.417
HEELMO HOLDINGS PTY LTD	6,030,000	3.551
DAVID PAUL ROWBOTTAM	5,000,000	2.944
SWORDFISH PTY LTD	5,000,000	2.944
SPLENDR PTY LTD	5,000,000	2.944
ALBATROSS ENERGY PTY LTD	4,590,000	2.703
WANABEE HOLDINGS PTY LTD	4,150,000	2.444
DRIWASH'N GUARD AUSTRALIA PTY LTD	3,805,000	2.241
REVOLVE PROJECTS PTY LTD	3,480,000	2.049
CONFADENT LIMITED	3,300,000	1.943
ALLEGRA CORPORATE PTY LTD	3,240,000	1.908
NETSHARE NOMINEES	2,700,000	1.590
MR MICHAEL ALAETIN KASLI	2,400,000	1.413
COMSEC NOMINEES PTY LIMITED	2,338,106	1.377
GEORGE CLARK	2,250,000	1.325
GOULD NOMINEES PTY LTD	2,000,000	1.178
BENFORD PTY LTD	2,000,000	1.178
	97,174,081	57.225

b) Distribution of equity securities

Listed securities

As of 16 September 2011 there were 4,892 holders of ordinary voting shares and 368 holders of options, distributed as follows:

	Ordinary voting shares		Options	
	Number of holders	Number of ordinary shares	Number of holders	Number of options
1 to 1,000	73	9,528	1	875
1,001 to 5,000	76	323,766	76	268,812
5,001 to 10,000	302	2,716,002	45	359,641
10,001 to 100,000	2,901	135,607,633	98	4,754,147
100,001 and over	1,540	1,087,931,457	148	164,424,871
Total	4,892	1,226,588,386	368	169,808,346
Holdings less than a marketable parcel	249	1,030,003		

b) Distribution of equity securities (Continued)

Unlisted securities

As of 16 September 2011 there were 42 holders of Class B options distributed as follows:

	Class B options	
	Number of holders	Number of options
1 to 1,000	0	0
1,001 to 5,000	0	0
5,001 to 10,000	0	0
10,001 to 100,000	5	206,250
100,001 and over	37	249,793,750
Total	42	250,000,000

As of 16 September 2011 there was 1 holder of each of the following classes of options:

	Unlisted options WHNAK		Unlisted Options WHNAM	
	Number of holders	Number of ordinary shares	Number of holders	Number of options
1 to 1,000	0	0	0	0
1,001 to 5,000	0	0	0	0
5,001 to 10,000	0	0	0	0
10,001 to 100,000	0	0	0	0
100,001 and over	1	5,000,000	1	5,000,000
Total	1	5,000,000	1	5,000,000

Total		
Name of holder of greater than 20% of WHNAK	Zenix Nominees Pty Ltd	5,000,000
Name of holder of greater than 20% of WHNAM	Zenix Nominees Pty Ltd	5,000,000

As of 16 September 2011 the holders of each of the following classes of options are indicated below:

	Unlisted ESOP (SERIES 1)		Unlisted ESOP (SERIES 2)	
	Number of holders	Number of ordinary shares	Number of holders	Number of options
1 to 1,000	0	0	0	0
1,001 to 5,000	0	0	0	0
5,001 to 10,000	0	0	0	0
10,001 to 100,000	0	0	0	0
100,001 and over	6	35,000,000	3	4,550,000
Total	6	35,000,000	3	4,550,000

As of 27 September 2011 there was one holder of the following class of options:

	Unlisted ESOP (SERIES 3)	
	Number of holders	Number of options
1 to 1,000	0	0
1,001 to 5,000	0	0
5,001 to 10,000	0	0
10,001 to 100,000	0	0
100,001 and over	1	1,000,000
Total	1	1,000,000

c) Substantial shareholders of ordinary shares

Information included in the last notices lodged pursuant to Section 671B of the Corporations Act 2011.

Holder giving notice	Total relevant interest notified
Seychelles Petroleum Company Limited	65,000,000

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.

No other class of equity security carries any voting rights.

e) Home exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Perth. 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

There were no securities restricted by the ASX at the date of this report or the year ended 30 June 2011. There are currently 75,000,000 ordinary shares subject to voluntary escrow until 28 February 2012.

ASX Additional Information

Continued

INTEREST IN MINING TENEMENTS

Seychelles exploration blocks

Block number	Area	Coordinates		
37/11 (part)	340.1	1.	4 30 00 S	54 40 00 E
		2.	4 30 00 S	54 50 00 E
		3.	4 40 00 S	54 40 00 E
		4.	4 40 00 S	54 50 00 E
37/12 (part)	340.1	1.	4 30 00 S	54 50 00 E
		2.	4 30 00 S	55 00 00 E
		3.	4 40 00 S	54 50 00 E
		4.	4 40 00 S	55 50 00 E
37/16	680.2	1.	4 40 00 S	54 30 00 E
		2.	4 40 00 S	54 40 00 E
		3.	5 00 00 S	54 30 00 E
		4.	5 00 00 S	54 40 00 E
37/17	680.2	1.	4 40 00 S	54 40 00 E
		2.	4 40 00 S	54 50 00 E
		3.	5 00 00 S	54 40 00 E
		4.	5 00 00 S	54 50 00 E
37/18	680.2	1.	4 40 00 S	54 50 00 E
		2.	4 40 00 S	55 00 00 E
		3.	5 00 00 S	54 50 00 E
		4.	5 00 00 S	55 00 00 E
38/13	680.2	1.	4 40 00 S	55 00 00 E
		2.	4 40 00 S	55 10 00 E
		3.	5 00 00 S	55 00 00 E
		4.	5 00 00 S	55 10 00 E
38/14	680.2	1.	4 40 00 S	55 10 00 E
		2.	4 40 00 S	55 20 00 E
		3.	5 00 00 S	55 10 00 E
		4.	5 00 00 S	55 20 00 E
39/17 (part)	340.1	1.	4 50 00 S	56 40 00 E
		2.	4 50 00 S	56 50 00 E
		3.	5 00 00 S	56 40 00 E
		4.	5 00 00 S	56 50 00 E
49/2	680.2	1.	5 00 00 S	55 10 00 E
		2.	5 00 00 S	55 20 00 E
		3.	5 20 00 S	55 10 00 E
		4.	5 20 00 S	55 20 00 E
49/3	680.2	1.	5 00 00 S	55 20 00 E
		2.	5 00 00 S	55 30 00 E
		3.	5 20 00 S	55 20 00 E
		4.	5 20 00 S	55 30 00 E
49/4	680.2	1.	5 00 00 S	55 30 00 E
		2.	5 00 00 S	55 40 00 E
		3.	5 20 00 S	55 30 00 E
		4.	5 20 00 S	55 40 00 E
49/5	680.2	1.	5 00 00 S	55 40 00 E
		2.	5 00 00 S	55 50 00 E
		3.	5 20 00 S	55 40 00 E
		4.	5 20 00 S	55 50 00 E
49/6	680.2	1.	5 00 00 S	55 50 00 E
		2.	5 00 00 S	56 00 00 E
		3.	5 20 00 S	55 50 00 E
		4.	5 20 00 S	56 00 00 E

Block number	Area	Coordinates		
49/14 (part)	340.1	1.	5 50 00 S	55 10 00 E
		2.	5 50 00 S	55 20 00 E
		3.	6 00 00 S	55 10 00 E
		4.	6 00 00 S	55 20 00 E
49/15 (part)	340.1	1.	5 50 00 S	55 20 00 E
		2.	5 50 00 S	55 30 00 E
		3.	6 00 00 S	55 20 00 E
		4.	6 00 00 S	55 30 00 E
50/1	680.2	1.	5 00 00 S	56 00 00 E
		2.	5 00 00 S	56 10 00 E
		3.	5 20 00 S	56 00 00 E
		4.	5 20 00 S	56 10 00 E
50/5	680.2	1.	5 00 00 S	56 40 00 E
		2.	5 00 00 S	56 50 00 E
		3.	5 20 00 S	56 40 00 E
		4.	5 20 00 S	56 50 00 E
50/6	680.2	1.	5 00 00 S	56 50 00 E
		2.	5 00 00 S	57 00 00 E
		3.	5 20 00 S	56 50 00 E
		4.	5 20 00 S	57 00 00 E
50/8	680.2	1.	5 20 00 S	56 10 00 E
		2.	5 20 00 S	56 20 00 E
		3.	5 40 00 S	56 10 00 E
		4.	5 40 00 S	56 20 00 E
50/9	680.2	1.	5 20 00 S	56 20 00 E
		2.	5 20 00 S	56 30 00 E
		3.	5 40 00 S	56 20 00 E
		4.	5 40 00 S	56 30 00 E
50/10	680.2	1.	5 20 00 S	56 30 00 E
		2.	5 20 00 S	56 40 00 E
		3.	5 40 00 S	56 30 00 E
		4.	5 40 00 S	56 40 00 E
50/11	680.2	1.	5 20 00 S	56 40 00 E
		2.	5 20 00 S	56 50 00 E
		3.	5 40 00 S	56 40 00 E
		4.	5 40 00 S	56 50 00 E
50/12	680.2	1.	5 20 00 S	56 50 00 E
		2.	5 20 00 S	57 00 00 E
		3.	5 40 00 S	56 50 00 E
		4.	5 40 00 S	57 00 00 E
50/14	680.2	1.	5 40 00 S	56 10 00 E
		2.	5 40 00 S	56 20 00 E
		3.	6 00 00 S	56 10 00 E
		4.	6 00 00 S	56 20 00 E
50/15	680.2	1.	5 40 00 S	56 20 00 E
		2.	5 40 00 S	56 30 00 E
		3.	6 00 00 S	56 20 00 E
		4.	6 00 00 S	56 30 00 E
50/16	680.2	1.	5 40 00 S	56 30 00 E
		2.	5 40 00 S	56 40 00 E
		3.	6 00 00 S	56 30 00 E
		4.	6 00 00 S	56 40 00 E
50/17	680.2	1.	5 40 00 S	56 40 00 E
		2.	5 40 00 S	56 50 00 E
		3.	6 00 00 S	56 40 00 E
		4.	6 00 00 S	56 50 00 E

ASX Additional Information

Continued

INTEREST IN MINING TENEMENTS (CONTINUED)

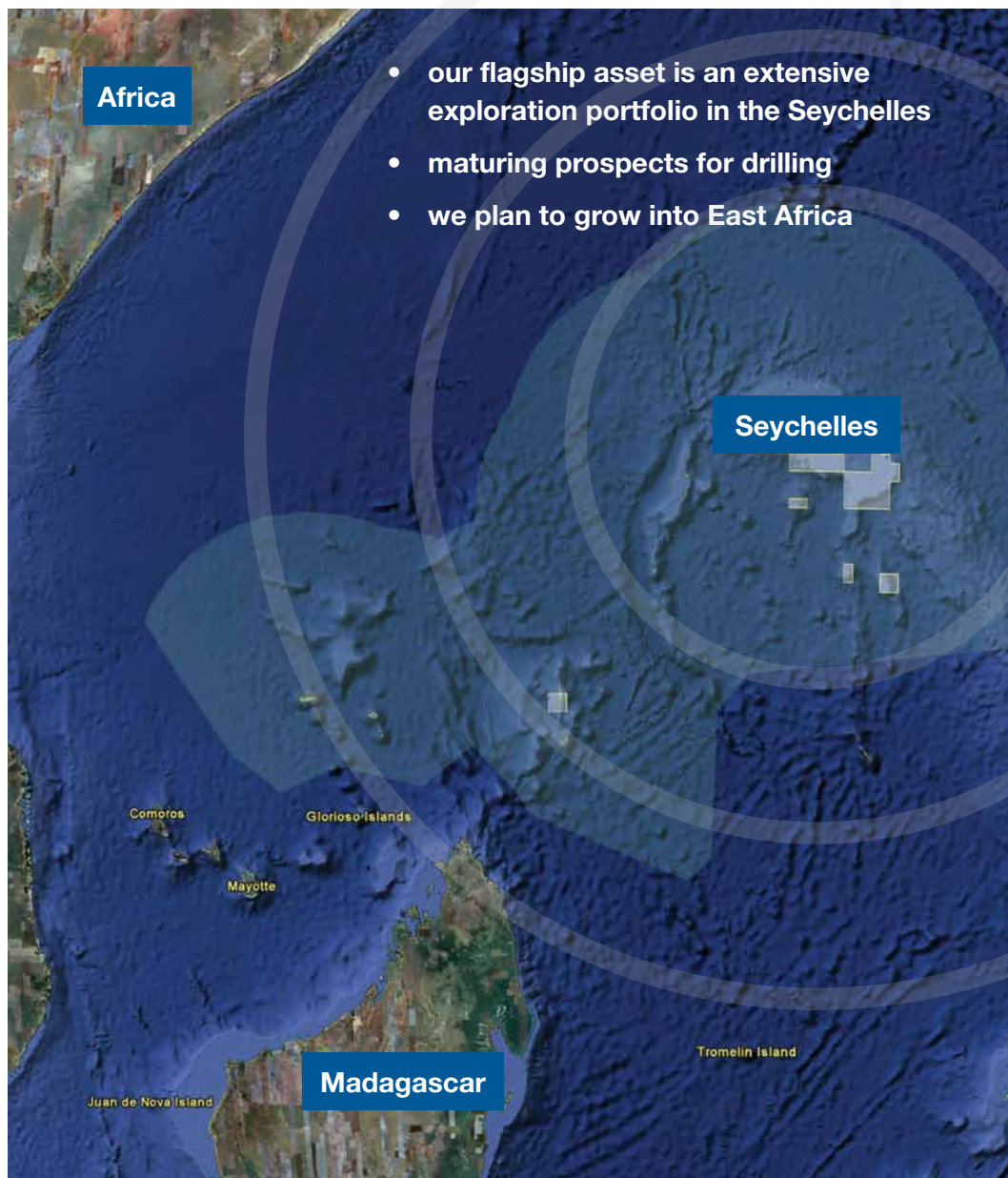
Block number	Area	Coordinates		
50/18	680.2	1.	5 40 00 S	56 50 00 E
		2.	5 40 00 S	57 00 00 E
		3.	6 00 00 S	56 50 00 E
		4.	6 00 00 S	57 00 00 E
84/2	680.2	1.	7 00 00 S	56 10 00 E
		2.	7 00 00 S	56 20 00 E
		3.	7 20 00 S	56 10 00 E
		4.	7 20 00 S	56 20 00 E
84/6 (part)	340.1	1.	7 10 00 S	56 50 00 E
		2.	7 10 00 S	57 00 00 E
		3.	7 20 00 S	56 50 00 E
		4.	7 20 00 S	57 00 00 E
84/12 (part)	340.1	1.	7 20 00 S	56 50 00 E
		2.	7 20 00 S	57 00 00 E
		3.	7 30 00 S	56 50 00 E
		4.	7 30 00 S	57 00 00 E
85/1 (part)	340.1	1.	7 10 00 S	57 00 00 E
		2.	7 10 00 S	57 10 00 E
		3.	7 20 00 S	57 00 00 E
		4.	7 20 00 S	57 10 00 E
85/7 (part)	340.1	1.	7 20 00 S	57 00 00 E
		2.	7 20 00 S	57 10 00 E
		3.	7 30 00 S	57 00 00 E
		4.	7 30 00 S	57 10 00 E
112/12	680.2	1.	9 20 00 S	50 50 00 E
		2.	9 20 00 S	51 00 00 E
		3.	9 40 00 S	50 50 00 E
		4.	9 40 00 S	51 00 00 E
113/7	680.2	1.	9 20 00 S	51 00 00 E
		2.	9 20 00 S	51 10 00 E
		3.	9 40 00 S	51 00 00 E
		4.	9 40 00 S	51 10 00 E

US MINING INTERESTS

County	Township	Range	Acres
Girard & Union Town gas			
Bourbon	24S	21E,22E	9,219
Bourbon	25S	21E,22E,23E	6,456
Bourbon	26S	21E,22E,23E,24E	9,353
Bourbon	27S	21E,22E,23E,24E	1,315
Allen	26S	21E	1,089
Neosho	27S	21E	244
Crawford	27S	21E,23E,24E	3,591
Crawford	28S	23E,24E	8,444
Crawford	29S	23E,24E	3,717
McCune & Wax Smith oil			
Crawford	30S	21E,22E	600
Crawford	31S	21E,22E	240



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