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ASX/MEDIA RELEASE 31st October 2012

WHL ENERGY SEPTEMBER 2012 QUARTERLY ACTIVITIES REPORT

Highlights:

- **Further technical studies continue to highlight value of Seychelles assets**
- **Discussions held with Republic of Seychelles Government on renegotiating current period work commitments**
- **New exploration concept offers significant exploration upside**
- **Farm-out discussions ongoing**
- **Detailed exploration and production studies undertaken on La Bella**
- **Decision taken to fast-track a proposed 3D seismic programme over VIC/P67 as farm-out discussions opened on the back of continued industry interest**
- **Industry interest around WA-460-P permit grows with news of spudding of major oil and gas well in adjacent permit by Major International Group**
- **New Non-Executive Director with strong regional experience appointed**

Australian energy Company WHL Energy Limited (**ASX: WHN**) ("**WHL Energy**" or "**the Company**") is pleased to report on its activities and operations for the quarter ended 30 September 2012.

Seychelles (WHN: 100%)
Technical update complete – oil prospectivity confirmed

The Company originally commenced farm-out discussions in October 2011 with an initial interpretation of prospects and leads based on preliminary processed seismic data. This approach was undertaken in response to strong unsolicited approaches to the Company by large organisations. Whilst the Company continued in discussions with parties throughout 2012, it was evident that the maturity of the technical studies and interpretation of the Seychelles acreage was insufficient to meet the expectations of the industry.

The Company has subsequently completed a comprehensive technical re-interpretation of the Seychelles acreage to confirm the petroleum exploration potential of the Seychelles. Based on data from the SY10 seismic survey, this recently completed work has includes a state-of-the-art geological model for the Seychelles Basin, a comprehensive geophysical interpretation, development and refinement of petroleum systems models and test seismic reprocessing. A far greater understanding of the distribution of the source rock, reservoir and sealing units associated with the mapped structures has now been developed.

This work has high graded the oil potential of WHL Energy's acreage based on basin modelling; analogues in Madagascar; prominent oil seeps in the area and oil shows in the earlier Reith Bank-1 well.

The Seychelles geology shares strong similarities to Madagascar, which is an oil prone system as evidenced by the oil discoveries and multi-billion barrel heavy oil deposits located there (Figure 1). WHL Energy's basin modelling also indicates that potential source rocks are oil mature present day, rather than gas mature, a key difference to offshore Mozambique and Tanzania where the source rocks are deeply buried gas mature resulting in the recent large gas discoveries. Additionally, geochemical analyses of oil shows in Reith Bank-1 are compelling for an oil charge in the Seychelles, possibly involving more than one phase of oil charge.

This analysis is supported by a consistent history recorded over many decades of tar balls washing up on many islands in the Seychelles (understood by WHL Energy to be derived from sea bed seeps, likely tied to faulting).

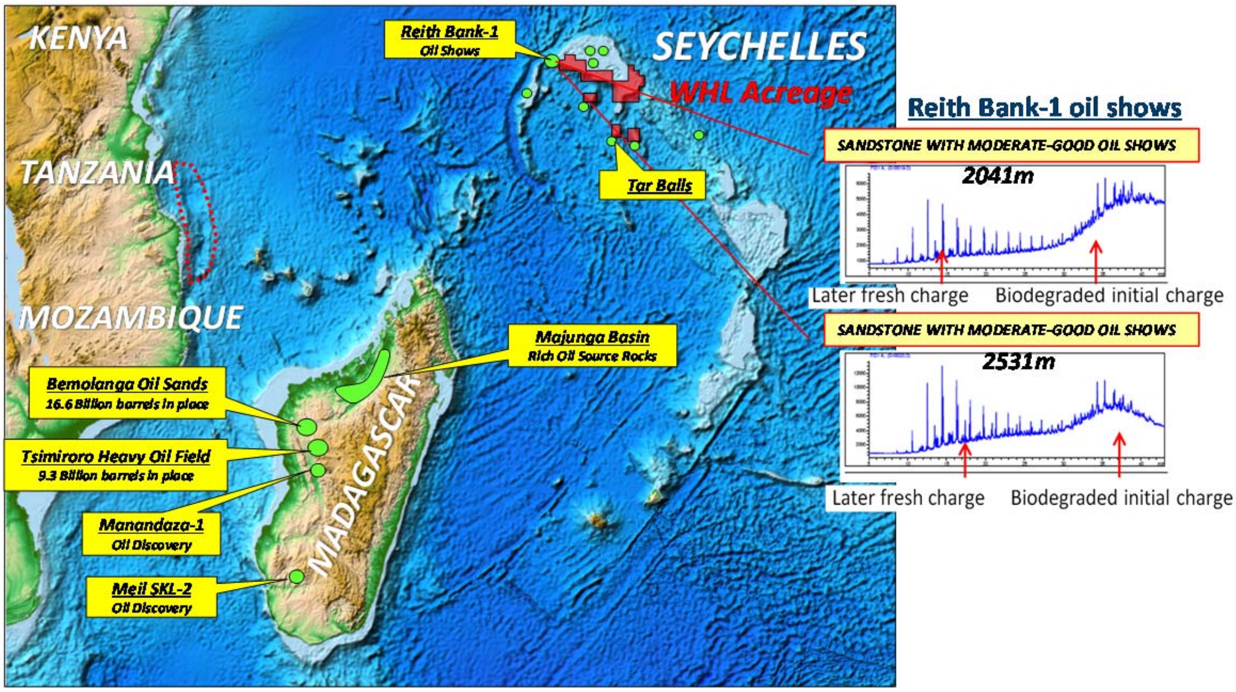

Figure 1: Seychelles Oil Potential

The potential of the eastern areas of WHL Energy's interests to be the location of a new untested basin and potential petroleum province has also been further developed by this work. Basin modelling indicates the potential for oil to migrate to the Junon South trend from interpreted Cretaceous and Jurassic oil prone source rocks, which have a favourable burial history. The basin modelling indicates an early Tertiary aged phase of burial, which provides an optimum timing of hydrocarbon charge to the Junon South trend. This new exploration concept is untested by the previous wells and represents a basin opening opportunity and considerable follow-up potential as a result.

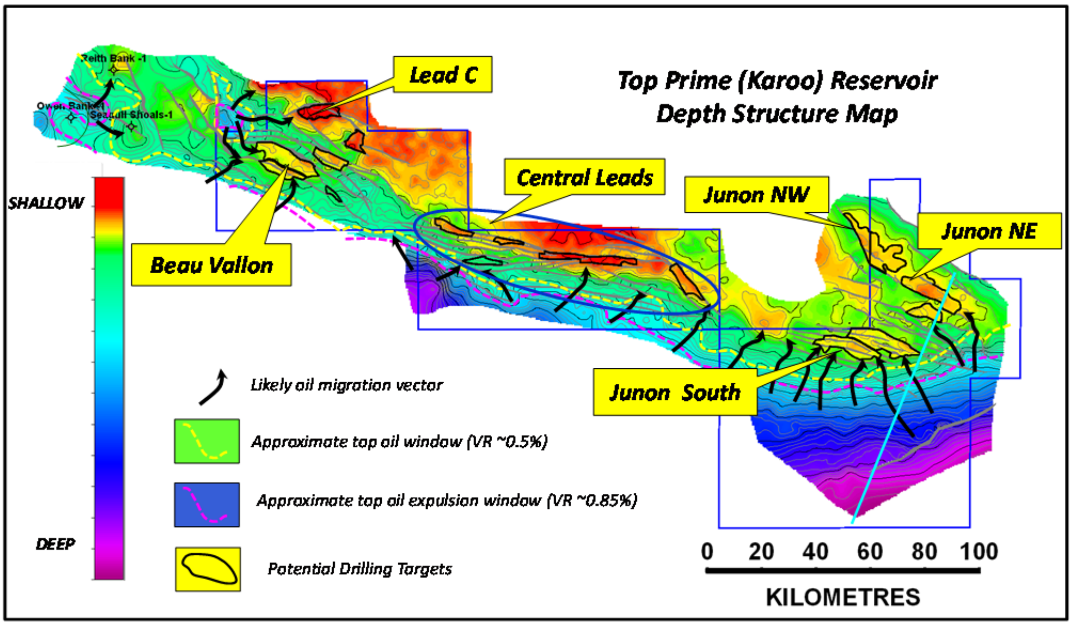

Figure 2a: Eastern Basin Potential

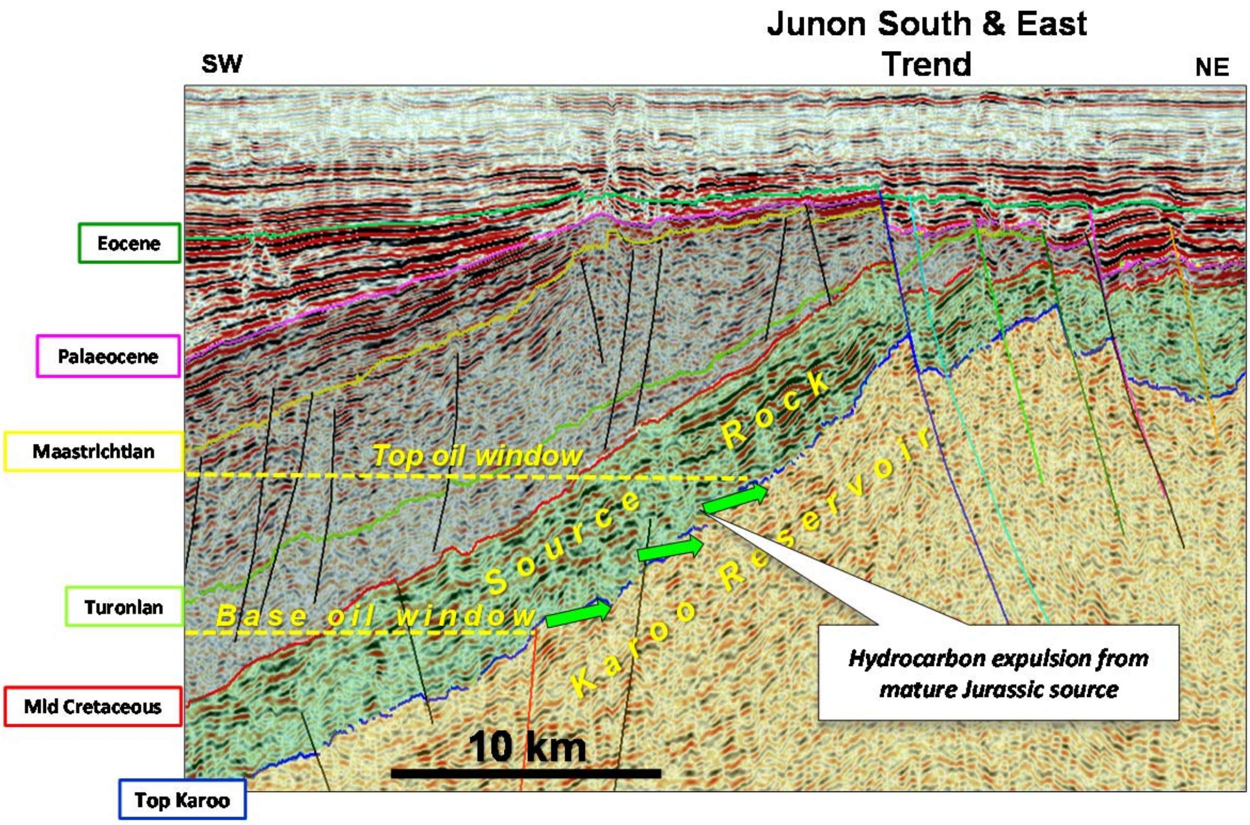

Figure 2b: Eastern Basin Potential

The Company has also recently undertaken test reprocessing of the SY10 data with state-of-the-art de-multiple techniques to determine if further improvements in data quality can be achieved. This has yielded a positive result with a further uplift in seismic data quality and a reduction in the uncertainty previously associated with mapping in the area. A wider reprocessing campaign will be undertaken based on these results.

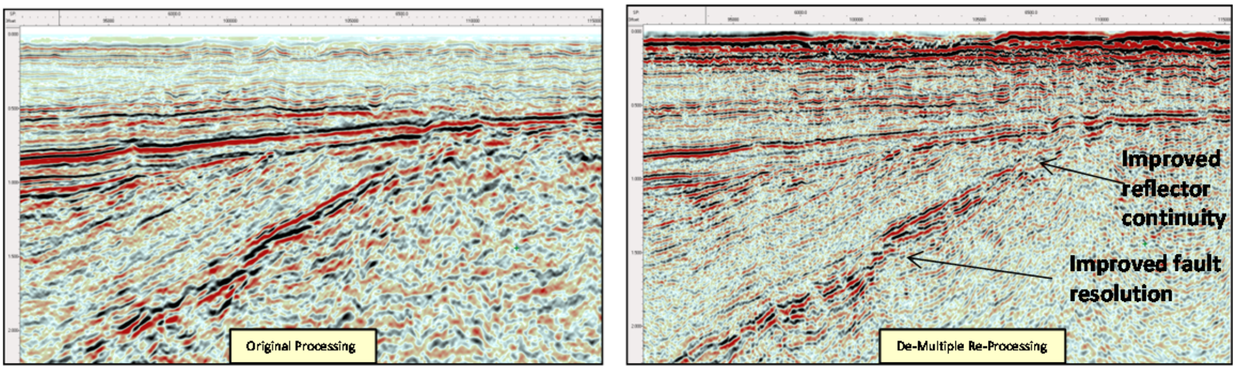

Figure 3: De-Multiple Reprocessing Results

The purpose of the Seychelles re-interpretation was to provide a sound basis for ongoing exploration in the Seychelles and to address key technical risks identified in the farm-out process. This work clearly demonstrates the technical merits of the Seychelles acreage and has reduced the technical risks of the key the exploration prospects and leads.

The Company remains in discussions with multiple parties over potential farm-out opportunities.

Amendment to the Exploration Phase Work Commitments

During the farm out process it became evident that the forward work commitments and timing stipulated by the Petroleum Agreement with the Government of the Republic of the Seychelles added to the difficulty in securing a suitably qualified partnering commitment to the Seychelles acreage.

During the period the Company completed negotiations with the Government and its regulator PetroSeychelles Ltd to amend the Petroleum Agreement relating to WHL Energy's exploration acreage in the Seychelles. This important amendment to the Petroleum Agreement is currently with the Seychelles Government for official execution and is expected to be executed in the near future. The amended work program better matches industry standards for frontier area exploration and is expected to be well received by potential farm-in partners.

Prior to PetroSeychelles Ltd agreeing to amend the Petroleum Agreement, the Company had a work commitment to drill two exploration wells prior to 31 July 2013 under the original terms of the Petroleum Agreement between PetroQuest International Inc. (a wholly owned subsidiary of WHL Energy) and the Seychelles Government. In addition, 40% of the held acreage was required to be relinquished in the current exploration phase.

WHL Energy has already acquired approximately 8000 km of new 2D seismic, which is approximately 3,000 km above the present exploration phase work commitments prior to the current amendment. Following the recent Amendment a further 2000km of 2D seismic is required to be acquired.

WHL Energy had already identified that a phase of additional "infill" seismic to firm up the leads to drillable prospects would be required on top of the seismic it had earlier acquired.

This is currently planned for early 2013 and the Company has already issued tenders and received proposals for the "in-fill" seismic. The Company has already identified available survey vessels and is positioned to fund this program itself if required.

The Company continues to work closely with PetroSeychelles Ltd to understand and agree to the expectations of the Seychelles Government and organisations looking to explore in the region. These expectations include recognition of the historic spend associated with past and future seismic, agreement to complete a number of studies, and importantly, a mutual objective to prove up the hydrocarbon potential of the region through the commitment to drill a single well.

The Company also sought further clarity on the relinquishment expectations and confidence that a sufficient period of time would be allowed to enable the completion of all necessary activities prior to drilling the exploration well. The Company was pleased to announce on October 10, 2012 that negotiations have concluded with PetroSeychelles Ltd and agreement had been reached to amend the Petroleum Agreement relating to WHL Energy's exploration acreage.

The key changes negotiated to the Petroleum Agreement resulting from the agreed Amendment are:

- A reduction to the two well work commitment in the current Exploration Period 2 to a single exploration well;
- A six month extension until 31 January 2014 to the work commitment programme in Exploration Period 2;
- A commitment to acquire an additional 5000km of 2D seismic (approx. 3000km has already acquired on top of the original 5000km 2D commitment). In effect 2000km 2D remains to be acquired;
- Reprocessing of 2000km of historic 2D seismic and undertaking certain geophysical and environmental studies in Exploration Period 2, and
- Immediate relinquishment of non-core outlier exploration acreage (Farquhar, Platte, Coetivy & Fortune Banks) allowing the Company to fully explore what it has defined as the most prospective shelf acreage. Further relinquishment is not required until six months after completion of the first exploration well.

AUSTRALIA

Victoria - VIC/P67 (La Bella) Permit (WHN: 100%)

WHL Energy became the centre of attention for a number of companies with operations in the offshore Otway Basin after it was formally offered Exploration Permit VIC/P67 by the Commonwealth – Victoria Offshore Petroleum Joint Authority - ahead of six other bidders - in March this year.

Located approximately 200km WSW of Melbourne, VIC/P67 benefits from its proximity to existing development infrastructure, including the Santos operated Casino development, the Origin operated Otway gas project, the BHPB operated Minerva development and TRU Energy's Iona gas plant.

VIC/P67 contains the undeveloped La Bella gas field that has been assessed by WHL Energy to contain 2C Contingent Resources of 158 petajoules (PJ).

Concept studies based on a tie-back of La Bella to the various local infrastructure options have already been undertaken and have indicated very robust financial returns for the potential investment.

The Company is also working to contract additional specialist consultants to verify its own concept development studies and reserve figures.

After a period of solidification following the formal award of the VIC/P67 permit in the previous quarter, the Company undertook a number of important in-house studies on this highly valuable licence.

This work included further assessment and definition of the potential reserves upside in the La Bella gas-condensate discovery, fine-tuning of a number of potential La Bella development schemes and further refinement of the additional exploration upside located within the permit.

The culmination of this work led WHL Energy to consider bringing forward a key piece of the work commitment for the licence by almost a year, and on August 28 the Company announced it had closed tenders for a contract for the acquisition and processing of 811 sq. km of 3D seismic over the VIC/P67 permit.

The 3D seismic tender process is nearing finality and is subject to regulatory approvals, with the specific timing being one of the key discussions points in current farm-out negotiations over the VIC/P67 permit. The VIC/P67 farm-out negotiations were officially opened in early September on the back of continuing strong interest in the La Bella discovery from a number of companies - including those with activities in the area.

WHL Energy has opened a data room in Perth, providing potential farminees with access to data covering past exploration and studies by previous operators as well as new work undertaken by WHL Energy.

Western Australia – WA-460-P Permit (WHN: 33.3% Non-Operator)

WHL Energy and the industry continued to monitor the activities relating to the spudding of the Palta-1 exploration well, located in the adjacent Exmouth sub-Basin permit WA-384-P.

Subsequent to the end of the quarter, it was reported that the Mobile Offshore Drilling Unit, “Noble Clyde Boudreaux” contracted by Shell to drill a test of the large Palta prospect in WA-384-P - had arrived and spudded the Palta-1 well.

The Palta-1 well is expected to take approximately 60-90 days to drill in a water depth of 1350 m, with the target being the very large Palta prospect, estimated to contain upwards of 13.5 trillion cubic feet (tcf) of gas if hydrocarbons are in place. Financial press sources have reported that the well might become one of the most expensive exploration wells ever drilled in Australia.

An estimated 2.5 tcf of the potential Palta gas reservoir is mapped by WHL Energy to be located within the WA-460-P permit, which was awarded to a consortium of WHL Energy, Strike Energy Limited (Operator) and Cottesloe Oil & Gas Pty Ltd in November 2011.

CORPORATE

Shareholder Entitlement Option Plan

On 12 September 2012, WHL Energy announced an agreement to raise approximately A$3,517,592 before costs through an Entitlement Option Plan (Entitlement Issue) issued to eligible shareholders.

The Entitlement Issue offered shareholders 1 option for every 4 shares held at an issue price of A$0.01. The option exercise price has been set at A$0.04, with an expiry date of 30 November 2014.

The prospectus for the Entitlement Issue closed on 15 October 2012 and the Company announced that the offer raised a total of $2,110,806 inclusive of initial applications for shortfall.

Quattro Capital Group Pty Ltd was appointed Lead Manager to the Company for the Entitlement Issue and will manage the Entitlement Issue shortfall.

The Company received initial valid acceptances for 164,035,028 options and these securities commenced trading on the ASX on 24 October 2012 under the code WHNOA. The remaining shortfall from the Entitlement Issue is expected to be placed during November following strong support from existing shareholders, institutions and sophisticated investors.

The proceeds from the Entitlement Issue will be used to fund initial costs for the La Bella 3D seismic programme preceding the planned farmout and general working capital.

Having funds available to undertake professional value-added work across the Company's existing assets is important to ensure quality partnerships are secured and to permit the Company to turn its attention to capturing further growth for our shareholders.

The directors of WHL Energy express their appreciation for the support provided by participants in the capital raising.

Board of Director Changes

Mr Gary King appointed as Non-Executive Director

Mr King, who brings more than 30 years of experience in oil and gas, global commodities and asset management to the WHL Board, previously acted as an advisor to the Board. Based in Dubai, Mr King's international background is seen as another important ingredient in the WHL Energy growth plan, with his experience supporting key initiatives and enabling a wider suite of opportunities to be screened.

Mr King's base in the Middle East also provides potential access to additional funding opportunities for the Company as well as the identification of new assets to be added to its portfolio.

WHL Managing Director, Mr Steve Noske, said "The Company is pleased to have Gary King join the Board. Gary has already provided significant input in his role as an advisor to the Board, and his experience and background across a range of business spheres will be a real asset as WHL Energy continues its active growth plans in Africa and Australia."

Mr King's in-depth experience includes founding and implementing unique regional and emerging market initiatives focused on energy and natural resources.

Currently the Chief Executive Officer of Dutco Natural Resources Investments Ltd, based in Dubai, UAE, Mr King was a founding member of the private equity GCC Energy Fund, and founding CEO of the Dubai Mercantile Exchange and CEO of Investment Fund "Dubai Natural Resources World", an investment company focused on commodities and natural resources.

In addition, Mr King has senior international management experience in oil exploration and production, oil trading and asset management with oil and gas companies and financial institutions including Neste Oy, Morgan Stanley, Emirates National Oil Company, Dragon Oil PLC, Standard Bank and Macquarie Bank.

Mr King is also an independent Director and Board member of Parker Drilling Company and Kulczyk Oil Ventures Inc. and a senior advisor to leading Wall Street institutions and multinational oil companies, and a member of the National Association of Corporate Directors and TRACE International.

Dr Keiran Wulff Resignation

Non-Executive Director, Dr Keiran Wulff, advised the Board that due to increased obligations in his overseas business interests, he would have insufficient time to meet his ongoing commitments to WHL Energy and resigned effective from 22 October, 2012.

WHL Energy Chairman Trevor Benson thanked Dr Wulff for his valuable contribution during his relatively short time as a Non-Executive Director and stated that both he and the Board valued Dr Wulff's role in the development of the Company.

Mr Noske also thanked Dr Wulff for his participation and wished him the best in his other roles, which includes a substantial involvement in a developing biomass project in PNG that preceded his appointment to the Board of WHL Energy.

Cash Position

The Company had $6.9 million cash in hand at the end of the quarter before the addition of the net proceeds from the recently concluded placement. The Company also remained free of long term debt.

Annual General Meeting

The AGM will be held on Thursday 22 November at 3pm WST. The meeting will take place at The Celtic Club, 48 Ord Street, West Perth, WA, 6005 and all shareholders are encouraged to attend.

Ends.

FURTHER INFORMATION

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The summary information on the oil and gas projects in this report has been prepared by WHL Energy Limited full time Exploration Manager Mr Matt Fittall. He is a Geologist [BSc (hons) Geology] of more than 28 years, practising in Petroleum Geology. Mr Fittall has consented in writing to the inclusion of the information in the form and context in which it appears.

About WHL Energy Limited

ASX-listed WHL Energy Ltd (ASX: WHN) is an oil and gas exploration Company focussed on East Africa.

The Company's "flagship" project is its 17,345 km^2 exploration area offshore Seychelles, owned 100% by WHL Energy. A highly material exploration portfolio and new exploration concepts are being matured in the acreage based on new seismic data and an exploration drilling program is expected in the second half of 2013.

WHL Energy also holds 100% equity in Exploration Permit VIC/P67 in the offshore Otway Basin, approximately 200 km WSW of Melbourne off the Victorian coastline. VIC/P67 contains the undeveloped La Bella gas field in proximity to the Victorian gas market, and several nearby exploration prospects.

The Company in addition holds 33.33% equity in exploration permit WA-460-P, in the offshore Southern Carnarvon Basin, which contains an extension of the very large Palta Prospect. A Shell led Joint Venture has commenced drilling the Palta-1 well in the adjacent block, with an expected completion in late 2012.

The Company is also actively investigating growth opportunities in the wider East African region.