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WHL Energy Heartened By Eastern States Gas Demand Report

Australian oil and gas company **WHL Energy Limited**, (ASX: **WHN**) ("**WHL Energy**" or "**the Company**") is pleased to provide an update on activities surrounding the 100% owned VIC/P67 (La Bella) permit located offshore South East Australia.

WHL Energy is pleased to report it continues to progress negotiations with a number of interested companies following the official opening of a formal farm-out process for the permit in early September 2012.

Located approximately 200 km WSW of Melbourne, VIC/P67 contains the undeveloped La Bella gas/condensate field which has been by assessed by WHL Energy to contain 2C Contingent Resources of 158 petajoules (PJ).

The La Bella field lies in 95 metres of water some 55 km off the southern Victorian coast near a number of other gas fields that are already in production. These include the Casino field operated by Santos and the Minerva field operated by BHPP.

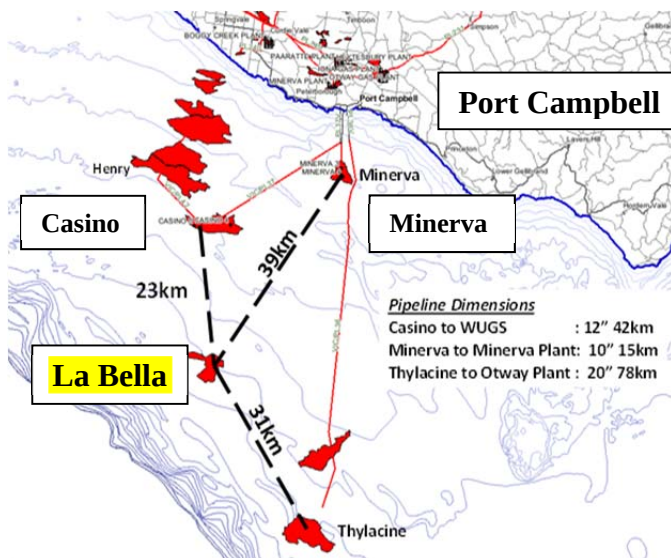
The discovery well for the field was drilled in 1993 by BHP Billiton encountering a gas column that has been mapped to be of up to 138 metres in the Waarre Sandstone.

Internal re-mapping of the La Bella field and the prospects and leads inventory is continuing, focusing on further gas resource upside potential that the Company has identified. This will be the subject of a separate release to the market in due course.

WHL Energy is pleased to note that the economic potential of the asset is being enhanced by escalating pricing for gas supplies to the Eastern Australian market. This situation has been highlighted by the recent release of a report prepared by the National Institute of Economic and Industry Research (NEIR) dated October 2012 and titled; "*A study of the national interest effects of the structure of the Australian gas industry*".

In this report NEIR make the following comments:

- Contracts for the long term supply of gas to domestic industry have 'evaporated' as a consequence of export commitments;



- Domestic gas users are increasingly being offered “surplus” gas volumes and prices that do not reflect domestic supply, demand or extraction costs, but are instead linked to East Asia’s LNG market – the highest-priced gas in the world. This is a radical reshaping of the domestic gas market, constraining supply (in the near term at least) and driving prices to high (and for many industries uneconomic) levels; and
- Current gas production and proven reserves will need to expand dramatically in order to support the LNG expansion.

In addition to the NEIR report, major gas producers such as Santos have stated an expectation of more than a doubling of eastern seaboard gas prices from \$3 - \$4 per gigajoule to between \$6 and \$9 per gigajoule.

This commercial environment is evolving at an opportune time for WHL Energy, particularly given the significant gas resource upside that the Company is also targeting with the upcoming 2013 work program.

Commenting on the NEIR report, WHL Energy Managing Director Steve Noske said:

“The strengthening of the Eastern Australia gas markets since acquisition of the La Bella gas field and surrounding prospects in May this year is a strong endorsement of the Company’s strategy. WHL Energy is preparing the project to take advantage of this favourable economic climate with the goal of establishing a secure, long term, gas reserves and production base and potential early cash flow as part of our long term growth strategy.”

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 km² 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.

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.