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ASX RELEASE 26 June 2013

WHL ENERGY PROGRESSING "LA BELLA" DEVELOPMENT "WINDOW OF OPPORTUNITY"

Highlights:

- **Farmin discussions progress with a range of potential JV Partners for commercialisation of proven 114PJ La Bella gas field**
- **Considerable exploration upside identified**
- **Planning and approvals for late 2013 3D seismic survey well advanced**
- **Invitation To Tender (ITT) for seismic survey dispatched for July 26 reply**
- **Grattan Institute "think tank" forecasts significant increase in Eastern Australia gas prices supporting WHL Energy economic assumptions**
- **La Bella gas marketing progressing**

Australian oil and gas company WHL Energy Limited (**ASX: WHN**) ("**WHL Energy**" or "**the Company**") is pleased to provide an update on activities related to its high-value La Bella gas and condensate asset in its 100%-owned VIC/P67 permit in the Otway Basin off the Victorian coast.

The Company reports that it continues to progress discussions with a range of potential farmin partners for the development of the La Bella field and is in the later stages of farm-out discussions with a number of companies that bring financial strength, operational expertise and market presence to the project.

The Company is also continuing discussions for the potential sale of gas from the VIC/P67 permit into the Eastern Australia gas market.

Seismic Survey

On the exploration front, WHL Energy is pleased to report that it is in the final stages of gaining regulatory approvals for the VIC/P67 3D seismic survey to be acquired in late 2013. An Invitation To Tender (ITT) was also dispatched to four qualified seismic contracting companies on June 25 with a tender reply date of 26 July.

The 3D seismic survey has the objectives of further refining mapping of the La Bella field and the surrounding prospects, along with developing drilling targets.

The survey will be followed by the proposed drilling of 2 wells in late 2014 / early 2015.

Mr Steve Noske, WHL Energy's Managing Director, said the strong Eastern Australia energy demand continues to illustrate the strategic and commercial attractiveness of La Bella.

"WHL Energy is pleased with the progress it has achieved to commercialise La Bella and the surrounding exploration prospects. The changes in the Eastern Gas Market provide an ideal window of opportunity for this strategically important conventional gas resource.

"WHL is driving the development forward hard with a planned gas supply date of 2017. With La Bella's ideal location with regard to proximity to infrastructure, the significant exploration upside surrounding field and the liquids rich content of the gas from the field, this really is a high value asset that we have made tremendous progress in making commercially attractive on a number of fronts.

"This is a very exciting time for WHL Energy and its supporters as we hone in on the finalisation of separate farm-outs on our company making projects in the Seychelles and Victoria."

Development Economics Update

WHL Energy has identified a "Window of Opportunity" for the VIC/P67 gas, with the proposed development benefiting from being a proven gas discovery located next to significant gas transportation and processing infrastructure with direct links to the eastern states gas market.

The need for new gas supplies into that market has again been highlighted, with a newly published report from The Grattan Institute titled, "Getting Gas Right: Australia's Energy Challenge", confirming that significant changes are occurring in the Eastern Australia Gas Market.

"The report states that until now, Australia's east coast gas market and the global gas market have been physically disconnected. However, from next year, LNG exports will commence from the east coast and thereby connect the Eastern Australia Gas Market to the Asian market. This will put upward pressure on domestic gas prices. The report quotes a number of gas pricing forecasts (below) noting that "wholesale domestic gas price increases of more than 80% nationally can be expected" and further notes that "transition to higher prices may not be gradual, that prices will rise sharply over the next few years."

Table 2: Analysts' gas price forecasts for the east and west coasts of Australia (real $/GJ, $2012-13)

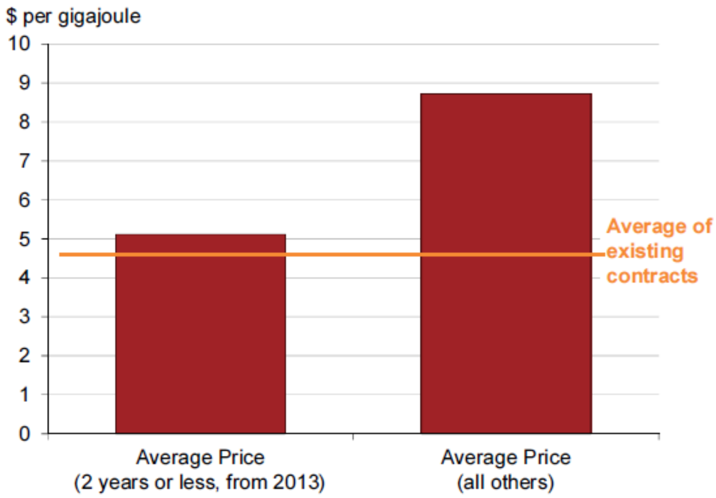
Source	Forecast year	Eastern Market		Western Market	
		2020	2030	2020	2030
ACIL Tasman	2010	6.6	7.9	8.0	8.4
ACIL Tasman	2011	7.9	10.6	-	-
ACIL Tasman	2012	8.6	11.7	13.4	11.8
AEMO/IES	2011	7.0	8.3	-	-
Australian Treasury (ROAM)	2011	-	10.1	-	10.1
Australian Treasury (SKM-MMA)	2011	6.2	9.3	6.2	9.3
Average		**7.3**	**9.6**	**9.2**	**9.9**

Notes: Where necessary, data adjusted using CPI to Dec 2012
Sources: AER (2012); BREE (2012c); BREE (2012b); ACIL Tasman (2012); AEMO (2011); ROAM Consulting (2011); SKM MMA (2011)

In this regard it is important to note that the WHL Energy La Bella development will offer to the wholesale market long term gas supply.

The Report also noted that new contracts of two or more years were being quoted at an average price of $8.70/GJ, supporting the upstream industry view that wholesale gas price of $6/GJ to $9/GJ - with pressure at the upper level of this range - could be expected.

Figure 9: Gas prices offered for new contracts, 2013



Source: AIG (2013a)

Source : Grattan Institute : Getting Gas Right, Australia's Energy Challenge, June 2013

Notably, the Grattan Institute Report identified increasing the supply of gas from Victoria as a key part of the equation to meet east coast gas supply demand, particularly in New South Wales.

The technically advanced La Bella discovery provides one of the few discovered, uncontracted conventional gas resources available to the Eastern Australia Gas Market.

The La Bella gas and condensate field has been assessed by WHL Energy to contain 2C Contingent Resources of 114 Petajoules (PJ). The proven conventional gas discovery is located within close proximity to the existing Thylacine Geographe (Origin operated), Casino (Santos operated) and Minerva (BHPB operated) projects. Development studies indicate that the development of La Bella using standard offshore technologies via the existing infrastructure is viable and carries a capital cost of approximately $255M. Economic analysis indicates an NPV10% of $85M at $7.50/GJ and $120M at $8.70/GJ.

NPV(10)	$7.50/GJ	$8.70/GJ
La Bella 2C : 115 PJ	85 mill	120 mill
La Bella + La Bella North + Highlander 2C + P50 Prospective Res : 370 PJ	295 mill	375 mill
Exploration Upside La Bella 2C + Total Permit Mean Prospective Resource 2C + Mena Prospective Res : 786 PJ	825 mill	1000 mill

In addition, the VIC/P67 permit contains an inventory of exploration prospects with total mean Contingent and Prospective Resources amounting to some to 786 PJ of gas and 10 MMstb of condensate. In the case of exploration success, a 370PJ resource, coupled with a gas price of $8.70/GJ, generates a project NPV of $375M.

Background VIC/P67 – 100% (La Bella), Otway Basin, Offshore South East Australia

WHL Energy was formally awarded Exploration Permit VIC/P67 by the Commonwealth – Victoria Offshore Petroleum Joint Authority in March 2012. VIC/P67 contains the La Bella gas and condensate discovery and a number of nearby gas prospects and leads.

Located approximately 200km WSW of Melbourne, VIC/P67 benefits from its proximity to existing development infrastructure.

End.

FURTHER INFORMATION

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The summary information contained in this ASX release relating to VIC/P67 has been compiled by the WHL Energy Limited full time Exploration Manager Mr Matt Fittall. Mr Fittall is a Geologist (BSc (Hons) Geology) with more than 28 years, practicing 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. The Company is progressing a farmin proposal from a Global Fortune 500 Company before reviewing the timing of the planned exploration drilling program

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 Q2 2013.

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