

WHL Energy Ltd

ABN: 25 113 326 524

Level 2, 22 Delhi Street
West Perth, WA 6005

P.O. Box 1042, West Perth
Western Australia 6872

T: +61 8 6500 0271

F: +61 8 9321 5212

www.whlenergy.com

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WHL ENERGY SEPTEMBER 2014 QUARTERLY ACTIVITIES REPORT

Highlights:

- **Seychelles 3D seismic fast track volume interpretation now underway**
- **Seychelles fully processed PreSTM dataset to be delivered late final quarter**
- **Final seismic volume for VIC/P67 received and upgrade announced**
- **VIC/P67 second round farmout campaign data-room opens**
- **Entitlement Offer open to all shareholders with free attached options**

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, 2014.

Seychelles (WHN: 25% Non-Operator)

Seychelles seismic

Development surrounding the Seychelles project was particularly significant this quarter. The 1,528km² Junon 3D seismic survey was completed at the end of July with no reportable environmental or safety incidents. The survey took 36 days which was in line with the 30-40 days estimated, and within budget. The specialist seismic acquisition vessel M/V Polar Duchess contracted by Ophir Energy plc ("**Ophir Energy**"), operator of the jointly held Seychelles exploration blocks, was subsequently demobilised from the survey area.

The Junon 3D seismic survey was designed to mature a number of prospects for drilling on the Junon trend in the east of the Ophir Energy/ WHL Energy Seychelles acreage (Junon South, Junon East and Junon Central), an area high graded by WHL Energy's geological studies.

WHL Energy is carried for up to US\$17.0m through the acquisition and processing of the seismic survey by Ophir as part of Ophir's farm-in to the Seychelles acreage.

Subsequent to quarter-end, WHL Energy received the initial "fast-track" 3D seismic volume. Interpretation of the fast track volume is now underway. The fully processed PreSTM dataset is now expected to be delivered late November. An initial interpretation of the Junon 3D is expected to be completed in December following receipt of the fully processed PreSTM dataset.

Mr David Rowbottam, WHL Energy's Managing Director, commented "It is pleasing to see the progress being made in the interpretation phase of the high potential Seychelles project and the continued utilisation of the latest technology available."

“As with our VIC/P67 La Bella seismic, the real detail will not become apparent until we take delivery of the final Pre-Stack Time Migrated (PreSTM) processed dataset, which we now expect will be delivered in November. The follow-on PreSTM processed volume is expected to provide a significant uplift in data quality, as was experienced recently with the successful La Bella 3D seismic acquisition and evaluation.”

AUSTRALIA

Victoria - VIC/P67 (La Bella) Permit (WHN: 40% Operator)

Le Bella Seismic Update

In early August WHL Energy announced the receipt of the fully processed PreSTM data set for the “La Bella” 3D seismic survey and that the Company had provided the data to the VIC/P67 JV partners, AWE Limited (“**AWE**”) and Tap Oil Limited (“**Tap**”).

WHL Energy Limited has commenced a farm-out process for VIC/P67 to seek a carry through the exploration drilling phase while retaining meaningful exposure to the permit. A data room has been opened and strong interest has been received from a number of pre-qualified companies, with the process expected to take until the end of the year.

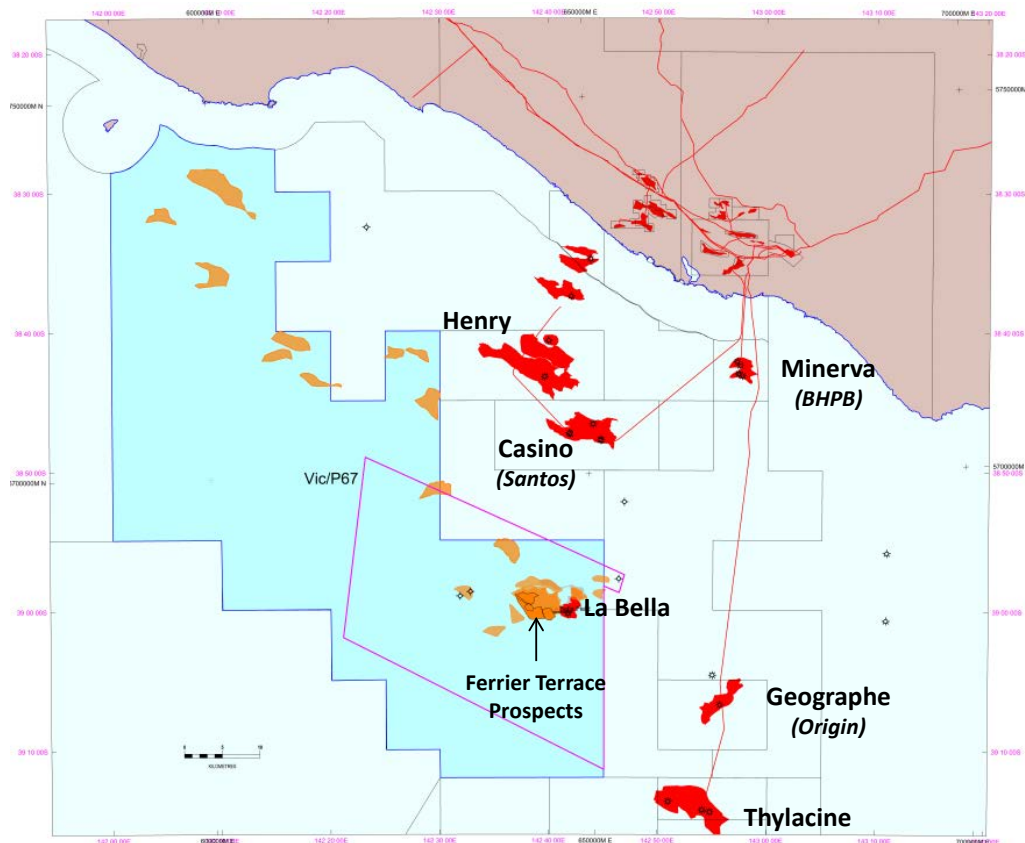
Regarding Peedamullah Petroleum’s (**AWE**) farm-in option, WHL Energy has granted AWE an extension to the exercise date for their option. The VIC/P67 Joint Venture agreed to some additional processing to further enhance the La Bella 3D seismic and as a result, AWE requested an extension to finalise their evaluation as well as to seek the necessary internal approvals of their recommendation.

The Joint Venture is continuing with the necessary activities for drilling, currently planned for late 2015 subject to rig availability.

Final seismic evaluation identified some 14 prospects with total best estimate Prospective Resources* of 1,044 Bcf of gas and 31.2 MMbbls of condensate and LPGs.

	<i>Best Estimate Prospective Resources</i>			
	Sales Gas bcf	Condensa MMbbl	LPG MMbbl	
West Mylius	57	0.7	1.2	Amplitude supported prospects, low geological risk
Mylius	44	0.5	0.9	
Ferrier	53	1.1	0.6	
Ferrier South	41	0.5	0.8	
Ferrier 200/250	134	1.5	2.8	Higher potential prospects, moderate risk
Lowlander A	136	1.6	2.7	
Alexandra	72	1.0	1.7	
Highlander	129	1.5	2.6	
Lowlander B	100	0.5	0.9	
Triton Updip	93	1.1	1.9	
North La Bella	58	0.6	1.0	Less mature prospects and leads
Mussel Updip	46	0.4	0.8	
East La Bella	30	0.3	0.5	
Rayville	50	1.0	0.6	
Total Exploration	1044	12.2	19.0	
<i>2C Contingent Resources</i>				
La Bella Field	74	0.9	1.5	

Table 1: Best Estimate Prospect Resources, VIC/P67



Vic P67 Location Map showing Prospects and Leads

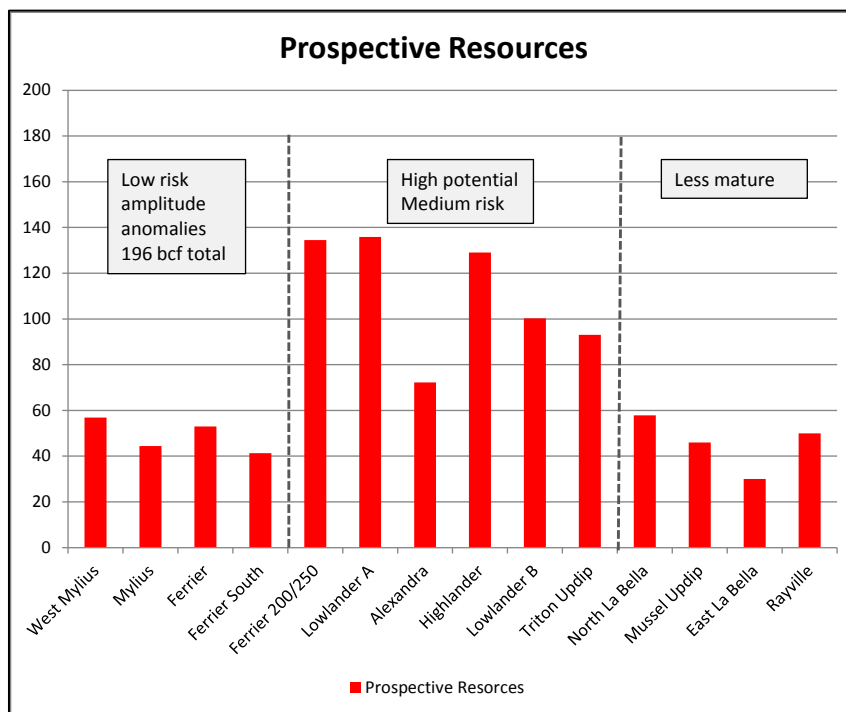
Through the third quarter of 2014, WHL Energy has continued to progress the interpretation of the data, including a full review of the VIC/P67 Contingent and Prospective Resources.

A group of 4 prospects are mapped on the Ferrier Terrace, immediately west of the La Bella Field, that are characterised by stacked structurally conforming amplitude anomalies (Mylius, Mylius West, Ferrier and Ferrier South).

These prospects have low geological risk and Best Estimate Prospective Resources* for these features total 196 Bcf sales gas and 6.2 MMbbls of condensate and LPG, in addition to the La Bella discovery, with a 2C Contingent Resource of 74 Bcf sales gas and 2.4 MMbbls of condensate and LPG. Importantly, these low risk prospects - in combination with the La Bella field - could form a core gas development in VIC/P67 with successful exploration drilling.

Full interpretation of the final Pre-Stack Time Migration volume also highlighted considerable exploration upside within the permit. A further range of prospects have been mapped and Best Estimate Prospective Resources* for these features total 665 Bcf sales gas and 19.8 MMbbls of condensate and LPG. The successful exploration drilling of key prospects could result in sufficient resource volume to support a standalone VIC/P67 project development. These include;

1. The basin margin fault block prospects of Lowlander A, Lowlander B and Triton Updip, on trend with the La Bella/Ferrier Terrace. The Lowlander A prospect in particular has been high-graded and these features have high upside potential, with an attractive risk profile.
2. The Ferrier Terrace Waarre C 200 and 250 amplitude anomaly, which could also be potentially tested with exploration drilling at Mylius, West Mylius or Ferrier.
3. The large Alexandra and Highlander prospects with objectives at the Waarre C and Waarre A reservoirs north of the Ferrier/La Bella Terrace. The Alexandra Horst is well placed to receive hydrocarbon charge immediately from the west.



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

The Company 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 drilled the Palta-1 well in the adjacent block in late 2013, which was subsequently relinquished in February 2014. WHL Energy is assessing potential options to manage the outstanding work commitments for the permit.

CORPORATE

Board of Directors

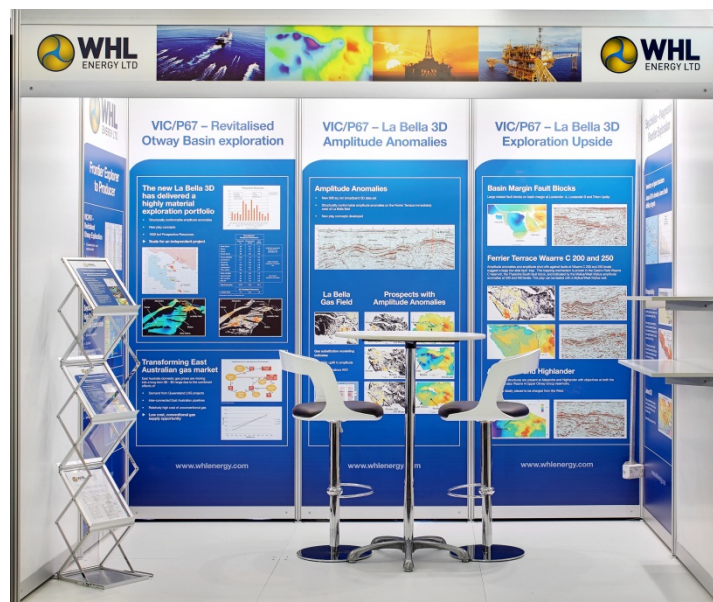
Non-Executive Director, Mr Jeff Schrull, notified the Chairman of his resignation as a director effective 18 August 2014 having accepted an executive role that required him to relocate. Mr Schrull joined the Board of WHL Energy in April 2014 and had made a valuable contribution to the Company.

Research Notes

PhillipCapital released a research report titled “Seismic events lead to exploration upside in 2014/2015.”

Presentations and Conferences

During September Managing Director, David Rowbottam, delivered presentations on behalf of the Company at two significant conferences; Africa Down Under and Good Oil. Both presentations were well received and are available on the company’s website www.whlenergy.com.



WHL Energy Exhibition booth at Good Oil Conference 2014

Finance

On 22 September 2014, the Company announced that the Company had resolved to undertake a Non-Renounceable Entitlement Offer ("**Entitlement Offer**") to raise up to approximately \$4.87 million (before costs). A prospectus was subsequently lodged with the ASX and is available on the Company's website.

Eligible Shareholders were offered the opportunity to acquire three new fully paid ordinary shares in the Company (**New Shares**) for every ten fully paid ordinary shares held at the Record Date at an issue price of \$0.01 per New Share (**Offer**).

Eligible Shareholders who participate in the Offer also receive two free attaching options for every three New Shares issued to them (**Attaching Options**). Each Attaching Option has an exercise price of \$0.018 and will be exercisable at any time prior to 5.00pm WST on 30 November 2016. The Company will apply to the ASX for the quotation of the Attaching Options.

Mr David Rowbottam, WHL Energy's Managing Director, commented "The ratio and timing of the options was designed to provide existing shareholders with additional exposure to the potential upside from the intended drilling across both the Company's projects."

The issue price for the New Shares, being \$0.010 per New Share, represented a 22.2% discount to the 20 day volume weighted average price (VWAP) of the Company's shares of \$0.0129 and a 16.67% discount to the closing price of \$0.011, for the Company's shares on 19 September 2014, being the last trading day prior to the announcement date.

Shareholders are entitled to apply for additional New Shares in excess of their entitlement that are not taken up by other Eligible Shareholders in accordance with the shortfall offer. The Company has subsequently announced an extension to the original timetable. The Entitlement Offer has been extended to 5pm (WST) on 31 October 2014. The revised timetable is as follows:

Closing Date of Entitlement Offer	31 October 2014
Securities quoted on a deferred settlement basis	3 November 2014
Notification of Shortfall	5 November 2014
Anticipated date for issue of the Securities	7 November 2014

The Company also proposes to undertake a consolidation of its share capital on the basis of one (1) new share post consolidation for every existing ten (10) shares before consolidation. The consolidation will be subject to shareholder approval which will be sought at the Annual General Meeting of the Company scheduled to be held on or about 26 November 2014.

Company Cash Position

The Company had A\$3.400 million cash in hand at the end of the quarter, which includes restricted funds of A\$1.856 million.

Ends.

FURTHER INFORMATION

Shareholders/Investors:

David Rowbottam

WHL Energy Ltd

T: +61 8 6500 0277

E: contact@whlenergy.com

Media contact:

Colin Hay

Professional Public Relations

T: +61 8 9388 0944

E: colin.hay@ppr.com.au

Prospective Resource Estimates Cautionary Statement: With respect to the prospective resource estimates contained within this report, it should be noted that the estimated quantities of Petroleum that may potentially be recovered by the future application of a development project may relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbon.

***Prospective and Contingent Resources:** The prospective and contingent resource estimates regarding VIC/P67 quoted in this release are prepared as at 8th September 2013. (Reference: WHN ASX release of 8 September 2014). The estimates have been prepared by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineer and are 100% interest deterministic Best Estimates. WHL Energy holds a net 40% interest in VIC/P67.

Competent Person Statement: All Petroleum Reserves, Contingent Resources and Prospective Resources information relating to the oil and gas projects in this report are based on, and fairly represent, information and supporting documents prepared by, or under the supervision of, WHL Energy's Limited full time Exploration Manager Mr Matt Fittall. He is a Geologist [BSc(hons)Geology] with more than 30 years' experience, practicing in Petroleum Geology. Mr Fittall is a member of the Petroleum Exploration Society of Australia (PESA). 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 and Australia.

WHL Energy holds a 12,856 km² exploration area offshore Seychelles, at 25% equity. A world class exploration portfolio and new exploration concepts are being matured in the acreage. WHL Energy has mapped a prospect and lead inventory containing at least 18 features. The company farmed in proven East Africa explorer, Ophir Energy plc as operator.

The high graded Junon leads will be matured for drilling with a 1500 km² 3D seismic survey in 2014. Additional new play concepts are being developed. Most structures identified to date are in < 50 m water with drilling targets at < 2000m depth, allowing for low cost drilling with a jack up rig.

WHL Energy also holds 40% 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 La Bella 3D seismic survey was acquired in late 2013 to appraise the La Bella field and also firm up the exploration prospects. Initial results of the 3D seismic survey are encouraging and have identified structurally conformable amplitude anomalies associated with several of the key prospects.

The Company also 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 recently drilled the Palta-1 well in the adjacent block which was subsequently relinquished in February 2014. WHL will review the Palta-1 well data and the forward strategy for WA-460-P.

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