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WHL ENERGY DECEMBER 2014 QUARTERLY ACTIVITIES REPORT

Highlights:

- **Seychelles 3D interpretation continues**
- **Key prospects in the Seychelles confirmed by Junon 3D**
- **VIC/P67 Farmout continues after J/V partner elects not to continue**

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 31 December, 2014.

Seychelles (WHN: 25% Non-Operator)**Seychelles seismic**

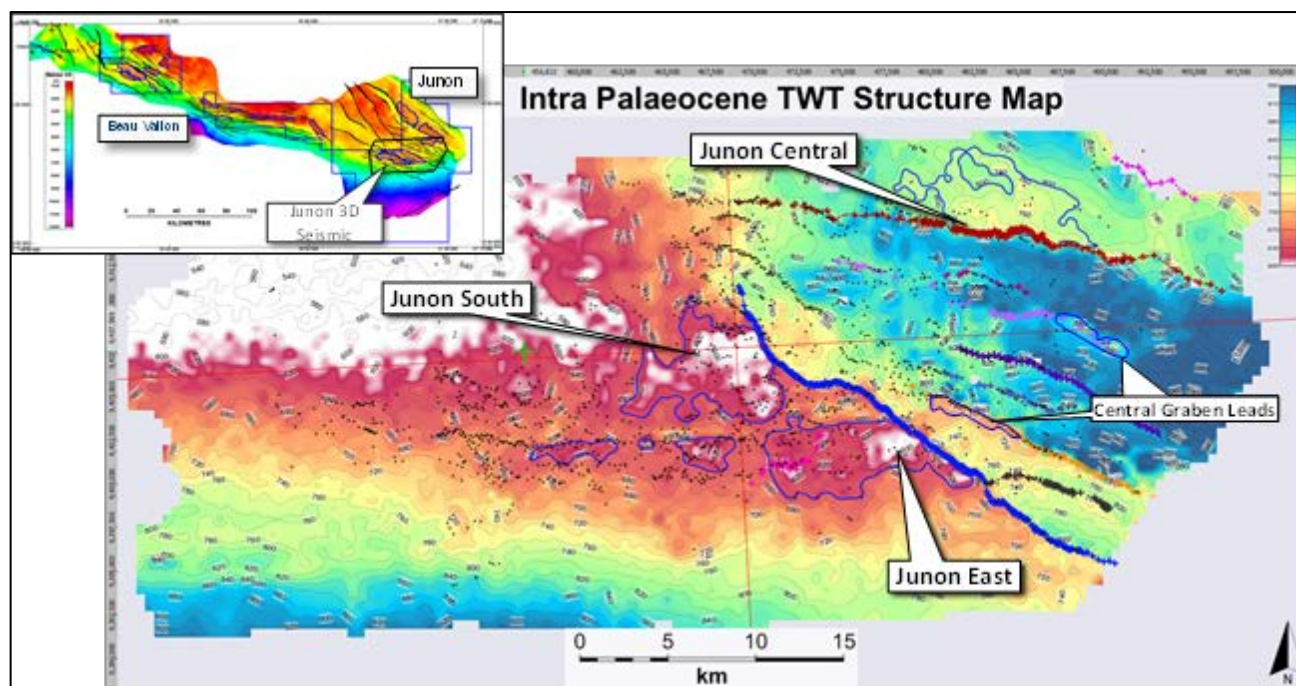
During the previous quarter acquisition of the 1,528km² Junon 3D seismic survey was completed and processing of the data commenced. The Junon 3D seismic survey was designed to mature a number of prospects for drilling on the Junon trend in the east of Ophir Energy plc's ("**Ophir**")/ WHL Energy Seychelles acreage (Junon South, Junon East and Junon Central), an area high graded by WHL Energy's previous geological studies.

WHL Energy received an interim Pre-Stack Time Migration (PreSTM) data set for the Junon 3D seismic survey and commenced interpretation of this data in mid-November. The initial interpretation indicates that potentially large structures are present at Junon East, Junon Central and Junon South.

Importantly, the scale of these structures appears to be similar to that previously mapped on the earlier 2D seismic data which was used to plan the latest 3D seismic acquisition. Junon Central is mapped to be a relatively simple tilted fault block closure covering approximately 20 km². The most recent interpretation of the Junon South structure indicates that a potentially very large closure is present at the primary objective Base Toarcian level. Additional new leads have also been mapped on the Junon South trend and in the central graben area.

In December the Joint Venture decided to progress the processing of the Junon 3D data directly to a more sophisticated Pre-Stack Depth Migration (PreSDM) to optimise the quality of the data. It was determined that proceeding directly to a PreSDM data set from the interim PreSTM volume, as opposed to completing the final PreSTM processing as originally planned, would provide the quickest path to an optimal data set. The PreSDM data set is expected to be delivered in Q2 2015. Interpretation will continue on the interim PreSTM dataset in the interim.

Mr David Rowbottam, WHL Energy's Managing Director, commented: "The emergence of the very high upside potential of the Junon South structure from the Junon 3D data set, along with the large and robust Junon Central structure is very exciting and this asset continues to meet the aspirations that the company has for our Seychelles project. The Company is looking forward to a further update on the Best Estimate Prospective Resource as part of a campaign to secure further funding against this asset."



Intra-Paleocene TWT, Junon South area

AUSTRALIA

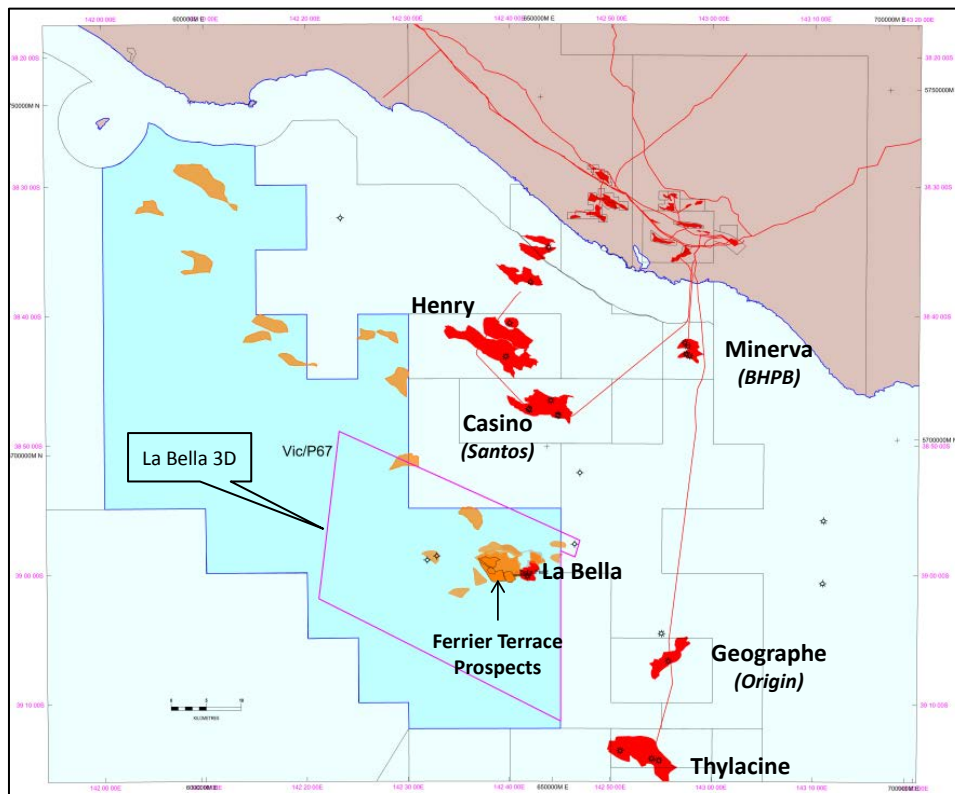
Victoria - VIC/P67 (La Bella) Permit (WHN: 100% Operator)

During the quarter the company has focussed its efforts for VIC/P67 on a farmout campaign to seek a carry through the exploration drilling phase, while retaining meaningful exposure to the permit. Strong interest was received from a number of pre-qualified companies. However, at the end of the quarter a firm proposal had not been received, although discussions continued with a number of parties.

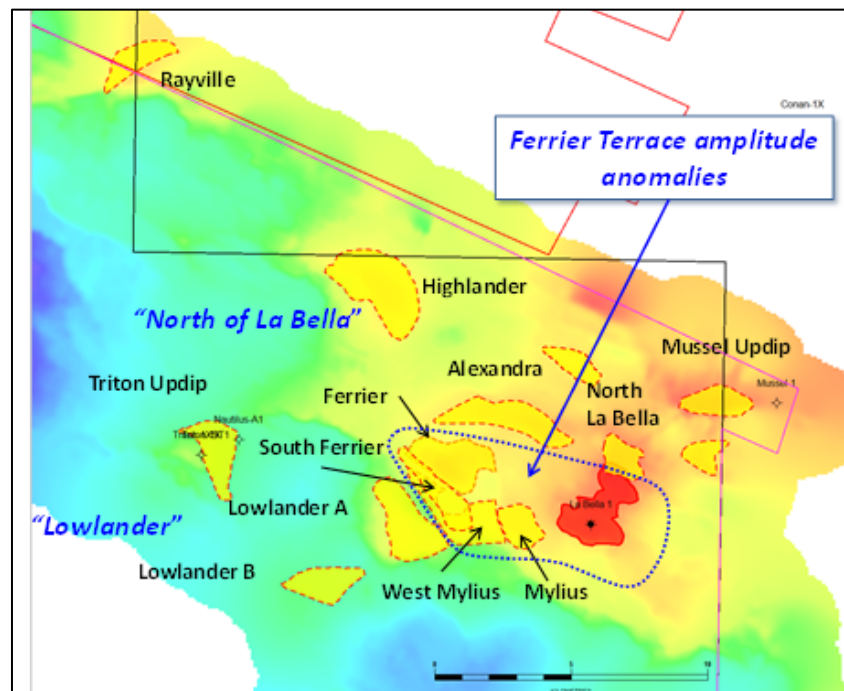
David Rowbottam said: "The current market conditions and oil price environment, and the significant financial pressure that this is placing on key participants in the farmout process, has meant that achieving a farmout at this time is proving to be a challenge. In this context the Operators of the two adjoining infrastructure facilities have been reported in the financial press to be under pressure to curtail capital expenditure and this has had a direct impact on the farmout campaign. The company continues to believe that the prospects on the Ferrier Terrace and the Lowlander feature are valuable opportunities that are uniquely positioned to benefit from the falling costs for exploration drilling and development in the current oil price environment, while the commodity price achieved in the eastern Australia domestic gas market is expected to increase."

Regarding Peedamullah Petroleum's ("AWE") farm-in option, the Company received notification in December that AWE had elected not to proceed as part of the VIC/P67 Joint Venture. AWE formally withdrew from the VIC/P67 JV in late December and assigned its interest to WHL Energy.

The Company also granted an extension to Tap Oil Ltd ("TAP") for the election date of the seismic option to acquire a 10% interest in exploration permit VIC/P67, until the close of business on 13 February 2015.



VIC P67 Location Map showing Prospects and Leads



VIC P67 Prospects and Leads

During the quarter the VIC/P67 Joint Venture undertook additional Simultaneous Inversion processing of the La Bella 3D to quantitatively evaluate the presence of gas indicated by the amplitude anomalies and also to characterise the reservoir potential. This data was received in mid-November and an interpretation to update the evaluation of the prospect inventory has commenced.

To date an inventory of 14 prospects with total best estimate Prospective Resources* of 1,044 Bcf of gas and 31.2 MMbbls of condensate and LPGs have been mapped on the PreSTM of the La Bella 3D

seismic data set. The prospect inventory for the VIC/P67 will be further updated following the interpretation of the inversion volume.

	<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

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.

An application to surrender WA-460-P was made to the National Offshore Petroleum Titles Administrator (NOPTA). NOPTA has notified the company of its intention to cancel the permit. WHL Energy has applied for a Good Standing Arrangement in relation to its share of the WA-460-P committed work program.

CORPORATE

As announced on 22 September 2014, the Company undertook a non-renounceable pro-rata entitlement offer on the basis of 3 Shares for every 10 Shares held, together with 2 free attaching New Listed Options (WHNO) for every 3 Shares subscribed for, at an issue price of \$0.01 per Share. The Entitlement Offer was undertaken through a prospectus and was not underwritten.

The Entitlement Offer was available to all WHL Energy shareholders registered on the Record Date of 5.00pm (WST) on 1 October 2014, whose registered address was in Australia or New Zealand.

The funds raised from the Entitlement Offer will be utilised by the Company to pursue new potential oil and gas investment and/or project acquisition opportunities; to prepare for its potential dual listing and to maintain ongoing operations on current projects along with general working capital expenses. All three members of the Board participated in the Entitlement Offer with the Managing Director being the equal third highest participant.

Also during the quarter, on 26 November, the Company held the Annual General Meeting which included an Update Presentation delivered by Managing Director, David Rowbottam. At the

meeting, all resolutions were passed by shareholders. Directly following the passing of Resolution 7, the Company commenced with the consolidation in accordance with the ASX approved timetable. The process was completed on schedule and normal trading re-commenced on 10 December 2014. During this period, at 5pm (WST) on 30 November, the listed options (WHNOA) expired and in accordance with ASX listing rules were removed from the register.

Company Cash Position

The Company had A\$1.797 million cash in hand at the end of the quarter, which includes restricted funds of A\$0.717 million. Initiatives to conserve cash to date have included substantial reductions in the fees and salaries for director and staff and the suspension of all contract staff. These reductions are expected to remain in place until fresh debt funding or a farmout has been concluded on the VIC/P67 and/or Seychelles assets. The Company is also pursuing an overpayment claim against the provider of debt funding paid out in May 2014.

The Company remains committed to repaying the outstanding balance of the Argonaut facility subject to the receipt of the payment for the seismic option agreement due from Tap Oil Ltd on 31 March 2015. This will also provide the Company an opportunity to seek fresh debt-based funding as an interim measure until the Company completes a farmout on either the VIC/P67 or Seychelles asset.

Ends.

FURTHER INFORMATION

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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 100% 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 focused 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 completed in July 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 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 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 Energy has lodged an application seeking to relinquish its interest in WA-460-P following a review of the Palta-1 well data.

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