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WHL ENERGY JUNE 2015 QUARTERLY ACTIVITIES REPORT

Key Events:

- **Seychelles Junon 3D Seismic PreSDM processing completed**
- **Recapitalisation**
- **Managements and Board of Directors restructure**

Australian energy company WHL Energy Limited (**ASX: WHN**) ("**WHL Energy**" or "**the Company**") provides the following report on its activities and operations for the quarter ended 30 June, 2015.

Seychelles (WHN: 25% Non-Operator)

The Company had previously reported that PreSDM processing of the 1,528km^2 Junon 3D seismic survey had commenced. This 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.

This PreSDM processing has now been completed and the final volume of data was delivered to WHL Energy in mid-May 2015. Interpretation of this data by Ophir (Operator of the Seychelles Joint Venture) has commenced, to re-evaluate prospects previously mapped on an earlier, interim PreSTM volume of the Junon 3D seismic survey. This interpretation phase is expected to continue through to the end of August.

During the quarter the Company also pursued further opportunities to realise near term value from the project. While these discussions have failed to yield results to date, these initiatives will continue.

With respect to the Seychelles project, WHL Energy Chairman, Mr Stuart Brown commented: "Now that the PreSDM data set has been received, Ophir, Operator of the Seychelles joint venture, is making a concerted effort to interpret this data, leading to a decision by the end of the year on whether to participate in the drilling phase."

"We are looking forward to the results of the interpretation and to Ophir's decision." Mr Brown said.

AUSTRALIA

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

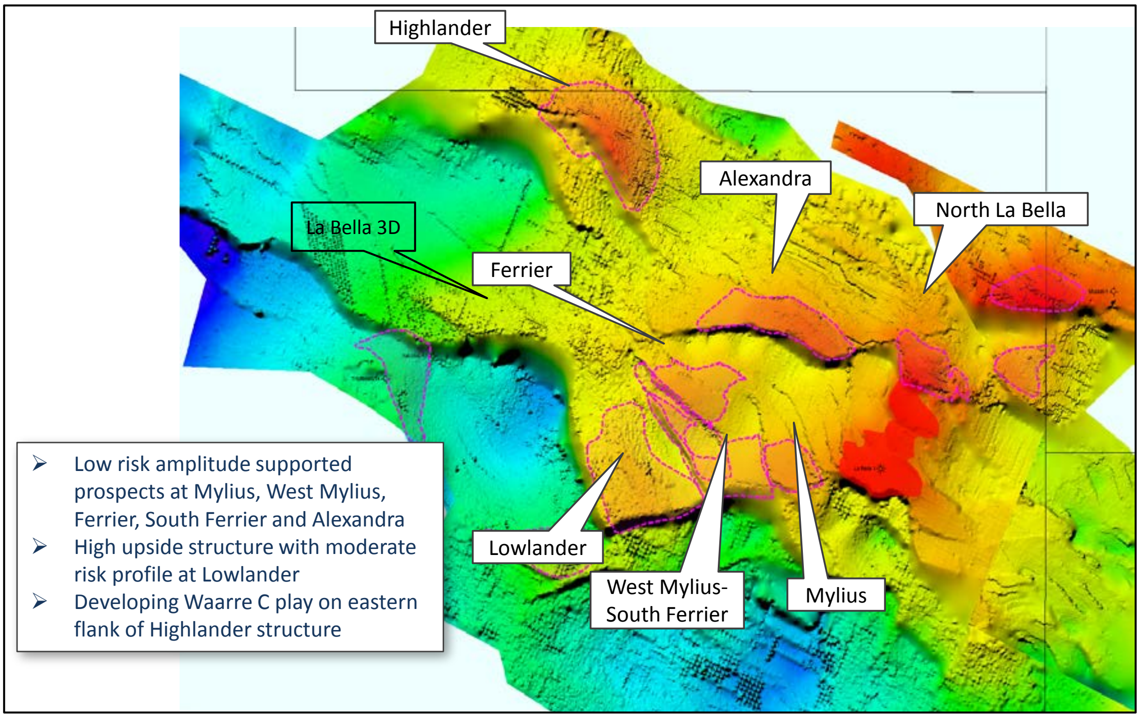
During Q4 2014 the Company initiated a farmout campaign for VIC/P67 with the aim of securing a carry through the exploration drilling phase, while retaining meaningful exposure to the potential within the permit. To date a total of approximately A$18m has been invested in the project, including investment in the 3D seismic acquisition and interpretation.

Farm-outs efforts continued during the quarter, however, as has been widely reported, the current oil price downturn and reduced investment in upstream petroleum exploration by the industry has had a direct negative impact on the farmout campaign.

The Company also continued studies to reduce the risk associated with a future exploration drilling campaign and to enhance the value of the acreage. Further detailed interpretation of the Simultaneous Inversion volumes of the La Bella 3D seismic and mapping of the Highlander and Alexandra areas north of La Bella are ongoing. A PreSDM and de-multiple reprocessing of the La Bella 3D seismic, to improve the imaging of the Lowlander structure, is being investigated.

The Company is also continuing to evaluate alternative development options, with a view to minimising capex on any development in case of exploration success.

An application for a further suspension and extension to VIC/P67 has been made to the National Offshore Petroleum Titles Administrator (NOPTA) to allow time for the completion of PreSDM processing of the La Bella 3D seismic survey and preparation for drilling. The Company expects to receive notification of the outcome of this application in the next quarter.



VIC/P67 Prospects and Leads

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

Following a submission to the Commonwealth-Western Australia Offshore Petroleum Joint Authority in December 2014, WHL Energy was advised during the quarter that the Company was qualified to enter into a Good Standing Arrangement ("**GSA**").

WHL Energy previously held 33.33% equity in exploration permit WA-460-P. The GSA with the Joint Authority is subject to terms and conditions in accordance with the Exploration Permit Guidelines. This includes an obligation to expend an amount of A$277,409 in a qualifying permit obtained through successful bidding on re-release area in the Australian Governments annual *Offshore Petroleum Acreage Release.* Bidding on a re-release area must occur within two acreage releases following finalisation of this GSA. In addition, WHL Energy agrees that all documentary and derivative information pertaining to WA-460-P held by the Company will be submitted to NOPTA within the specified timelines.

NEW BUSINESS DEVELOPMENT

During the quarter, the Company undertook detailed evaluation of a potential near term production opportunity in Africa. Significant progress was made in discussions with the vendor however these were subsequently suspended.

CORPORATE

On 2 June, the Company announced a "Financing and Management Update" whereby the Company had entered into agreements to facilitate a recapitalisation of the Company (Recapitalisation).

As the Company does not generate any revenue, particularly from an interest in a producing asset, which would provide funds for its ongoing working capital requirements, the Company relies on access to external capital sources and successful third party farmouts to ensure it can meet its commitments. These include its Joint Venture (JV) expenditure obligations related to the Seychelles operations, negotiations with third parties to realise value from its existing assets, and to provide funding to evaluate potential opportunities to acquire an interest in a new producing asset.

In the past, the Company has utilised a number of alternative methods to bridge its financial requirements while it sought to unlock value from its assets. This included a Controlled Placement Agreement (CPA) entered into with Acuity Capital up to a value of $5 million as well as the Bergen Asset Management, LLC financing facility for US$2.7 million (see ASX announcements dated 30 October 2013 and 5 December 2013).

The Acuity CPA facility relied on a minimum issue price during any placement period and was constrained by the traded volume and volume weighted average price (VWAP). While these restrictions allowed WHL Energy to control the number of shares issued, limited market liquidity and negative share price sentiment restricted the accessibility of this facility and therefore WHL Energy's ability to use this to manage short term cash flow.

The Bergen facility was entered into to provide a one off loan to convert the Tap Oil seismic option into cash. This facility was replaced by a debt facility with Argonaut Equity Partners (see ASX announcement dated 27 May 2014) to mitigate the impact of partial conversion by Bergen under the terms of the agreement on the share price.

The equity market has also been a potential source of external capital. However, the equity capital markets for junior resource companies have become extremely difficult, and this has more recently been exacerbated by the significant decline in global commodity prices. The Company's attempt to raise equity through the proposed A$4.87 million capital raising (a non-renounceable entitlement offer announced in the last quarter of 2014) was not broadly supported, and only raised A$545,822 (excluding costs), representing a shortfall of almost 90%.

Based on this experience and subsequent canvassing of the market for share placements, it was clear to the Board that the Company was unlikely to be able to raise the required level of working capital from existing shareholders or the equity capital markets generally.

In April 2015, the Company entered into a A$500,000 short term loan with Mr Robert Richter QC (the Richter Loan) to provide funding flexibility while the Company pursued longer term financing arrangements, the farmout of the assets and other business development opportunities. The amounts owing under the Richter Loan were secured over the Company's interests in VIC/P67 and the Seychelles exploration blocks.

The Company expected to repay the Richter Loan in full prior to its scheduled repayment date of 31 May 2015 from the proceeds of the convertible loan facility entered into with Magna Equities II, LLC (Magna) (see ASX announcement dated 13 May 2015) and through any potential proceeds anticipated from the ongoing farm-out negotiations.

While the facility with Magna did provide some short term funding and the ability to access the longer term financing required, it was not possible to secure sufficient immediate funds, from drawdown under the facility, to enable the Company to repay the Richter Loan. Furthermore, the anticipated farmout campaigns could not be concluded within the required timeframe to provide the Company with the additional funding with which to ensure repayment of the Richter Loan.

Accordingly, the Company was placed in a position where immediate and decisive action was required to raise sufficient funds to repay the Richter Loan and preserve the assets of the Company for the benefit of all Shareholders. The Company urgently sought proposals to provide immediate funding. These included further attempts to expedite farm-out of the Company's existing assets as well as secure alternative financial arrangements. The only proposal received by the Company, which was capable of raising sufficient funds in the timeframe required, was from Energy Capital Partners Pty Ltd (ECP). The Company subsequently entered into agreements with ECP to facilitate the recapitalisation of the Company.

The decision by the board to proceed with the Recapitalisation was not taken lightly. However, the Recapitalisation was considered by the board to be the only option available to the Company in the time available to ensure that shareholders could continue to participate in the upside associated with the Company's Seychelles and VIC/P67 assets.

The Recapitalisation proposal comprised the issue of convertible notes (Convertible Notes) secured over the Company's assets to the value of A$2 million, converting into ordinary fully paid shares in the Company at $0.001 (subject to shareholder approval). Subject to the satisfaction of certain conditions precedent, ECP subscribed for, or procured the subscription for, the Convertible Notes in two tranches of A$1 million during June 2015. If shareholder approval is obtained for the conversion of the Convertible Notes, approximately 2,000,000,000 new ordinary shares in the Company will be issued.

The funds received were used to repay monies owed by the Company under the Richter Loan, the Magna facility, to ECP in connection with the issue of the Convertible Notes and for budgeted expenditure agreed between the Company and ECP. The Acuity CPA facility was terminated.

As previously announced the Company has also repaid the outstanding balance of the short term financing facility provided by Argonaut of A$3.680 million.

In consideration for ECP procuring the subscription for Convertible Notes, the Company agreed to issue ECP shares and options in the Company and pay fees on the terms set out in the Schedule to the announcement of 2 June 2015. The Company has convened a shareholder meeting scheduled for 1:00pm (WST) on 31 July 2015, to seek approval for the issue of the shares upon conversion of the Convertible Notes along with the issue of the ECP Options. If shareholder approval is obtained, the Convertible Notes will convert into shares in the Company.

On 25 June, the Company announced the terms of a proposed non-renounceable pro rata offer to Eligible Shareholders of approximately 1,203,580,765 New Shares at an issue price of $0.002 per New Share and 601,790,382 attaching New Listed Options at an issue price of $0.001 per New Option.

The entitlement issue is for all eligible shareholders assuming resolutions 1 to 6 are passed at the upcoming EGM. The entitlement ratio will be determined on the basis of one (1) New Share for every (2) Existing Shares held and one (1) New Listed Option for every four (4) Existing Shares held to raise up to approximately $3,008,952 million before costs (Rights Issue). The Rights Issue Offer will being carried out pursuant to a prospectus and personalised Application Forms will be issued to eligible shareholders following approval of resolutions 1 – 6 at the EGM on 31 July 2015.

To facilitate the Recapitalisation, the Company's Managing Director, Mr David Rowbottam entered into a separation agreement with the Company. Further management restructuring included

- the appointment of Non-Executive Director, Mr Stuart Brown, as Chairman
- Mr Faldi Ismail, remaining on the board as a Non-Executive Director.
- Mr Graham Durtanovich being appointed to the board as a Non-Executive Director.
- The Company's Exploration Manager, Mr Matt Fittall, will leave the Company with effect from 31 July.

Company Cash Position

The Company had A$1.230 million cash on hand at the end of the quarter, including restricted funds of A$206,000.

Over the past six months the Company has implemented a number of cost cutting measures, including the minimisation of all contractor staff and contracted services and a reduction of staff salaries with effect from January 2015. Payment of fees to the Company's Non-Executive Directors has also ceased and the Company will continue to review options to reduce costs. At this time, a replacement for Mr Rowbottam has not been sought in line with the focus on further cost reduction measures, and the board will manage the Company's day-to-day activities while the Managing Director role is fully reviewed.

Business Development

While consolidating the Company's financial position is the main focus at present, the Company will continue to pursue further cost management initiatives and attempt to realise value from the Company's two key assets. The Company will also continue to seek new business development opportunities in an attempt to strengthen and diversify its portfolio of growth options.

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.

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 km^2 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 of the Block.

The high graded Junon leads are being matured for drilling with a 1,500 km^2 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.