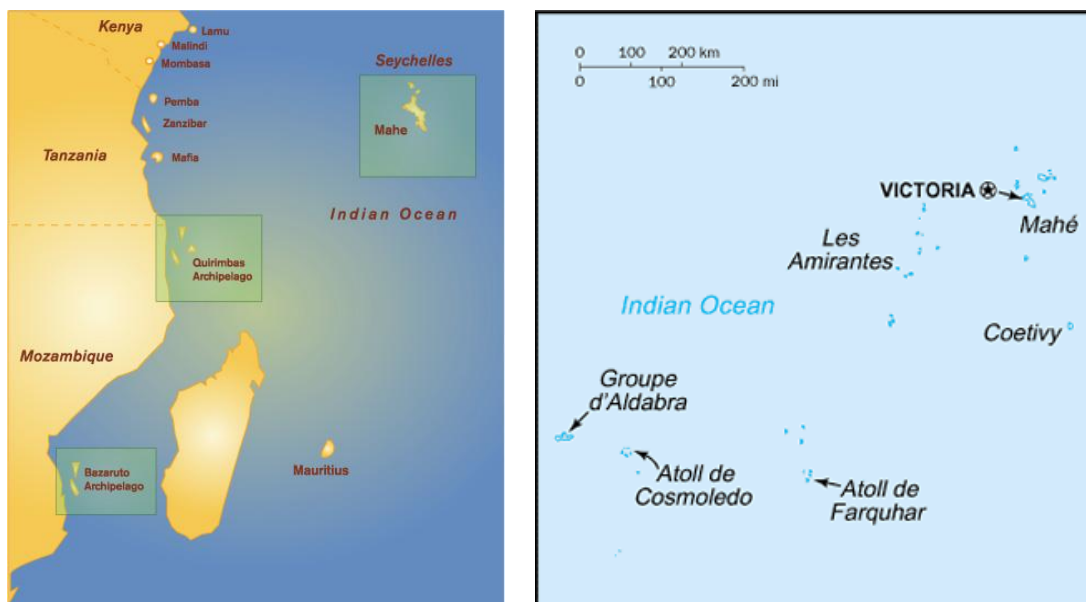


ASX/MEDIA RELEASE
 26th October 2010

WHL ENERGY TO ACQUIRE RIGHTS TO LARGE SEYCHELLES OFFSHORE OIL AND GAS EXPLORATION INTERESTS

HIGHLIGHTS

- WHL Energy signs Agreement to acquire SEYCO Energy, delivering up to a 100 percent interest in 35 exploration blocks, offshore the Republic of Seychelles.¹
- Historical exploration expenditure in excess of US\$7 million.
- Potential company changing opportunity to explore for hydrocarbons in a high graded frontier area within the emerging East Africa region.
- Significant analysis already completed by the Vendor with a large 2D seismic acquisition campaign set to begin in November 2010.
- Follow up assessment of previously identified, possible multi-billion barrel oil leads.



Seychelles location

¹ Austin Exploration Ltd currently has a right to farm in for up to a 4% interest in the blocks on a non-promoted 1 for 1 basis (ASX Code:AKK)

The Board of WHL Energy Limited (ASX: **WHN**) ('WHL Energy' or 'the Company') today announced it had signed a Share Sale Agreement with the shareholders of SEYCO Energy Pty Ltd ('SEYCO') to acquire 100 percent of the shares in SEYCO, an entity that is in the process of acquiring the rights to a large exploration holding on the southern continental shelf off-shore Seychelles.

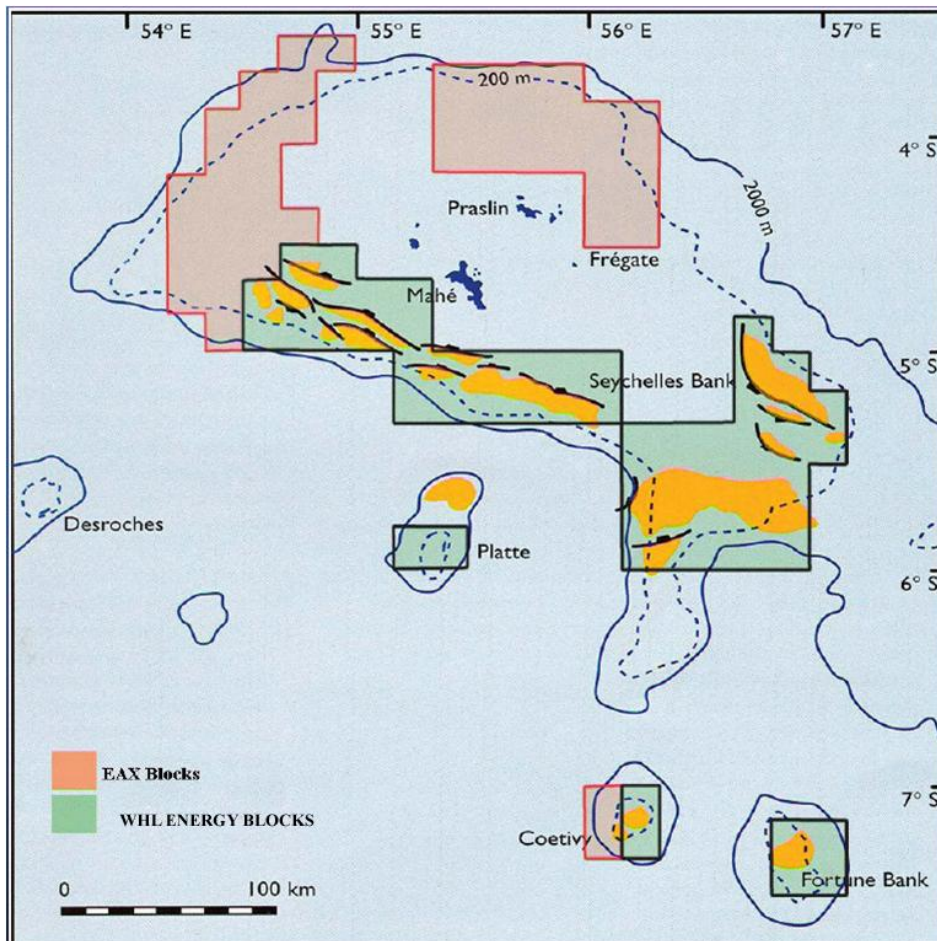
The holding includes 35 exploration blocks in a prospective area in shallow waters covering an area of approximately 20,700km² (>5 million acres) located about 100 km off the Seychelles coastline.

Newly appointed WHL Chief Executive Officer David Rowbottam said *"Following a strategic review, the Company identified this asset as a significant opportunity to drive its future growth."*

"Acquiring SEYCO, and its associated Seychelles exploration interests, will provide a new strategic focus for WHL Energy," Mr Rowbottam said.

On completion of the transaction, WHL Energy plans to move quickly to further assess the hydrocarbon prospectivity of the Seychelles blocks. Leading international geophysical company Fugro is programmed to begin acquisition of 7000 km of 2D seismic over SEYCO's blocks in November 2010. The contracted seismic vessel has been mobilised and is currently enroute to the Seychelles. The total estimated cost of this program is US\$7 million.

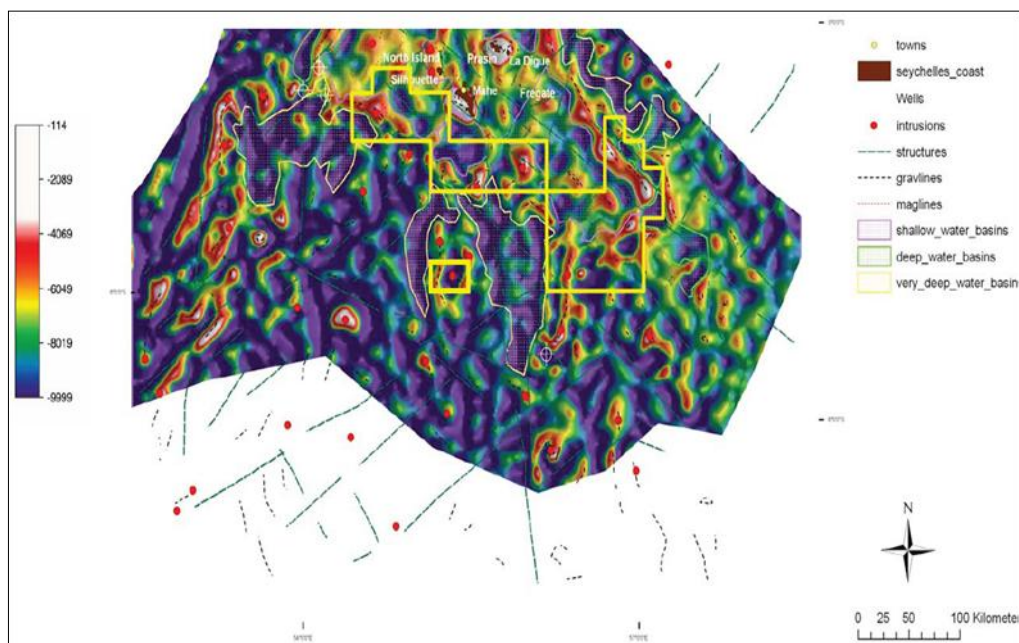
The planned survey will focus on 20 mapped structures identified from 2D seismic previously acquired over the nominated blocks.



Blocks being acquired by WHL Energy Limited

The previously identified leads in the mapped structures include:

- Beau Valon – A giant drape structure estimated both by the previous operator Texaco and the current operator to hold as much as 3 billion barrels of oil equivalent;
- Coetivy Bank – A four way dip close structure with repeatable HC seep that has been mapped with 200 m of vertical closure over an area in excess of 100 sq km;
- Junon Bank – A super-giant fault block, mapped by a number of operators to have vertical closure in excess of 450 m, over an area exceeding 650 sq km. The oil upside on this structure is world class; and
- Creole – A giant stratigraphic pinch-out trap with associated seismic hydrocarbon indicators including gas chimney and a possible flat spot interpretation extending 24 km down dip from the pinch out termination.

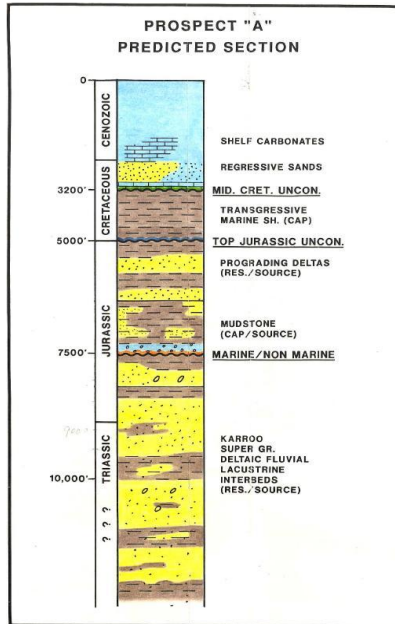


The previously drilled wells also confirmed quality reservoirs with over 20 percent porosity in some of the sandstones and limestones and evidence of an active petroleum system.

The waters off the Republic of Seychelles have been assessed to have the capability to contain major hydrocarbon traps, with the potential to hold billions of barrels of oil.

The area is considered to be significantly underexplored with most activity occurring in the 1970s and 1980s, however, there has been a recent surge in interest in Seychelles on the back of a string of major petroleum finds along the east coast of Africa.

A recent report by Dublin-based Research and Markets described East Africa as emerging as the next major hub for oil and gas exploration and greater perceived prospectively resulting in greater exploration activities by various energy players to develop their operations and reserves base in East Africa.



PROSPECT DATA SHEET

PROSPECT : "A"

DRILLING LOCATION : SF780 LINE B20SW
TOTAL DEPTH : 10,000 FT.
RESERVOIR OBJECTIVE : MID-JUR. SANDS, LATE TR.-EARLY JUR. KARROO SANDS
DEPTH TO OBJECTIVES (ft): 6200, 7500

	MINIMUM	MEDIAN	MAXIMUM
NET PAY (FEET)	100	350	750
POROSITY	12%	17%	22%
WATER SATURATION	40%	30%	20%

KARROO SERIES SANDS

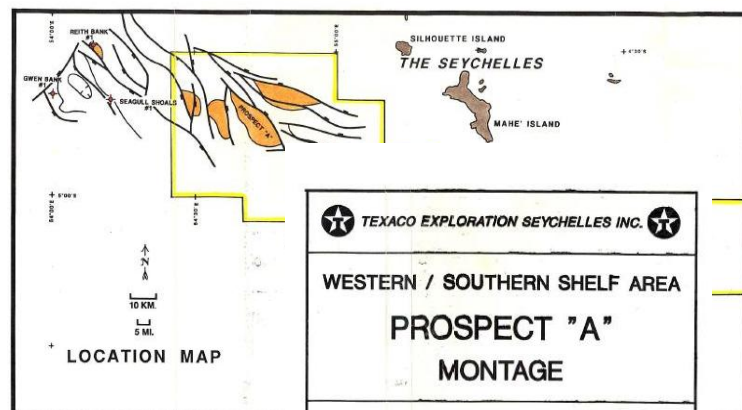
AREAL CLOSURE (ACRES)	8,500	10,000	18,000 (35,000 AC GROSS)
VERTICAL CLOSURE (FEET)	900	1,200	1,400
POTENTIAL OIL RESERVES (MMBO)	300	1,000	3,000

STRUCTURE : THE STRUCTURE IS FORMED BY DRAPE OVER N W STRIKING L-M JURASSIC HORST BLOCK. EXPRESSION OF THE STRUCTURE INCREASES WITH DEPTH AND VERTICAL CLOSURE AT THE KARROO SERIES LEVEL IS AT LEAST 1000'. THE CRITICAL CLOSURE IS TO THE NE. THE CONTROLLING NW-SE DOWN TO THE NE FAULT IS MAPPED BY AN ADEQUATE SEISMIC GRID.

RESERVOIR OBJECTIVE : THE KARROO SERIES NON-MARINE SS. ENCOUNTERED IN SEAGULL SHOALS #1 AND RETIH BANK #1 - OVER 2000 M NEVER REACHED THE BASE AND POROSITY UP TO 20%. MID-JURASSIC SHALLOW MARINE SS. ENCOUNTERED IN THE SEAGULL SHOAL #1 HAD POROSITY OF 14-18%. THE UPWARD CLEANING OF THE SAND SUGGESTS A PROGRADING SEQUENCE SUCH AS A BAR SAND.

CHARGE AND SEAL : TRIASSIC-JURASSIC GAS AND OIL PRONE SHALES (TOC 0.5 - 4.0% IN AMOCO WELLS). JURASSIC CRETACEOUS GAS AND OIL PRONE SHALES (TOC 0.5 - 2.0% IN AMOCO WELLS). OIL PRONENESS EXPECTED TO INCREASE EASTERLY TO RESTRICTED MARINE/LACUSTRINE EMBAYMENT IN SOUTHERN SHELF FAIRWAY.

SEAL IS PROVIDED BY LOWER CRETACEOUS - UPPER JURASSIC OPEN MARINE SHALE ENCOUNTERED IN OWEN BANK #1 EXPECTED IN THE HALF GRABEN TO THE EAST. POTENTIAL SEALS WITHIN THE KARROO ARE POSTULATED.



ENCLOSURE #15

Previous work has been completed on the area by Texaco which has provided a number of critical inclusions, including potential oil reserve figures ranging from 300 million barrels to three billion barrels – as shown in the Prospect Data Sheet above.

Recent successes in the region include Anadarko Petroleum Corporation and Cove Energy Plc's discovery of more than 416 net feet of natural gas at the deepwater Barquentine exploration well in Mozambique and the same joint venture's significant gas find at the Windjammer prospect in the same area in February 2010.

The region's potential has also attracted new investors including UK-based Afren PLC, which recently concluded a A\$110 million takeover of Black Marlin Energy Holdings Limited. Black Marlin, which holds 11,000 sq. km (net) of exploration interests off the Seychelles coast, is currently the only other company with exploration permits in Seychelles.

The Republic of Seychelles is shortly expected to conduct an offshore licensing round for new exploration blocks which is likely to generate renewed interest in the country's petroleum potential.

SEISMIC ACQUISITION

A better understanding of the petroleum systems located off the coast of the Republic of Seychelles will also flow from the recent announcement that Seychelles Petroleum Company, (SEYPEC), Fugro and Geomahakarsa have signed a Cooperation Agreement for the acquisition, processing, interpretation and license of geoscientific data within the Seychelles Exclusive Economic Zone (EEZ) on a multi client basis.

Under this agreement, Switzerland-based Fugro Data Services AG and Indonesian-based geophysical company Geomahakarsa will together acquire over 17,000 km of 2D seismic, gravity and magnetic data within the Seychelles EEZ. At least 7,000km of 2D seismic data will be acquired directly over SEYCO's blocks.

SEYPEC has determined the project will improve geophysical data and geological understanding to promote interest in hydrocarbon exploration in the Republic of Seychelles.

All of the data acquired will be made available for license to oil and gas companies who are keen to explore for hydrocarbons in the EEZ of Seychelles.

The data acquisition will take place during the last quarter of 2010.

TERMS OF THE ACQUISITION OF SEYCO

WHL Energy, on the receipt of all relevant approvals, will acquire all of the issued capital of SEYCO in consideration for the issue to the Vendors of SEYCO of:

- 150,000,000 ordinary fully paid shares of WHL Energy (75,000,000 shares will be subject to a voluntary escrow of 12 months post approval of acquisition);
- 60,000,000 options to acquire a further share, exercisable at 7.5 cents, expiring 30th June 2012;
- 250,000,000 performance shares that are convertible into ordinary shares in the capital of the Company on the sooner to occur of the following events (provided that one of the events occurs prior to 31 December 2012):

- WHL enters into one or more unconditional binding farmin agreements with one or more third parties where the farminee/s have an obligation to spend not less than 50% of the Work Commitment related to period two (including extensions); or
- the VWAP of WHL's shares as traded on ASX is 10 cents or more for 10 consecutive trading days.

In addition to the above, the Company will be paying back costs which have been agreed to total US\$1.5 million to complete the acquisition of the entity that holds the exploration blocks.

WHL Energy has acknowledged that the 6.5% overriding royalty interest ("the Royalty") in relation to the Seychelles exploration blocks will remain in place.

The acquisition is subject to the following conditions precedent:

- Completion of due diligence by WHL Energy on SEYCO and the exploration blocks;
- SEYCO completing the acquisition of the entity that holds the exploration blocks (this acquisition is only conditional on the remaining portion of a US\$1.5 million payment being made); and
- Approval from WHL Energy shareholders in a general meeting.

The Company intends to convene a shareholders' meeting in the near future to seek approval for the acquisition.

Further details of the consideration will be set out in the Notice of Meeting sent out to shareholders to consider and approve the Transaction at a meeting in December 2010.

INTENTIONS IN RELATION TO EXISTING ASSETS

The Company will continue to pursue its interests in the Kentucky Shale Gas Project (WHL Energy 16.66%), the Wardlaw Project (WHL Energy 50%), the KOS Energy Oil Production Joint Venture and the Wings Law Wind Farm Project.

FURTHER INFORMATION

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Competent Person Statement

In accordance with Chapter 5 of the Listing Rules, the geological information in this report has been reviewed by Mr Mark Sloan, a geologist and Geophysicist with 22 years experience. He is a member of the European Association of Geoscientists and Engineers. Mr Sloan has given his consent for the information in the form and content to which it appears.

REPUBLIC OF SEYCHELLES BACKGROUND

Seychelles is a modern, politically stable multiparty democracy with good infrastructure to facilitate petroleum operation activities. The Republic's national oil company Seychelles Petroleum Company (SEYPEC) has available for review all well and geophysical data acquired since exploration began in 1977.

The economic and legal terms for exploration and production in Seychelles are laid down in a modern, concession-type Model Petroleum Agreement (MPA). The major provisions of the MPA provide for an internationally competitive return on investment.

Petroleum Geology²

The Seychelles Petroleum Frontier coincides with a micro-continental fragment of Gondwana that originally lay adjacent to western India, eastern Somalia and northeastern Madagascar. Thick, rift-generated Mesozoic sequences occur, yet only 4 exploration wells have been drilled, 3 of which were invalid by either failing to reach the objective or being sited off structure. Nevertheless, these wells have proven the presence of:

1. Oil-prone Source Rocks containing Type II kerogen in coaly deltaic shales of the Middle Jurassic and in marine shales of the Upper Jurassic.
2. Mixed source rocks bearing Type II/III kerogen in deltaic marine shales of the Lower Cretaceous that are II correlative of oil-generating shales in Somalia.
3. Gas-prone sources containing Type I kerogen in Upper Triassic fluvial shales and Paleocene marine shales, the latter being correlative of oil and gas generating source rocks of the Deep Continental Shelf trend of the Bombay High Oil Province offshore west India.
4. Evidence of hydrocarbon generation and migration with well shows, such as 0.7 ml benzene in DST-1 of Reith Bank-1, 10,010 ppm of 99.8% n-C4 headspace gas coincident with a small fault in the same well and 20% petrol vapours at an immature level of volcanics in Owen Bank A-1.
5. Migrant oil has been directly extracted from side-wall cores acquired in the Reith Bank-1 at the key target Liassic level well proving un-equivocally that an active Petroleum System exists in the immediate area.
6. Clastic reservoirs with measured porosities up to 22% are proven by the drill bit in sediments of the late Triassic / Early-Middle Jurassic age (Liassic).
7. Sealing lithologies both locally in syn-rift, and regionally in post-rift sequences.

An extensive seismic dataset, plus a variety of remote sensing data have been collected which bolster the well data by confirming the presence of:

1. A variety of trapping styles, dominated by tilted fault blocks, stratigraphic pinchouts and reefs
2. Multiple heating events, with the principal event post-dating trap formation
3. Hydrocarbon generation and migration with the presence of:

² Seychelles Investment Bureau, <http://www.sib.gov.sc/pages/invopp/PotentialProjects/OilExploration.aspx>

- numerous DHIs on seismic, including gas chimneys, flat spots, bright spots, phase changes and chemosynthetic reefs
- gas sniffer anomalies, involving ethane/iso-butane in the southeast and propane/normal butane/total hydrocarbon in the north and northeast
- UV fluorescence anomalies, especially over the wells and in the southeast - 4 types of beach-stranded tar that correlate to the local source rock stratigraphy

Exploration History

The turn of the 1970s saw the first reflection seismic in the region when Mobil included the Seychelles Plateau and some of the adjacent banks on a regional survey from East Africa to Sri Lanka. These data, coupled with 470 km of reconnaissance seismic by Burmah Oil over the plateau in 1973, revealed a recognizably block faulted sequence overlain by a flat-lying sequence comparable to a rift-drift succession, with the sedimentary section reaching at least 6 km in thickness.

An influx of petroleum companies occurred in 1977 when three Petroleum Agreements were signed with Oxoco, Siebens and a Burmah Oil-led consortium. These companies acquired some 6400 km of seismic data between 1977 and 1979, the interpretation of which revealed the presence of both structural and stratigraphic leads. However, only Amoco from the Burmah-led consortium was prepared to commit to a drilling phase and although the three subsequent wells were plugged and abandoned, all encountered hydrocarbon shows. Post-mortems have revealed that two of the wells were invalid tests, as Owen Bank A-1 failed to reach the objective due to rig limitations. The third well, Seagull-1, was drilled on a structural nose opening to the southeast. Reith Bank-1, had inadequate seal atop the primary objective.

Amoco remained optimistic and in 1982 commissioned a 27,900 km aeromagnetic survey, followed in 1983 by the acquisition of 7,100 km of seismic, gravity/magnetics and waterborne gas sniffer data around the Seychelles Plateau, as well as over the adjacent banks and the distant Farquhar/Providence area. Despite the presence of significant sedimentary packages and a number of leads and geochemical anomalies, however, Amoco relinquished their acreage in 1986 during a time of general industry upheaval.

That same year, the then Seychelles National Oil Company (SNOC) assumed responsibility for promoting the petroleum potential of Seychelles and the following year Enterprise Oil signed a Petroleum Agreement for the Southeastern Shelf plus Constant, Coetivy and Fortune Banks, with an option to later include Platte Bank. In 1987, Enterprise acquired 4,870 km of seismic and gravity/magnetics data and in 1990 opted to enter a drilling phase and take-up the option over Platte. In that same year, both Texaco and Ultramar also signed Petroleum Agreements.

The three licensees conducted a group-shoot acquisition programme in 1991, gathering 3,675 km of seismic and gravity/magnetics data. Enterprise also conducted an airborne UV fluorescence "Seepfinder" survey over its concession areas. In 1992 Texaco relinquished its acreage in favour of the newly opened Former Soviet Union, whilst in 1993 Lasmo, who had acquired the Ultramar acreage through takeover, relinquished its acreage as such frontier areas were not a company priority. Lasmo did, however, contribute towards a joint project with SNOC aimed at determining more fully the underlying tectonic framework of the region.

In 1995 Enterprise drilled the Constant Bank-1 well, but failed to reach the Cretaceous

objective before abandoning the well. In mid 1996 Enterprise relinquished their acreage. Later that year Seychelles was included in a Canadian-sponsored regional study of the countries within and bordering the western Indian Ocean. Geochemical analysis of well cuttings during this study identified oil-prone Type II kerogen in the Middle Jurassic deltaic shales of the Seagull Shoals-1 well.

The Seychelles National Oil Company Limited embarked on a programme to widely distribute knowledge of the petroleum potential of the region through promotional material, seminars and technical publications. Also, apatite fission track analysis and thermal maturity modelling by Geotrack International and Dr Doug Waples indicated a multiple event heating history and good potential for source rock maturity.

In 2005, the Seychelles National Oil Company merged with the Seychelles Petroleum Company Limited (SEPEC) and currently exploration activities are being handled by the Exploration Department in SEPEC.

- ENDS -