

WHL Energy cashed up

Australian oil and gas company WHL Energy announced in January that it remains well positioned to fund its current work programs with \$8.205 MM in cash available at the end of December.

The company has also noted an increase in interest in proven gas assets, such as the La Bella field in the wake of widespread reporting in the Australian media that the east coast of Australia is potentially facing a major gas shortage.

This includes reports that major industrial users along the eastern seaboard have been unable to source firm up domestic gas supplies beyond 2015.

WHL Energy's Managing Director, Steve Noske, said 'industrial consumers' concerns of a looming domestic gas shortage and reports that gas prices

on the eastern seaboard are about to increase significantly has been raised in recent discussions the company has had with potential partners. The company also continues to work with technical consultants completing engineering studies that will provide a valuation on the estimated gas and condensate reserves associated with the La Bella development in VIC/P67. Initial modelling using conservative estimates for future commodity pricing provides estimated life of project revenues in excess of \$1 B for the development of a 150 Bcf recoverable resource.

"This 'gas crisis' has certainly opened up fantastic opportunities for companies like WHL Energy that have proven gas assets. This certainly has been reflected in the increasing interest we have received from potential farminees and JV partners," Noske said.

"While WHL Energy has received non binding farm in and JV offers from some individual organisations active in the area it has elected not to pursue these offers at this time as the company believes there is significant upside in the VIC/P67 asset pending the outcome of the planned seismic activities in the permit.

"After much consideration, the WHL Energy Board ascertained the offers didn't provide the company with sufficient value given the independent advice received regarding a proven gas field like La Bella; that can potentially be quickly tied into the Eastern States gas grids.

"However, the company continues to hold discussions with a number of interested parties and will continue to do so as and work hard to obtain the best return for our shareholders on this highly valuable asset."

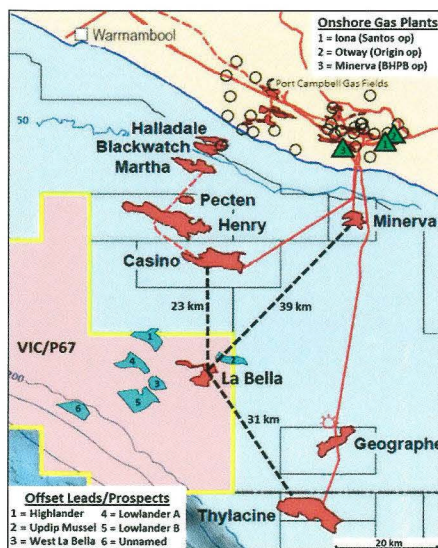
WHL Energy is currently undertaking further independent preliminary engineering studies that will provide a valuation on the estimated gas and condensate reserves associated with the La Bella field.

WHL Energy also reported it has submitted documentation related to the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) as part of the company's application process to acquire 3D seismic over the VIC/P67 permit.

The company is planning to acquire 811 km² of 3D seismic over the VIC/P67 permit as part of its work commitments for the permit. The information received from that survey will firm up the resource assessment and field development plans for the La Bella field along with the nearby prospects and leads the Company has already identified, which total in excess of 500 Bcf.

Located approximately 200 km WSW of Melbourne, VIC/P67 contains the undeveloped La Bella gas/condensate field which has been by assessed by WHL Energy to contain a 2C Contingent Resources of 158 petajoules (PJ).

The La Bella field lies in 95 m of water some 55 km off the southern Victorian coast near a number of other gas fields that are already in production with existing infrastructure. These include the Casino field operated by Santos and the Minerva field operated by BHPP. The discovery well for the field was drilled in 1993 by BHP Billiton encountering a gas column that has been mapped to be up to 138 m in the Waarre Sandstone formation. ■



Location of the La Bella field.