



Western Plains Petroleum Ltd.
Unaudited Condensed Interim Financial Statements

June 30, 2012

NOTICE OF NO AUDITOR REVIEW

Pursuant to National Instrument 51-102 Part 4, subsection 4.3(3) (a), the accompanying unaudited condensed interim financial statements have been prepared by management and the Company's independent auditors have not performed a review of these unaudited condensed interim financial statements.

Western Plains Petroleum Ltd.
Condensed Interim Statements of Financial Position
Expressed in Canadian dollars

Unaudited

	Notes	June 30, 2012	December 31, 2011
Assets			
Current assets			
Trade and other receivables	11(a)	1,422,529	1,469,272
Deposits and prepaid expenses		40,185	45,285
Total current assets		1,462,714	1,514,557
Non-current assets			
Property and equipment	3	8,154,507	8,019,074
Total assets		9,617,221	9,533,631
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,407,431	3,336,841
Bank debt	4	1,625,000	125,000
Total current liabilities		4,032,431	3,461,841
Non-current liabilities			
Decommissioning provisions	5	1,191,000	1,139,400
Total liabilities		5,223,431	4,601,241
Equity			
Share capital		7,334,127	7,334,127
Contributed surplus		754,845	744,845
Deficit		(3,695,182)	(3,146,582)
Total equity		4,393,790	4,932,390
Total liabilities and equity		9,617,221	9,533,631

Going Concern – Note 1
Commitments and Contingencies – Note 9
Related Parties Transactions – Note 10

See accompanying notes to the condensed interim financial statements.

Approved by the Board of Directors: “Signed David Forrest” “Signed Leigh Stewart”

Western Plains Petroleum Ltd.
Condensed Interim Statements of Comprehensive Income (Loss)
Expressed in Canadian dollars
Unaudited

Periods ended June 30	3 months 2012	3 months 2011	6 months 2012	6 months 2011
Revenue				
Petroleum revenue	915,504	786,793	1,709,623	1,434,519
Expenses				
Royalties	243,377	147,598	399,477	253,928
Production and transportation	593,575	441,343	1,015,983	726,563
General and administrative	221,185	117,384	355,771	222,039
Transaction	70,406	19,303	70,406	70,511
Depletion and depreciation	242,000	196,000	403,000	347,000
Share based compensation (Note 6)	10,000	-	10,000	-
	1,380,543	921,628	2,254,637	1,620,041
Operating loss	(465,039)	(134,835)	(545,014)	(185,522)
Gain on disposal of property	37,000	-	37,000	-
Finance expense (Note 7)	(24,934)	(65,993)	(40,586)	(75,349)
Loss before income taxes	(452,973)	(200,828)	(548,600)	(260,871)
Income tax recovery - deferred	-	-	-	61,000
Total comprehensive income (loss)	(452,973)	(200,828)	(548,600)	(199,871)
Basic and diluted income (loss) per share	(0.01)	(0.01)	(0.01)	(0.00)
Weighted average common shares outstanding	55,101,153	55,101,153	55,101,153	55,101,153

See accompanying notes to the condensed interim financial statements.

Western Plains Petroleum Ltd.
Condensed Interim Statements of Changes in Shareholders' Equity
Expressed in Canadian dollars
Unaudited

	Common Shares Note	Common Shares #	Common Shares \$	Warrants \$	Contributed Surplus \$	Deficit \$	Total Equity \$
Balance, January 1, 2011		55,101,153	7,334,127	54,000	615,845	(3,134,810)	4,869,162
Total comprehensive income		-	-	-	-	(199,871)	(199,871)
Balance, June 30, 2011		55,101,153	7,334,127	54,000	615,845	(3,334,681)	4,669,291
Balance, December 31, 2011		55,101,153	7,334,127	-	744,845	(3,146,582)	4,932,390
Share based compensation	6	-	-	-	10,000	-	10,000
Total comprehensive loss		-	-	-	-	(548,600)	(548,600)
Balance, June 30, 2012		55,101,153	7,334,127	-	754,845	(3,695,182)	4,393,790

See accompanying notes to the condensed interim financial statements.

Western Plains Petroleum Ltd.
Condensed Interim Statements of Cash Flows
Expressed in Canadian dollars
Unaudited

Six months ended June 30	Notes	2012	2011
Cash provided by (used in):			
Operating activities			
Total comprehensive (loss) income		(548,600)	(199,871)
Adjustments for:			
Depletion		403,000	347,000
Share based compensation		10,000	-
Finance expense		40,586	75,349
Gain on sale of property		(37,000)	-
Abandonment costs		-	(18,600)
Changes in non-cash working capital	8	141,667	621,109
Cash provided by (used in) operating activities		9,653	824,987
Investing activities			
Additions to property and equipment		(744,378)	(2,153,264)
Disposition of property		280,846	-
Changes in non-cash working capital	8	(1,019,235)	799,114
Cash used in investing activities		(1,482,767)	(1,354,150)
Financing activities			
Increase in bank loan		1,500,000	
Interest and finance costs		(26,886)	(2,456)
Changes in non-cash working capital	8	-	141,146
Cash provided by financing activities		1,473,114	138,690
Change in cash		-	(390,473)
Cash & cash equivalents, beginning of period		-	390,473
Cash & cash equivalents, end of period		-	-

See accompanying notes to the condensed interim financial statements.

Western Plains Petroleum Ltd.

Notes to the Condensed Interim financial Statements

June 30, 2012

1. General business description and going concern

Western Plains Petroleum Ltd. (the “Company” or “Western Plains”) was incorporated under the Business Corporations Act (Alberta) on November 19, 2004. The Company trades under the symbol “WPP” on the TSX Venture Exchange (“TSXV”).

The Company’s address is 202, 5004 – 18th Street, Lloydminster, Alberta T9V 1V4, Canada. The Company engages in the exploration for and the development, production and acquisition of petroleum and natural gas reserves in Western Canada.

These condensed interim financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. If the Company is unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company’s ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate sufficient cash from operating and financing activities to meet the Company’s needs. The Company was in breach of its working capital covenant as prescribed in its loan agreement with its bank at June 30, 2012 (Note 4). These condensed interim financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts significantly different from those recorded in these condensed interim financial statements. The Company has a deficit and net debt as follows:

	June 30, 2012	December 31, 2011
Deficit	(3,695,182)	(3,146,582)
Net debt (Note 11 (b))	(2,569,717)	(1,947,284)

2. Basis of preparation

These condensed interim financial statements have been prepared following the same accounting policies as disclosed in Note 3 in the Company’s audited financial statements for the years ended December 31, 2011 and 2010. These condensed interim financial statements for the three and six months ended June 30 2012, should be read in conjunction with the financial statements for the years ended December 31, 2011 and 2010 and the notes thereto. These condensed interim financial statements for the three and six months ended June 30, 2012, do not include all of the required disclosure for annual financial statements.

These condensed interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” (“IAS 34”) using accounting principles consistent with International Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) up to August 17, 2012, the date the Board of Directors approved these condensed interim financial statements.

Western Plains Petroleum Ltd.
Notes to the Condensed Interim financial Statements (continued)
June 30, 2012

3. Property and equipment

	Oil & Natural Gas Assets	Office Assets	Total
Cost			
Balance, January 1, 2011	5,352,587	-	5,352,587
Additions	3,530,467	46,846	3,577,313
Transfer from exploration & evaluation assets	245,774	-	245,774
Decommissioning provisions	635,400	-	635,400
Dispositions	(664,000)	-	(664,000)
Balance, December 31, 2011	9,100,228	46,846	9,147,074
Additions	744,379	-	744,379
Decommissioning provisions	37,900	-	37,900
Dispositions	(246,000)	(846)	(246,846)
Balance, June 30, 2012	9,636,507	46,000	9,682,507
Accumulated depletion			
Balance, January 1, 2011	(282,000)	-	(282,000)
Depletion and depreciation	(838,000)	(8,000)	(846,000)
Balance December 31, 2011	(1,120,000)	(8,000)	(1,128,000)
Dispositions	3,000	-	3,000
Depletion and depreciation	(396,000)	(7,000)	(403,000)
Balance June 30, 2012	(1,513,000)	(15,000)	(1,528,000)
Net book value			
Balance, January 1, 2011	5,070,587	-	5,070,587
Balance, December 31, 2011	7,980,228	38,846	8,019,074
Balance, June 30, 2012	8,123,507	31,000	8,154,507

Depletion and impairment

The depletion cost base includes future development costs of \$2,875,000 (\$3,085,000 at December 31, 2011) and has excluded salvage value of equipment of \$1,005,000 (\$967,500 at December 31, 2011). No petroleum and natural gas property cash-generating units were considered impaired as at or during the periods ended June 30, 2012 or 2011.

Western Plains Petroleum Ltd.
Notes to the Condensed Interim financial Statements (continued)
June 30, 2012

4. Bank debt

The Company has an agreement with a Canadian chartered bank for lines of credit, which are payable on demand and secured by a \$25,000,000 debenture and general security agreement on all assets of the Company.

In February 2012 the bank increased the revolving facility limit to \$2,200,000 from \$1,000,000.

This revolving credit facility bears interest at prime plus 1.5%. As at June 30, 2012, the Company had drawn \$1,625,000 (\$125,000 at December 31, 2011) and was in compliance with all covenants except the working capital ratio. The loan agreement requires a working capital ratio of 1:1. The actual ratio at June 30, 2012 was 1:0.85. In May 2012, the Company suspended its capital program to direct all cash inflow from operating activities to reduction of the bank debt. This plan will restore the working capital deficiency over the balance of 2012. In the meantime the Company is considering strategic alternatives overseen by a special committee of independent directors and with the assistance of a financial advisor. The committee and the advisor are working to identify and evaluate possible liquidity events. The Company has requested a waiver of the breach of working capital from the bank which has not yet been received.

The Company also has available a development facility for an amount up to \$300,000. This demand credit facility bears interest at prime plus 2.0%. The Company has not drawn on the available facility to date.

5. Decommissioning provisions

The following accounts for the continuity of the decommissioning provisions:

	Continuity
Balance, January 1, 2011	651,000
Liabilities incurred or acquired	840,800
Liabilities settled or disposed	(182,200)
Change of estimate	(205,400)
Accretion	35,200
Balance, December 31, 2011	1,139,400
Liabilities incurred or acquired	37,900
Liabilities settled	-
Accretion	13,700
Balance, June 30, 2012	1,191,000

At the period end the undiscounted, inflation adjusted total future liability to settle the obligation is estimated to be \$1.8 million (December 31, 2011 - \$1.8 million). This amount has been discounted using a risk free rate of 2.25% at June 30, 2012 (2.41% at December 31, 2011, 2.55% at March 31, 2012).

Western Plains Petroleum Ltd.
Notes to the Condensed Interim financial Statements (continued)
June 30, 2012

6. Share Capital

Stock option plan

The Company established a Stock Option Plan (“Plan”) for directors, officers, employees and service providers. The maximum number of common shares which may be reserved under the Plan may not exceed 10% of the outstanding common shares at that time. Options granted under the plan generally have a term of five years and vest on the date of grant. The exercise price of each option equals or exceeds the market price of the Company’s common shares on the date of grant.

The details of the outstanding and exercisable options follow:

Expiry	Weighted Average Remaining Life (years)	Exercise Price	# of options
March, 2013	0.70	\$0.11	260,000
July 2013	1.06	\$0.14	50,000
December 2013	1.47	\$0.10	500,000
June 2015	2.93	\$0.15	1,300,000
December 2015	3.46	\$0.21	1,350,000
October 2016	4.32	\$0.11	800,000
May 2017	4.84	\$0.10	200,000
			4,460,000

The following accounts for the continuity of the stock options:

	# of options	Weighted Average Price
Balance, January 1, 2011	4,152,000	0.16
Granted	1,000,000	0.11
Expired	(192,000)	0.30
Balance, December 31, 2011	4,960,000	0.15
Granted	200,000	0.10
Expired	(700,000)	0.14
Balance, June 30, 2012	4,460,000	0.15

The 200,000 options issued in May, 2012 vested immediately. The fair value of \$10,000 for these options was determined using the following assumptions:

Risk free interest rate (%)	1.39
Expected volatility (%)	88%
Expected life (in years)	5 years
Expected dividends	-
Forfeiture rate	0%

Western Plains Petroleum Ltd.
Notes to the Condensed Interim financial Statements (continued)
June 30, 2012

7. Finance expense

Three and six months ended June 30	3 months 2012	3 months 2011	6 months 2012	6 months 2011
Recovery or (fees and other costs) on bank debt	-	2,245	(3,600)	(211)
Interest on bank debt	(18,034)	(2,238)	(23,286)	(2,238)
Accretion of decommissioning provisions	(6,900)	(66,000)	(13,700)	(72,900)
Finance expense	(24,934)	(65,993)	(40,586)	(75,349)

8. Supplemental cash flow information

Changes in non-cash working capital are comprised of:

Six months ended June 30	2012	2011
Cash provided by (used in):		
Trade and other receivables	46,743	214,245
Subscriptions receivable	-	176,400
Deposits and prepaid expenses	5,100	4,217
Accounts payable and accrued liabilities	(929,411)	1,166,507
Changes in non-cash working capital	(877,568)	1,561,369
Cash provided by (used in):		
Operating activities	141,667	621,109
Investing activities	(1,019,235)	799,114
Financing activities	-	141,146
Changes in non-cash working capital	(877,568)	1,561,369

Western Plains Petroleum Ltd.
Notes to the Condensed Interim financial Statements (continued)
June 30, 2012

9. Commitments and contingencies

In June 2011 the Company entered into a lease for office space with an expiry of August 31, 2013. The minimum lease payments amount to \$7,800 for the remaining 6 months of 2012 and \$10,400 for 2013.

In May 2012 the Company was served with a statement of claim in the amount of \$750,000 or seeking specific performance to meet the conditions of a farm-in agreement. The outcome of the claim is unknown at this time and no amounts have been accrued in these condensed interim financial statements relating to this matter.

The Board of Directors appointed a Special Committee of independent Board members with a mandate to undertake a process to evaluate the various strategic alternatives available to Western Plains with the goal of maximizing shareholder value. The Company engaged an exclusive financial advisor and agent to assist in identifying and evaluating possible liquidity events. A success fee will be payable should a transaction occur. No decision on any particular alternative has been reached at this time.

10. Related party transactions

The Company entered into the following related party transactions, all of which were in the normal course of operations and have been valued at the exchange amount that is the amount of consideration established and agreed to by the related parties:

- Various oil field services and products provided by corporations in which an officer and director of the Company is an officer and a director:
 - \$428,221 was incurred in the six months ended June 30, 2012 (2011 - \$304,054) of which \$204,003 (December 31, 2011 - \$65,013) was in accounts payable and accrued liabilities at June 30, 2012;
 - Costs were recorded as either production expense or capital expenditures depending on the nature of the expenditure;
- Executive services provided by a corporation in which an officer and a director of the Company is an officer and director:
 - \$87,480 was incurred in the six months ended June 30, 2012 (2011 - \$178,000) for executive services. \$nil (December 31, 2011 - \$15,309) was in accounts payable and accrued liabilities at June 30, 2012;
 - Costs were recorded as general and administrative expense;
- Certain oil and natural gas properties are held as joint arrangements (working interest partner who is operator of the property) with an entity with common management and officers:
 - The joint interest partner billed the Company \$174,659 for capital costs and \$1,547 was provided as net operating revenue in the six months ended June 30, 2012 (2011 - \$88,232 for capital costs, \$6,643 for net operating costs);
 - The Company and the joint interest partner closed the sale of undeveloped land for cash consideration of \$280,000.
 - \$39,515 was in trade and other receivables at June 30, 2012 (December 31, 2011 \$289,235 was in accounts payable and accrued liabilities) related to the above transactions.

Western Plains Petroleum Ltd.
Notes to the Condensed Interim financial Statements (continued)
June 30, 2012

11. Financial instruments

(a) Credit risk - Trade and other receivables

The maximum exposure to credit risk comprises trade and other receivables:

	June 30, 2012	December 31, 2011
Trade and other receivables	1,422,529	1,469,272

The Company did not have an allowance for doubtful accounts as at June 30, 2012 or December 31, 2011 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the three and six months ended June 30, 2012 or 2011.

The Company considers all amounts greater than 90 days as past due of which there was \$744,766 (\$337,942 at December 31, 2011) past due at June 30, 2012 from joint venture partners and others. For the amounts due from joint venture partners, the Company will apply net revenues otherwise attributable to those partners against the amounts owed until fully recovered.

The Company's trade and other receivables comprised the following:

	June 30, 2012	December 31, 2011
Oil revenue	582,116	926,872
Joint venture partners	790,423	420,669
Other	49,990	121,731
Trade and other receivables	1,422,529	1,469,272

(b) Capital management

The Company monitors net debt determined as follows:

	June 30, 2012	December 31, 2011
Trade and other receivables	1,422,529	1,469,272
Deposits and prepaid expenses	40,185	45,285
Accounts payable and accrued liabilities	(2,407,431)	(3,336,841)
Bank debt	(1,625,000)	(125,000)
Net debt	(2,569,717)	(1,947,284)