



# Western Plains Petroleum Ltd.

## Western Plains Petroleum Enters Letter of Intent to Acquire Lloydminster Heavy Oil Interests for \$1.5 million

**MAY 18, 2010 - CALGARY, ALBERTA** – Western Plains Petroleum Ltd. (TSXV:WPP) (“**Western Plains**” or the “**Company**”) announced today that the Company has entered into a non-binding letter agreement with two private oil & gas companies, Corlac Resources Ltd. (“**Corlac**”) and Brahma Resources Ltd. (“**Brahma**”), to acquire a 100% working interest in certain jointly held petroleum & natural gas rights located in the Lloydminster area of Saskatchewan the (the “**Assets**”), for a purchase price of \$1.5 million, subject to standard industry adjustments (the “**Transaction**”). The Transaction is expected to close on or about June 18, 2010, with an effective date of May 1, 2010.

The Company has reserved 10,000,000 common shares (“**Common Shares**”), at a price of \$0.15 per share, as the consideration for the \$1.5 million purchase price. These Common Shares are intended to be issued and allocated as to 5,000,000 Common Shares each to Corlac and Brahma at closing of the Transaction.

The Transaction contemplates Western Plains acquiring Corlac/Brahma’s jointly held 100% interest in 920 gross acres (920 net acres) of land in the Lloydminster area containing two active wells, located at 13-06-51-25 W3M and 14-32-48-22 W3M, 10 shut-in wells and three identified drilling locations, for a total of 12 gross wells (12 net wells). The Assets were evaluated by the independent engineering firm of Chapman Petroleum Engineering Ltd. (“**Chapman**”) in a report prepared for Brahma Resources Ltd. entitled *Reserve and Economic Evaluation Certain Heavy Oil Interests Lloydminster Area Saskatchewan, effective March 1, 2010*, dated April 28, 2010 (the “**Chapman Report**”), in accordance with the rules under National Instrument *Standards of Disclosure for Oil and Gas Activities* (“**NI 51-101**”). The Chapman Report has been prepared in accordance with the standards contained in the *Canadian Oil and Gas Evaluation Handbook* and the reserve definitions contained in NI51-101.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report, which will be summarized in the Company’s management information circular to be mailed to its shareholders in connection with its annual general and special meeting to be held on June 18, 2010. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated. **No estimates of reserves, estimates of future net revenue, or abandonment and restoration costs were attributed in the Chapman Report to the 10 shut-in wells that comprise part of the Assets.**

**SUMMARY OF OIL AND GAS RESERVES BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 1, 2010**

Reserves Category	Company Reserves <sup>(1)</sup>							
	Light and Medium Oil		Heavy Oil		Natural Gas <sup>(9)</sup>		Natural Gas Liquids	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
	MSTB	MSTB	MSTB	MSTB	MMscf	MMscf	Mbbl	Mbbl
<b>PROVED</b>								
Developed Producing <sup>(2)(6)</sup>	0	0	12	12	0	0	0	0
Developed Non-Producing <sup>(2)(7)</sup>	0	0	0	0	0	0	0	0
Undeveloped <sup>(2)(8)</sup>	0	0	0	0	0	0	0	0
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>0</b>	<b>0</b>	<b>292</b>	<b>261</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>0</b>	<b>0</b>	<b>304</b>	<b>273</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**SUMMARY OF NET PRESENT VALUES BASED ON FORECAST PRICES AND COSTS  
AS AT MARCH 1, 2010**

Reserves Category	Net Present Values of Future Net Revenue									
	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<b>PROVED</b>										
Developed Producing <sup>(2)(6)</sup>	393	356	326	300	278	282	255	232	213	198
Developed Non-Producing <sup>(2)(7)</sup>	0	0	0	0	0	0	0	0	0	0
Undeveloped <sup>(2)(8)</sup>	0	0	0	0	0	0	0	0	0	0
<b>TOTAL PROVED<sup>(2)</sup></b>	<b>393</b>	<b>356</b>	<b>326</b>	<b>300</b>	<b>278</b>	<b>282</b>	<b>255</b>	<b>232</b>	<b>213</b>	<b>198</b>
<b>TOTAL PROBABLE<sup>(3)</sup></b>	<b>13,084</b>	<b>9,870</b>	<b>7,756</b>	<b>6,293</b>	<b>5,234</b>	<b>9,489</b>	<b>7,095</b>	<b>5,518</b>	<b>4,424</b>	<b>3,633</b>
<b>TOTAL PROVED + PROBABLE<sup>(2)(3)</sup></b>	<b>13,477</b>	<b>10,226</b>	<b>8,082</b>	<b>6,593</b>	<b>5,513</b>	<b>9,771</b>	<b>7,350</b>	<b>5,750</b>	<b>4,637</b>	<b>3,830</b>

**Notes:**

- "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
- "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.
- "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
- "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
- "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
- Includes associated, non-associated and solution gas where applicable.

The previous summary of reserves and values was based on the Chapman forecast Saskatchewan Heavy price at March 1, 2010 from the table below, adjusted for estimated corporate differentials for quality and other factors.

Date	WTI [1] \$US/\$STB	Sask. Heavy [2] \$CDN/\$STB	Bank of Canada Average Noon Exchange Rate \$US/\$CDN
<b>CURRENT YEAR FORECAST</b>			
2010	80.00	75.17	0.95
<b>FUTURE FORECAST</b>			
2011	83.00	78.02	0.95
2012	86.00	80.88	0.95
2013	90.00	84.68	0.95
2014	94.00	88.48	0.95
2015	98.00	92.29	0.95
2016	101.00	95.14	0.95
2017	103.02	97.06	0.95
2018	105.08	99.02	0.95
2019	107.18	101.02	0.95
2020	109.33	103.06	0.95
2021	111.51	105.14	0.95
2022	113.74	107.26	0.95
2023	116.02	109.42	0.95
2024	118.34	111.63	0.95
2025	120.70	113.88	0.95

Constant thereafter

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
  - [2] Midale at Cromer, Saskatchewan (880 kg/m<sup>3</sup>, 2.0% sulphur).

The Transaction is subject to industry standard closing conditions, including regulatory approval. In addition, the Transaction will be considered a "reviewable" transaction under the policies of the TSX Venture Exchange ("**Exchange**"), requiring the approval of a majority of the "disinterested" shareholders of Western Plains. Western Plains has called its annual general and special meeting for June 18, 2010 to seek shareholder approval for, among other matters, the Transaction in accordance with the Exchange's policies. The votes of Mr. David Forrest, President and CEO of the Company, who is also the President and CEO of Brahma, who hold 35.6% of the outstanding Common Shares, will not be included in the calculation of shareholder approval sought for the Transaction at the annual general and special shareholders' meeting.

The Transaction is considered a "related party transaction" pursuant to Multilateral Instrument 61-101 ("**MI 61-101**"). However, the Transaction is exempt from the related party transaction requirements of MI 61-101 as the size of the Transaction, insofar as it relates to interested parties, is less than 25% of the market capitalization of the Company pursuant to sections 5.5 (a) and 5.7 (a) of MI 61-101.

The parties currently intend to negotiate and enter into the Definitive Agreement for the Transaction, which will be expected to include customary terms and conditions for transactions of this nature, including (i) completion of due diligence by the Company; and (ii) the receipt of all necessary regulatory, corporate and third party approvals, including the approval of the Exchange, any shareholder approvals or consents that may be required under the policies of the Exchange, and compliance with all applicable regulatory requirements and conditions in connection with the Transaction.

The Transaction will enhance the Company's presence in the Lloydminster Alberta/Saskatchewan area by increasing the number of producing wells to 8 gross (8 net) wells and its inventory of shut-in wells with re-entry and re-activation potential to 13 gross (13 net) wells. Currently, the Company holds interests in 6 gross (6 net) producing wells and 3 gross (3 net) shut-in wells in the Lloydminster, Alberta area.

Sayer Energy Advisors of Calgary, Alberta, is acting as financial advisor to Western Plains with respect to the Transaction.

All Common Shares proposed to be issued pursuant to the Transaction will be issued pursuant to exemptions from the prospectus and registration requirements of applicable securities legislation and will be subject to a four-month hold period, in accordance with such applicable securities legislation and policies of the Exchange.

### **About Western Plains Petroleum Ltd.**

Western Plains is a Lloydminster, Alberta, based junior heavy oil producer with interests located in the Lloydminster area in both Saskatchewan and Alberta. The common shares of Western Plains trade on the TSX Venture Exchange under the symbol WPP.

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### **Reader Advisory**

Certain information in this Press Release is forward-looking within the meaning of certain securities laws, and is subject to important risks, uncertainties and assumptions. This forward-looking information includes, among other things, information with respect to Western Plains' beliefs, plans, expectations, anticipations, estimates and intentions, including the completion of Western Plains' acquisition of certain petroleum and natural gas interests, the success of future drilling and development activities, the performance of existing wells, the performance of new wells, general economic conditions, availability of required equipment and services and prevailing commodity prices. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "anticipate", "estimate", "expect", "intend", "plan", "target" and similar words and expressions are used to identify forward-looking information. The forward-looking information in this Press Release describes Western Plains' expectations as of the date of this Press Release.

Material factors which could cause actual results or events to differ materially from such forward-looking information include, among others, risks arising from general economic conditions and adverse industry events, risks arising from operations generally, changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations; reliance on contractual rights such as licenses and leases in the conduct of its business, reliance on third parties, reliance on key personnel, possible failure of the business model or business plan or the inability to implement the business model or business plan as planned, competition, environmental matters, and insurance or lack thereof.

Western Plains cautions that the foregoing list of material factors is not exhaustive, is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors. When relying on Western Plains forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Western Plains has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events.

The forward-looking statements contained in this press release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

The common shares proposed to be issued have not been registered under the U.S. Securities Act of 1933 as amended or any state securities laws, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements. This Press Release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.