Western Plains Petroleum Ltd.

MANAGEMENT'S DISCUSSION & ANALYSIS
Three and Nine Months Ended September 30, 2012

OVERVIEW OF THE COMPANY

Western Plains Petroleum Ltd. (the "Company" or "Western Plains" or "WPP") is a **heavy oil producer based in Lloydminster, Alberta.** The Company was incorporated under the Business Corporations Act (Alberta) on November 19, 2004 and trades on the TSX Venture Exchange ("TSXV") under the symbol "WPP".

The Company focuses on the following strategies:

1. **production of conventional heavy oil,** building on the core competency of its people; and
2. acquisitions, exploration and development in the Lloydminster area (Lloydminster is a border city 250 km east of Edmonton, Alberta and 275 km west of Saskatoon, Saskatchewan).

The Company announced in February 2012 that the Board of Directors had 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. These alternatives may include, but are not limited to, the spinout of certain properties of Western Plains or other business combinations. In April 2012 the Company announced it had engaged an exclusive financial advisor and agent to assist in identifying and evaluating possible liquidity events. No decision on any particular alternative has been reached at this time.

GENERAL

This management's discussion and analysis ("MD&A") of Western Plains for the three and nine months ended September 30, 2012 contains financial highlights but does not contain the complete financial statements of the Company. It should be read in conjunction with the Company's unaudited interim financial statements for the three and nine months ended September 30, 2012 and the audited annual financial statements for the year ended December 31, 2011. Additional information is available on SEDAR at www.sedar.com. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS"). All references to dollar amounts are in Canadian dollars.

This MD&A includes events up to November 29, 2012.

NON-IFRS MEASURES

The Company's management uses and reports certain measures not prescribed by International Financial Reporting Standards (referred to as "non-IFRS measures") in the evaluation of operating and financial performance. Operating netback, which is calculated as average unit sales prices less unit royalties and operating expenses, and corporate netback, which further deducts unit administrative and interest expense, represent net cash margin calculations for every barrel of oil equivalent sold. Net debt, which is current assets less current and other financial liabilities, is used to assess efficiency and financial strength. Operating netback, corporate netback and net debt do not have any standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and therefore may not be comparable with the calculation of a similar measure for other companies. The Company uses these terms as an indicator of financial performance because such terms are often utilized by investors to evaluate junior producers in the oil and natural gas sector.

Forward-Looking Statements

The matters discussed in this MD&A include certain forward-looking statements. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as "anticipates", "estimates", "expects", "intends", "plans", "predicts", "projects", "believes", or words or phrases of similar meaning. In addition, any statement that may be made concerning future performance, strategies or prospects and possible future corporate action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date. Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events. We stress that the above mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. The Company disclaims any intention or obligation to update or revise these forward-looking statements as a result of new information, future events or otherwise, except as required under applicable securities laws.

HIGHLIGHTS

The Company has developed a concentrated asset base in close proximity to its operational and corporate offices in Lloydminster, Alberta. Key properties are Maidstone, Saskatchewan, Landrose, Saskatchewan and Lloydminster, Alberta.

2012 Acquisitions and Dispositions

The Company has no acquisitions in 2012. In 2012 the Company closed the sale of an undeveloped oil property to a related party for $280,000. The disposition was recorded in the second quarter of 2012.

2011 Acquisitions and Dispositions

In March 2011, the Company acquired, from an arm's length party, a 100% working interest and operatorship in oil and natural gas assets located near Maidstone, Saskatchewan. The purchase price was $754,000, subject to normal industry adjustments. Effective December 31, 2011, a 36% working interest in this property was sold for cash proceeds of $450,000. Western Plains continues as the operator of the property.

In February 2011 Western Plains entered into an arms-length farm out agreement for two LSDs on 2 different sections in the Standard Hill and Buzzard areas of Saskatchewan for $40,000. The Company drilled a 100% WI well at Standard Hill in 2011 and is currently in discussions with the farmor regarding the Buzzard commitment.

In November 2011, a related party and the joint interest partner on one well drilled in 2011 in the Edam, Saskatchewan area, purchased the Company's 50% working interest for $400,000.

Production and Revenue

Revenue for the third quarter of 2012 was $765,000 compared to $1,001,000 for the third quarter of 2011 with the decrease driven by the volume decrease from 184 bbls per day in Q3 2011 compared to 138 bbls per day in Q3 2012. The average realized price per bbl in Q3 2012 of $60.51 was also lower than the average realized price per bbl in Q3 2011 of $71.79. The year to date average production in 2012 was 144 bbls per day compared to the year to date average in 2011 of 143 bbls per day. One (0.5 net) well has been drilled in 2012 and placed on production late in March 2012. Production from this well averaged 48 bbls per day (net to the Company) over the period from April 2012 to September 2012.

The average realized price per bbl. for Western Plains' heavy oil in Q3 2012 of $60.51 per bbl and Q3 2011 of $71.79 both track the benchmark heavy oil price which were $58.08 and $73.21 respectively. The Company incurs a differential to the benchmark price based on quality differentials. This can vary from quarter to quarter based on the mix of production levels from the respective properties in that quarter.

OUTLOOK

The Company announced in February 2012 that the Board of Directors had 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. These alternatives may include, but are not limited to, the spinout of certain properties of Western Plains or other business combinations. In April 2012, the Company announced it had engaged an exclusive financial advisor and agent to assist in identifying and evaluating possible liquidity events. No decision on any particular alternative has been reached at this time.

A water disposal well located in the Maidstone area of west Saskatchewan commenced operations in October 2012. The water disposal well will reduce operating costs for the wells producing in the area.

Western Plains has identified other potential drilling locations in its core areas of operations. Capital costs are budgeted to be approximately $425,000 gross for each well, including drilling, completion and equipping.

LIQUIDITY AND CAPITAL RESOURCES

The Company's bank indebtedness does not have a specific maturity date as it is a demand facility. This means that the lender has the ability to demand repayment of all outstanding indebtedness or a portion thereof at any time. If that were to occur the Company would be required to source alternate credit facilities or sell assets to repay the indebtedness.

At September 30, 2012, the Company's credit facility agreement with a Canadian chartered bank consisted of a revolving operating facility limit of $2,120,000 with interest at bank prime plus 1.5%, and a development facility limit of $300,000 with interest at bank prime plus 2.0%. The facility limit reduced to $2,040,000 at October 1, 2012 and the bank has indicated that there be further reductions of $80,000 on each of December 1, 2012, January 1, 2013 and February 1, 2013. The bank would again review the facility in February 2013. The latter arrangements are still subject to final approval by the bank.

The Company had drawn $1,450,000 on the revolving operating facility at September 30, 2012. At September 30, 2012 the Company was in breach of the working capital covenant prescribed in the loan agreement with the bank. The working capital covenant requires that Western Plains maintain a working capital ratio of 1:1. The actual working capital ratio was 1:0.90.. Since mid-May 2012 the Company has minimized its capital expenditures and restricted repairs and enhancements. Cash inflows have been directed to reduce net debt and to partially restore the working capital ratio. The ratio has improved from 1:0.85 at June 30, 2012 to 1:0.90 at September 30, 2012. The Company has requested a waiver of the breach of working capital but has not yet been advised of the bank's decision.

The improvement in the working capital is a factor of cash inflow from operating activities of $159,942 (before the change in non-cash working capital) partially offset by the cash outflow from investing activities of $83,917 (before the change in non-cash working capital). Also contributing to the improvement in working capital was the settlement of certain trade accounts payable amounting to $188,378 with the issuance of 3,767,558 common shares valued at $0.05 per share.

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 or ways to generate working capital.

As at September 30, 2012, the Company had 58,868,711 common shares outstanding compared to 55,101,153 common shares outstanding at December 31, 2011. The issuance related to the settlement of trade accounts payable for 3,767,558 common shares. In addition the Company had 4,410,000 stock options outstanding (4,960,000 at December 31, 2011) under its stock option plan. The stock options have exercise prices ranging from $0.10 to $0.21 per share with a weighted average exercise price of $0.15 per share.

FINANCIAL AND OPERATING SUMMARIES
TABLE A - OPERATIONS BY QUARTER
All production is conventional heavy oil

$000's except for Production and per share	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Q3 2011**	**Q2 2011**	**Q1 2011**	**Q4 2010**
Sales volume - total barrels	12,651	15,208	11,527	16,363	16,953	10,959	11,003	12,446
Sales volume - bbls/ day	**138**	**167**	**128**	**178**	**184**	**120**	**122**	**135**
Heavy oil revenue	765	916	794	1,196	1,001	787	648	756
Royalties	(148)	(243)	(156)	(263)	(178)	(148)	(106)	(146)
Production & transportation	(307)	(594)	(422)	(554)	(300)	(441)	(285)	(296)
Operating net back	310	79	216	379	523	198	257	314
General, administrative & transaction	(150)	(292)	(135)	(232)	(280)	(137)	(156)	(219)
Bank interest & loan fees	(38)	(18)	(9)	(3)	(10)	-	(3)	-
Corporate net back (loss)	122	(231)	72	144	233	61	98	95
Depletion, depreciation & accretion	(192)	(249)	(168)	(242)	(266)	(197)	(158)	(181)
Other non-cash income (expenses)	-	27	-	(59)	381	(67)	61	(265)
Income (loss) for the quarter	**(70)**	**(453)**	**(96)**	**(157)**	**348**	**(203)**	**1**	**(351)**
Basic and diluted income (loss) per share	**(.00)**	**(.01)**	**(.00)**	**(.00)**	**.01**	**.00**	**.00**	**(.01)**
Royalties as % of petroleum revenue	**19**	**27**	**20**	**22**	**18**	**19**	**16**	**19**
Per bbl. analysis	**Per bbl.**	**Per bbl.**	**Per bbl.**	**Per bbl.**	**Per bbl.**	**Per bbl.**	**Per bbl.**	**Per bbl.**
Heavy oil revenue	60.51	68.89	73.09	59.05	71.79	58.89	60.73	65.20
Royalties	(11.72)	(13.54)	(16.07)	(10.50)	(13.47)	(9.63)	(11.76)	(9.07)
Production and transportation	(24.29)	(36.65)	(33.86)	(17.70)	(40.27)	(25.90)	(23.86)	(30.39)
Operating net back	**24.50**	**18.70**	**23.16**	**30.85**	**18.05**	**23.36**	**25.11**	**25.74**
General, administrative & transaction	(11.86)	(11.68)	(14.18)	(16.52)	(12.47)	(14.18)	(17.62)	(70.98)
Bank interest and loan fees	(2.99)	(0.77)	(0.18)	(0.61)	-	(0.27)	-	-
Corporate netback (loss)	9.65	6.25	8.80	13.72	5.58	8.91	7.49	(45.24)
Depletion, depreciation & accretion per bbl.	(15.22)	(14.56)	(14.79)	(15.69)	(17.98)	(13.63)	(14.54)	(18.48)
WPP revenue per bbl.	**60.51**	**68.89**	**73.09**	**59.05**	**71.79**	**58.89**	**60.73**	**65.20**
Benchmark prices								
Edmonton light 40 API	84.79	92.81	97.87	92.27	102.63	88.51	80.71	76.02
Hardisty heavy 12 API	58.08	72.35	77.83	61.98	73.21	62.36	62.30	60.57
Heavy oil differential	26.71	20.46	20.04	30.29	29.42	26.15	18.41	15.45

FINANCIAL AND OPERATING SUMMARIES
TABLE B – BALANCE SHEET

$000's	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Q3 2011**	**Q2 2011**	**Q1 2011**	**Q4 2010**
Net cash (debt)	(2,343)	(2,570)	(2,409)	(1,947)	(1,844)	(1,748)	(593)	204
Total assets	9,350	9,617	9,766	9,534	9,691	8,814	7,504	7,305
Total liabilities	4,838	5,223	4,929	4,602	4,675	4,145	2,632	2,436
Shareholders' equity	4,512	4,394	4,837	4,932	5,016	4,669	4,872	4,869
SHARES 000's								
Basic outstanding	58,869	55,101	55,101	55,101	55,101	55,101	55,101	55,101
Weighted average	55,101	55,101	55,101	55,101	55,101	55,101	55,101	49,115

Development and Acquisition Activity

The following property transactions and development activities (all heavy oil properties near Lloydminster, Alberta) affected average production levels and explain most of the quarter over quarter production and revenue variances for the operating periods shown in the "Financial and Operating Summaries" in Table A:

- Q4 2010 – drilled and placed on production 5 (2.5 net) wells at Landrose, Saskatchewan.
- Q4 2010 – completed and placed on production 2 (.67 net) additional wells (drilled and cased but not previously completed) on the property acquired in Q3 2010.
- Q1 2011 – entered into a farm-out agreement to acquire two LSDs on two different sections of land in the Standard Hill and Buzzard areas of Saskatchewan.
- Q1 2011 – drilled 1 successful oil well (0.33 net) on the Blackfoot, Alberta heavy oil property.
- Q1 2011 – acquired additional oil and natural gas assets at Maidstone, Saskatchewan.
- Q2 2011 – reactivated 5 (5 net) wells on the acquired Maidstone property.
- Q2 2011 – drilled 4 (2.67 net) successful oil wells.
- Q3 2011 – drilled 2 (1.0 net) successful oil wells.
- Q4 2011 – disposed of a 36% working interest (cash proceeds of $450,000) of the oil and natural gas assets at Maidstone, Saskatchewan which were acquired in Q1 11.
- Q4 2011 – drilled 1 (0.15 net before payout and 0.35 after payout) successful oil well. There was no cash cost to Western Plains as it contributed equipment from a shut in well to equip this new well.
- Q1 2012 – drilled 1 (0.5 net) successful oil well at Landrose, Saskatchewan.
- Q2 2012 –sold an undeveloped oil property for $280,000.
- Q3 2012 – converted a well to be used for water disposal at Maidstone, Saskatchewan but otherwise limited capital expenditures to only minor activities which were necessary to maintain production.

OPERATING RESULTS

Production volumes and revenues (refer to Table A on page 6)
The Company's average production for Q3 2012 was 138 bbls per day of heavy oil which was a decrease over the 184 bbls per day for Q3 2011. The latter was higher due to flush production from wells drilled in mid-2011. Production from a new well drilled in March 2012 averaged 48 bbls per day over the production months of April 2012 to September 2012.

Oil Pricing

All of Western Plains' crude oil consists of heavy oil produced in Saskatchewan and Alberta that is marketed based on refiners' posted prices for heavy oil, adjusted for the quality (primarily density) of the crude oil on a well by well basis. The majority of Western Plains' heavy oil ranges in density from approximately 13.6° API to 15.9° API. The refiners' posted prices are influenced by the US$ WTI reference price, transportation costs, US$/C$ exchange rates and the supply/demand situation of particular crude oil quality streams during the year.

Benchmark prices for light and heavy oil are shown in Table A and declined in Q3 2012 over Q3 2011.

Royalties (refer to Table A on page 6)

The Company incurs a mix of crown, freehold and overriding royalties. Higher production volumes and stronger oil prices trigger a higher crown royalty burden under the crown regimes. The volumes and mix of oil wells producing in a quarter impact the overall average royalty burden.

The overall royalty burden in Q3 2012 is the same as for Q3 2011 at 18%. As demonstrated in Table A the overall royalty burden is 18% to 22% for most of the quarters except for Q2 2012. Q2 2012 overall royalty burden averaged 27%. The Company was made aware in Q2 2012 of an overriding royalty on its most productive property. The net cost of this royalty recorded for the first time in Q2 2012 was approximately $41,000. This was the major factor contributing to the 27% onetime royalty burden in the quarter.

Production and transportation costs (refer to Table A on page 6)

As explained elsewhere the Company experienced a number of down wells early in Q1 2012 which required workovers, replacement equipment and repairs. The repair costs completed in the period from March to May 2012 increased production costs leading to the average of $39.97 for Q1 2012 and $36.65 for Q2 2012. Higher propane and other winter operating costs also contributed to this higher average in Q1 2012. Production costs per bbl in Q3 2012 dropped to $24.29 per bbl which is more in line with long term corporate target costs.

Heavy oil production costs tend to be higher than light oil production costs. WPP transportation costs are low and comprise only the trucking of clean oil short distances to the sales terminal.

General and administrative, including transaction costs (G&A) (refer to Table A on page 6)

The Q3 2012 average G&A costs of $11.86 per bbl. is lower than prior periods, including Q3 2011 which averaged $12.47 per bbl. Q2 2012 includes approximately $70,000 of transaction costs which include legal and other costs related to the disposition of the property and one time front end fees related to the financial advisor for the strategic alternatives process.

The Company contracts all G&A services and has no employees. This includes the President and CEO position for which consulting fees are paid to a company with an officer and director in common with Western Plains.

Bank interest and loan fees (refer to Table A on page 6)

The Company drew on its bank credit facilities for the first time in Q1 2011 giving rise to bank interest and loan fees for the first time in that quarter. Accretion on the decommissioning provisions is a component of finance expense on the statement of operations in the financial statements but is grouped with depletion, depreciation and accretion in the analysis in Table A.

Depletion, depreciation & accretion (refer to Table A on page 6)

Depletion expense is a function of volume produced as it is computed on a "units of production" basis using proved plus probable reserves as the depletion base. The significant increase in the expense in Q2 2012 over Q1 2012 relates to the higher volume of production. Capital expenditures were significant in Q2 and Q3 2011. These capital expenditures added to the costs subject to depletion and contribute to the higher costs of depletion per bbl. in the subsequent quarters. Q3 2012 depletion, depreciation and accretion per bbl. of $15.22 and was consistent with the 2011 average of $15.30 per bbl.

INCOME TAX

The Company had the following tax pools:

Nature of tax pool	Deduction %	December 31, 2011 $000's
Canadian oil and gas property expense (COGPE)	10	2,320
Canadian development expense (CDE)	30	643
Canadian exploration expense (CEE)	100	660
Foreign exploration & development expense	10	425
Undepreciated capital cost (UCC)	25	1,462
Share issue costs	20	67
Non capital loss carry forward	100	1,406

The non-capital loss carry forward expires in 2025 to 2031.

The recovery of income taxes in 2011 relates to the renouncement of certain tax expenditures to flow through share investors. The Company has not recorded any future tax asset or liability, nor has it recorded any tax recovery related to its operating losses in, due to the uncertainty of the Company's ability to fully utilize the available income tax pools against its future income.

The Company is eligible to substitute up to $1 million development expenditures for exploration expenditures because its taxable capital is under the limit of $15 million as prescribed in the Income Tax Act (Canada).

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgments, assumptions and estimates in the application of generally accepted accounting principles that may have a significant impact on the financial results of the Company. The Company's significant accounting policies are described in notes in the audited financial statements at December 31, 2011 and are discussed in the MD&A for December 31, 2011. Additional information is available on SEDAR at www.sedar.com

NEW ACCOUNTING STANDARDS

The impact of new accounting standards are described in notes to the audited financial statements at December 31, 2011 and are discussed in the MD&A for December 31, 2011. Additional information is available on SEDAR at www.sedar.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments (except as disclosed) or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

INDUSTRY CONDITIONS AND RISKS

The business of exploration, development and acquisition of oil and gas reserves involves a number of business risks inherent in the oil and gas industry which may impact The Company's results and several of which are beyond control of the Company. These business risks are operational, financial or regulatory in nature. These risks and the Company's approach to managing these issues are the same as disclosed in the MD&A for the year ended December 31, 2011.

RELATED PARTY TRANSACTIONS

The financial statements of Company (Note 10) include balances and transactions with directors and officers of the Company, or with companies related to directors or officers of the Company. These 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, are summarized as follows:

- Various transactions occurred with corporations in which David Forrest, President, CEO and Director of the Company, is an officer and a director:
    - Costs are incurred for various oil field services primarily related to contacting a service rig to perform capital and repair work on Western Plain's wells;
    - $14,580 is paid per month as fees throughout 2011 and 2012 for the services of Mr. Forrest as President and CEO of the Company; and

- Certain oil and natural gas properties (includes one producing oil well) are held as joint arrangements (working interest partner who is operator for the well) with an entity with which David Forrest, Steven Glover, Vice President and Chief Financial Officer and Stephen Johnston, Director are or were involved in management roles:
    - Two (1.0 net) wells were drilled in 2011 as 50/50 partners pursuant to farm in agreements;
    - In Q2 2012 a non-producing property was sold to the partner for $280,000, pursuant to a purchase and sale agreement entered into in May 2012.
    - The Company sold its 50% working interest in one well to this related party in November 2011 for cash proceeds of $400,000; and
    - Normal joint interest partner transactions were conducted throughout the year in accordance with normal industry practices in relation to the jointly owned heavy oil property.

Corporate Address

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