



Western Plains Petroleum Ltd.

Western Plains Reports Improved Results in 2nd Quarter 2012

For Immediate Release

August 23, 2012 - Calgary, Alberta - Western Plains Petroleum Ltd. (TSXV:WPP) (“**Western Plains**” or the “**Company**”) announces the filing of its Unaudited Interim Condensed Financial Statements and Management’s Discussion and Analysis for the six month period ended June 30, 2012 on SEDAR. The documents can be accessed through the SEDAR website at www.sedar.com or on the Company’s website at www.westernplainspetroleum.com.

Selected Quarterly Financial & Operating Highlights

The following table provides a summary of key unaudited financial and operating results for the three and six month periods ended June 30, 2012 and 2011:

Financial & Operating Highlights (Cdn\$ except shares, per share and per bbl amounts)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Average daily sales volume (bbls/d)	167	120	147	121
Petroleum revenue	915,504	786,793	1,709,623	1,434,519
Loss from operations	(465,039)	(134,835)	(545,014)	(185,522)
Comprehensive loss	(452,973)	(200,828)	(548,600)	(199,871)
Revenue per bbl	60.20	71.79	63.95	65.32
Operating netback per bbl ⁽¹⁾	5.17	18.05	11.03	20.71
Total assets	9,617,221	8,814,354	9,617,221	8,814,354
Basic shares outstanding	55,101,153	55,101,153	55,101,153	55,101,153

Note: (1) Operating netback represents revenue per bbl less royalty, production and transportation expense per bbl.

HIGHLIGHTS

Revenue and Production

The Company’s average production for Q2 2012 was 167 bbls per day of heavy oil (128 bbls per day in Q1 2012), an increase of approximately 40% over Q2 2011 average production of 120 bbls per day, such increase driven by production added from new wells drilled in mid-2011 and a new well (0.5 net) drilled in the Landrose area of Saskatchewan in March 2012. The increase in production volume in Q2 2012 from Q1 2012 was the result of new production from the Landrose well in addition to production from the reactivation of wells that were shut-in for repairs or work-overs in January and February 2012. The year to date average production in 2012 was 148 bbls per day compared to the year to date average in 2011 of 121 bbls per day.

Revenue for Q2 2012 was \$915,504 (\$794,119 in Q1 2012) as compared to \$786,793 for Q2 of 2011, with the increase driven primarily by increased sales volumes of heavy oil. The Company was adversely affected by the continued decline in the average heavy oil price, as the Q2 2011 average realized price per bbl. for the Company’s heavy oil was \$71.79 compared to \$60.20 for Q2 2012.

Capital Resources

As at June 30, 2012, the Company had drawn \$1,625,000 (\$1,375,000 as at March 31, 2012) on its revolving credit facility with a Canadian chartered bank. The credit facility is comprised of the following:

- a revolving operating facility limit of \$2,200,000, with interest at bank prime plus 1.5%; and
- a development facility limit of \$300,000 with interest at bank prime plus 2.0%.

During Q1 and Q2 2012, the Company was in breach of the 1.0:1.0 working capital covenant prescribed in the revolving credit facility agreement with the bank (a ratio of 0.85:1.0 as at June 30, 2012 and 0.91:1.0 as at March 31, 2012). Notice of this event has been provided to the bank and the Company will provide additional updates upon completion of the bank's review. The working capital deficiency was a result of the following:

- reactivation costs (both capital and operating expenditures) incurred in the period of January 2012 to May 2012 to restore or enhance production on down wells;
- capital costs related to drilling, completing and equipping a new well in the second half of March 2012;
- lower production levels in Q1 2012 due to the down wells;
- as at June 30, 2012 there was \$744,766 (\$337,942 as at December 31, 2011) in account receivables over 90 days past due from joint venture partners and others; and
- an unfavorable heavy oil price and price differential in Q1 and Q2 2012.

Since May 2012, the Company has minimized its capital expenditures, restricted repairs and enhancements, and disposed of certain undeveloped lands for the cash consideration of \$280,000, all for the purposes of reducing its net debt and restore its working capital ratio mandated by the terms of its revolving credit facility agreement with the bank. The Company's cash inflows provide sufficient cash inflow to meet obligations as they become due.

Outlook

The Company announced in February 2012 that its 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, mergers 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 and based on the advice of its financial advisor, the Company has deferred marketing of itself and/or its heavy oil properties until September 2012.

The Company is expecting to bring on a water disposal well in late August in the Maidstone area of west central Saskatchewan, which will reduce operating costs of the Company's producing wells in this area. Notwithstanding improved production in Q2 2012, the Company's revenues were adversely affected by low WTI oil prices during the quarter. The Company is hoping that recent industry conditions will maintain strong crude oil prices through the balance of Q3 2012.

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, 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.

All such forward-looking statements involve known and unknown risks and uncertainties, certain of which are beyond the control of the Company. Such risks and uncertainties include, without limitation: risks associated with crude oil and natural gas exploration, development, exploitation, production, transportation and marketing; general economic conditions in North America and globally; changes in the demand for the Company's products; volatility in market prices for crude oil and natural gas, and in particular heavy oil; unanticipated fluctuations or declines in production; the effects of adverse weather conditions; changes in foreign currency exchange and interest rates; changes in tax or environmental laws, royalty rates or other regulatory matters affecting the Company and its operations; inaccurate estimation of the Company's crude oil and natural gas reserves; ability to attract and retain qualified personnel; increased debt levels or debt service requirements; limited, unfavorable or lack of access to capital markets; and the impact of competitors. The forward-looking statements contained in this Press Release are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Western Plains cautions that the foregoing list of risks and uncertainties 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 risks and uncertainties referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events.