



# Western Plains Petroleum Ltd.

## Western Plains Releases 3<sup>rd</sup> Quarter 2012 Results

### *For Immediate Release*

**November 30, 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 three and nine month periods ended September 30, 2012 on SEDAR. The documents can be accessed through the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.westernplainspetroleum.com](http://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 nine month periods ended September 30, 2012 and 2011:

<b>Financial &amp; Operating Highlights</b> (Cdn\$ except shares, per share and per bbl amounts)	<b>Three Months Ended September 30, 2012</b>	<b>Three Months Ended September 30, 2011</b>	<b>Nine Months Ended September 30, 2012</b>	<b>Nine Months Ended September 30, 2011</b>
Average daily sales volume (bbls/d)	138	184	144	143
Petroleum revenue	765,463	1,001,152	2,475,086	2,435,671
Loss from operations	(26,058)	(24,433)	(571,072)	(209,956)
Comprehensive income (loss)	(70,358)	345,730	(618,957)	145,859
Revenue per bbl	60.51	71.79	62.84	62.60
Operating netback per bbl <sup>(1)</sup>	24.50	18.05	15.36	25.13
Total assets	9,350,281	9,689,838	9,350,281	9,689,838
Basic shares outstanding	58,868,711	55,101,153	58,868,711	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 revenues of \$765,000 in Q3 2012 were lower than the Q3 2011 revenues of \$1,001,000, primarily due a decrease in sales volumes from 184 bbls per day in Q3 2011 as compared to 138 bbls per day in Q3 2012, and the decline in the average realized price per bbl to \$60.51 in Q3 2012 from the average realized price of \$71.79 per bbl in Q3 2011. Year to date production in 2012 has averaged 144 bbls per day as compared to the year to date average of 143 bbls per day in 2011. The Company drilled one (0.5 net) well in 2012, with production commencing in late in March 2012, and averaging 48 bbls per day (net to the Company) during the period of April 2012 to September 2012.

The Company's average realized price of \$60.51 per bbl of heavy oil in Q3 2012 and \$71.79 per bbl of heavy oil in Q3 2011, both track the benchmark heavy oil price which were \$58.08 and \$73.21 for the corresponding periods. 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.

### **Capital Resources**

As at September 30, 2012, the Company had drawn \$1,450,000 (\$1,625,000 as at June 30, 2012) on its revolving credit facility with a Canadian chartered bank. The credit facility was comprised of the following:

- 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%.

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 1.0:0.85 at June 30, 2012 to 1.0:0.90 at September 30, 2012. The revolving operating facility limit was reduced to \$2,040,000 at October 1, 2012. The bank currently has a review underway and has provided a preliminary plan to the Company to waive the working capital breach in conjunction with a further reduction to the revolving operating facility limit by \$80,000 per month commencing December 1, 2012, with a follow-up review by February 28, 2013. The Company will provide a further update once the Bank has completed the review.

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 of the Company valued at \$0.05 per share.

### **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.

### **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.

For more information, please contact:

**David Forrest**  
President and Chief Executive Officer

Telephone: (780) 205- 4468  
E-mail: [dforrest@westpp.ca](mailto:dforrest@westpp.ca)

**Steven Glover**  
VP Finance and Chief Financial Officer

Telephone: (403) 990 - 3876  
E-mail: [sglover@shaw.ca](mailto:sglover@shaw.ca)

**Western Plains Petroleum Ltd.**

#202, 5004 – 18 Street

Lloydminster, AB T9V 1V4

[www.westernplainspetroleum.com](http://www.westernplainspetroleum.com)

Telephone: (780) 871-0725 Fax : (780) 808 - 8038

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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 Plain's 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.