



Western Plains Petroleum Ltd.

Western Plains Enters Shares for Debt Agreements to Reduce Working Capital Deficiency

For Immediate Release

September 27, 2012 - Calgary, Alberta - Western Plains Petroleum Ltd. (TSXV:WPP) (“**Western Plains**” or the “**Company**”) announces it has entered into shares for debt agreements to settle payables with various oil field service providers, through the issuance an aggregate of 3,767,558 common shares in the capital of the Company (“**Common Shares**”) at a price of \$0.05 per share, thereby reducing the Company’s accounts payable and net debt (current assets less current liabilities) by \$188,377.90. The Common Shares issued under the shares for debt transaction will be subject to a four month hold period from the date of issuance in accordance with applicable securities laws.

Hytop Well Servicing Ltd. (“**Hytop**”), a private well service company of which David Forrest, President and Chief Executive Officer of Western Plains, owns or controls 50% of the shares, will receive 1,975,313 Common Shares to retire \$98,765.65 (inclusive of GST) of payables incurred by the Company for oilfield service work. Mr. Steve Glover, Vice-President, Finance, and Chief Financial Officer, has also agreed to accept a total of 315,000 Common Shares to eliminate \$15,750.00 (inclusive of GST) of management consulting fees owed by the Company for services provided by Mr. Glover.

To the knowledge of the Company, Mr. Forrest currently holds, directly or indirectly, 16,556,663 Common Shares representing approximately 30% of the issued and outstanding Common Shares of Western Plains. Upon the issuance of an additional 1,975,313 Common Shares to Hytop in settlement of the Company’s debt, Mr. Forrest will own or control, directly or indirectly, 17,544,319 Common Shares or approximately 31.8% of the outstanding Common Shares of the Company. Mr. Glover currently holds, directly or indirectly, 235,294 Common Shares representing < 1% of the issued and outstanding Common Shares of the Company. Upon issuance of 315,000 Common Shares to settle the debt of the Company, Mr. Glover will hold 550,294 Common Shares representing < 1% of the issued and outstanding Common Shares of the Company.

The proposed issuances of Common Shares to Hytop and Mr. Glover will each be considered a "related party transaction" as defined in Multilateral Instrument 61-101 - *Protection of Minority Security holders in Special Transactions* ("**MI 61-101**"), as Hytop and Mr. Glover are each considered to be a related party of the Company (“**Related Party**”). However, the transaction will be exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the Common Shares issued to the Related Parties nor the fair market value of the consideration for the transaction exceeded 25% of the Company's market capitalization, as described in sections 5.5 and 5.7 of MI 61-101. It is possible that a material change report in respect of this transaction may not be filed at least 21 days in advance of the anticipated date closing of the issuance of Common Shares to the Related Parties. The Company believes a shorter period between this disclosure and the issuance of Common Shares is reasonable, in light of its need to satisfy its outstanding debts in a timely manner and the relatively small size of the related party transactions.

The issuance of Common Shares by the Company pursuant to the shares for debt agreements is subject to the prior approval of the TSX Venture Exchange.

Since April 2012 Western Plains has initiated a number of steps to reduce its net debt including the sale of undeveloped land, suspension of the capital program, careful control over operating, general and administrative expenses. The shares for debt transaction is an additional step to achieve the objective of reducing the Company's net debt. In addition, the Company continues to work with Sayer Energy Advisors, its exclusive financial advisor, to provide advice on strategic alternatives.

The Company's banker recently provided a waiver of the breaches of the working capital covenant which occurred as at March 31, 2012 and June 30, 2012, in conjunction with the Company's agreement to amend its credit facilities with the bank, which amendment provided that the Company's maximum principal amount of \$2,200,000, be reduced by \$80,000 at each of September 1, 2012 and October 1, 2012, with a further review scheduled before October 31, 2012. That review will take into account the results of the strategic alternatives process for which the marketing is expected to commence in October 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.

For more information, please contact:

David Forrest
President and Chief Executive Officer

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

Steven Glover
VP Finance and Chief Financial Officer

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

Western Plains Petroleum Ltd.

#202, 5004 – 18 Street

Lloydminster, AB T9V 1V4

www.westernplainspetroleum.com

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

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