



Quarterly Activity Report to 30 September 2022
26 October 2022

Whitebark Energy Limited is an ASX-listed exploration and production company featuring low cost oil and gas production in Canada and a substantial contingent gas resource in Western Australia. WBE has realigned its corporate strategy following a comprehensive management changeout and the landmark acquisition of a 100% interest in the Wizard Lake producing asset located in the prolific oil & gas province of Alberta, Canada.

Highlights

- Whitebark produced 17,883 boe from its 100% owned Wizard Lake Oil and Gas Field during the September 2022 quarter
- The Company generated revenue of A\$0.903 million at an average oil price of A\$50.5 per barrel of oil equivalent during the period
- Rex-4 development wellbore was successfully drilled during the quarter, demonstrating sufficient horizontal section in the oil-saturated reservoir to accommodate 50 hydraulic fracture stimulation stages
- Share placement and convertible note issue raised A\$2.272 million to fund stage 2 drilling and hydraulic fracture stimulation of Rex-4
- Cash balance of A\$3.078 million as at 30 September 2022 with no debt.

Whitebark Energy Limited (ASX:WBE) (“Whitebark” or the “Company”) is pleased to provide its Appendix 5B and Quarterly Activities Report for Q1 FY23, provided under Listing Rules 4.7b and 4.7c.

Key Performance Metrics	Sep-22 QTR	June-22 QTR	Qtr Change	Sep-21 QTR	June-21 QTR	Change
Net Production BOE	17,883	13,396	+25%	18,610	25,091	-26%
Sales Revenue AUD (millions)	\$0.903	\$1.115	-19%	\$0.902	\$1.50	-40%
Avg realised AUD price/BOE	\$50.5	\$83.20	-40%	\$48.47	\$59.80	-19%

Table 1 - Key Performance Metrics. *BOE = Barrels of oil equivalent (oil plus gas)

Whitebark Interim CEO, Dr Simon Brealey, commented:

“The September quarter was particularly significant for the Company. After delays due to adverse weather conditions which prevented rig mobilisation, we were able to complete Phase 1 of the Rex-4 development well at Wizard Lake. During August, Phase 1 achieved all of its objectives, demonstrating that the well bore lies entirely within the oil-saturated Rex Sandstone reservoir and is sufficient to accommodate 50 frac stages.

We are looking forward to the completion of the Rex-4 well and the hydraulic fracture program in the December quarter, as it should lay the foundation for sustainable growth and significantly enhanced shareholder returns in the future.

Corporate

Capital Raising

Whitebark completed a share placement and convertible note issue in September, raising A\$2.5 million (before costs).

Placement: Whitebark placed 816,666,667 new ordinary shares at a price of 0.15 cents per share to sophisticated and institutional investors to raise A\$1.225 million before costs ("Placement Shares"). Settlement of the Placement Shares occurred on 3 October 2022 and utilised Whitebark's placement capacity pursuant to ASX Listing Rule 7.1.

Convertible Note: Whitebark received commitments for A\$1.225 million under a Convertible Note to be converted into 816,666,666 ordinary fully paid shares at the same issue price as the Placement (0.15 cents) subject to shareholder approval at the Company's AGM. The Convertible Note will mature 12 months after issue. If shareholder approval is not obtained at the AGM, 100% of the face value of the note will be redeemable at the maturity date.

Financials

Whitebark generated revenue of A\$0.903 million from oil and gas produced at Wizard Lake during the September 2022 quarter, a 19% decrease on Q4 FY22, due to increased gas ratio and decreased commodity prices, while maintaining strong production.

The Company realised an average sales price of A\$50.5 per barrel of oil equivalent during the September 2022 quarter, a decrease of 40% compared to Q4 FY22 (see Table 1).

Whitebark held a cash balance of A\$3.078 million as at 30 September 2022 with no debt.

Payments to related parties of the entity and their associates totalled \$98,909 during the period. This includes payment of \$54,650 to Adelaide Equity Partners Limited for providing Corporate Advisory and Investor Relations services to the Company, and \$44,259 to Business Initiatives in respect of financial control, administration, accounting and taxation services.

Canadian Operations

Wizard Lake – (Whitebark 100% WI)

Production

Whitebark continued to operate the Wizard Lake Oil Field in Alberta, Canada, during the September 2022 Quarter and received 100% of all hydrocarbons produced from the Rex-1, Rex-2 and Rex-3 production wells. The Company holds a 100% working interest in all facilities, pipelines and infrastructure at the site.

During the reporting period, the Company produced 4,177 barrels of oil and 82,238 mcf gas (17,883 barrels of oil equivalent), averaging 194 barrels of oil equivalent per day (25% increase compared to Q4 FY22, see Table 1). The increase in production was due chiefly to a return to normal operations after third-party downtime during the June Quarter and increased gas production against forecast natural reservoir pressure decline.

Rex-4 Development well

The Rex-4 well targeted the Rex Sandstone Member of the Lower Cretaceous Mannville Group, the reservoir from which the Rex-1, Rex-2, and Rex-3 horizontal wells are currently producing. The Star Valley 201 drilling rig was released at 12.30am CST on 15 August 2022 after reaching a Measured Depth (MD) of 3,647 metres at 12.30pm CST on 11 August 2022. The Company successfully ran 4 1/2" production liner on 12-13 August 2022, designed to accommodate 50 hydraulic fracture stimulation stages in the target Rex Sandstone reservoir.

The Rex-4 development well achieved all of its objectives, landing the entire lateral section in the Rex Sandstone reservoir and demonstrating oil-saturation throughout the wellbore. Per the drilling plan (Figure 2), 2,318 metres of the Rex Sandstone section has been drilled at approximately 1,420 metres True Vertical Depth (TVD), encountering 100% reservoir sand. The lithology of the Rex Sandstone is fine to upper-medium grained, moderately sorted sandstone with good intragranular porosity. Returned drill cuttings demonstrate dull yellow fluorescence with instant milky white slow streaming cut fluorescence, indicative of the presence of crude oil.

Completion of Rex-4 to the achieved TD also fulfilled the farm-in agreement in place with TWP50 in Section 20 (the toe location of the well) such that Whitebark is 100% owner of future Rex-4 production.

The Rex-4 well Phase 1 drilling and casing program was achieved on schedule and within budgetary expectations.

Whitebark has modelled initial postclean-up production rates of approximately 300 barrels of oil and 1,400 mscf gas per day which will lift total Wizard Lake production to approximately ~750 boepd. The Company expects ultimate recovery of approximately 146,000 barrels of oil and 1.3 Bcf gas from Rex-4.

The completion of Rex-4 represents the most significant immediate cashflow growth opportunity for Whitebark when ranked against others identified in the strategic review of the field and operations. At the current oil price forecasts (US\$80 – US\$120 per barrel WTI), Whitebark could increase its net operating income by C\$4-6.2 million within 12 months from Rex-4 production. The Company aims to self-fund Rex-5 development in 2023.

Whitebark continues to pursue opportunities to optimise the field by minimising overheads, stabilising production and evaluating project optionality for capital investment going forward.

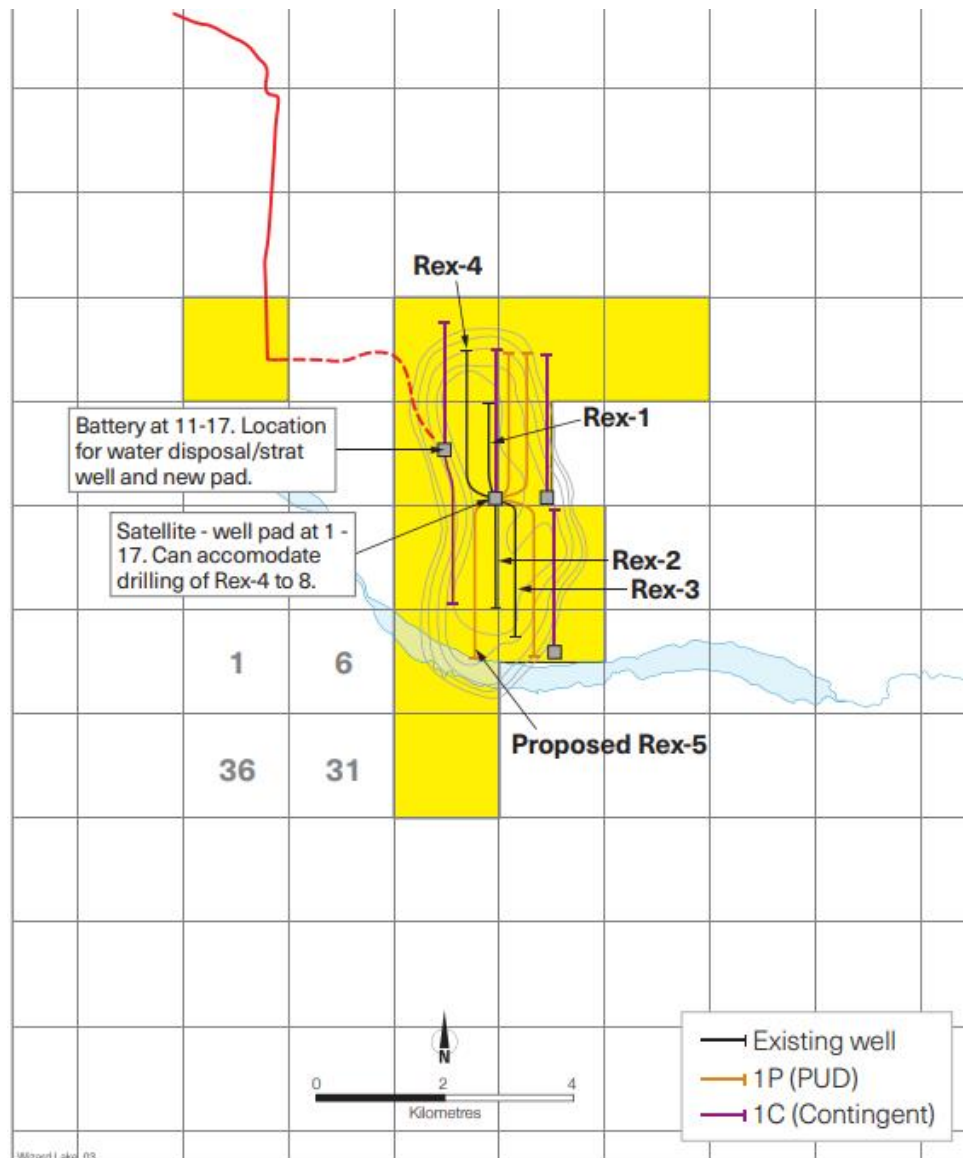


Figure 1 – Wizard Lake oil and gas field - location of existing and proposed wells, with outline of Proven (1P) reservoir

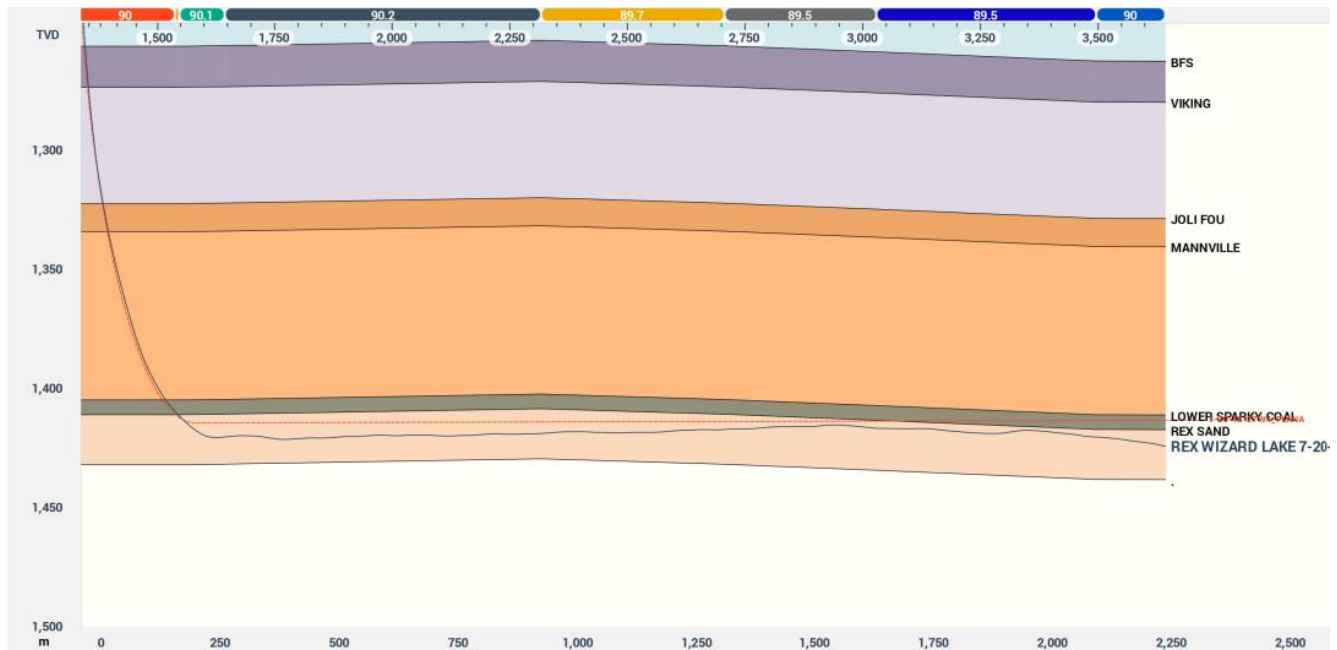


Figure 2. Rex-4 well trajectory as plotted from real-time Measurement While Drilling tools

Western Australian Operations

Warro Gas Project (Whitebark WI 100%)

The Board of Whitebark has executed an agreement with PetroDIP to consider and evaluate strategic options for the Company's Western Australian gas asset, Warro. With forecast gas prices to rise in WA, the directors believe it is timely to consider a range of options for developing the Warro asset for the benefit of shareholders. The Warro asset is currently considered non-core with the Company's key strategic focus being its producing Wizard Lake oil and gas field in Canada.

Planned Activities to 31 December 2022

- Completion of Stage Two of the Rex-4 development well by conducting a 50 hydraulic fracture stimulation program, tie-in to facilities, initial "clean-up" flow back at natural rates, and bringing the well onto steady-state production. The fracture stimulation program is expected to be conducted October 31st-November 1st 2022.
- Planning and design of Rex-5 Stage 1 drilling activities which will include a 2400m horizontal section to demonstrate wellbore lies within the oil-saturated reservoir. Location is permitted (Figure 1).
- Purchase of rental equipment: Rental equipment comprises 60% of fixed costs at Wizard Lake (storage tanks and heating units at the Battery, pumping units, and generators). Financing options to be evaluated.
- Cost-benefit analysis of salt-water disposal line to third-party salt-water disposal well; this would eliminate current water trucking costs. Approximately 60% of the fluid production at Wizard Lake is water (this is referred to as a 60% "water-cut"). Installation of a disposal line has been evaluated as more economically beneficial than drilling a dedicated water disposal well or converting an existing legacy well into a "water injector". Water disposal costs become far more important once Rex-4 and Rex-5 are brought online, with the requirement to dispose of 500-1000 barrels of water per day.
- Initiate and proceed with Warro strategic optionality evaluation. The Company's mandate with PetroDIP will involve a 3-month process and will consider a range of corporate options including investment and/or divestment of up to 100% of the asset. Shareholders should note that there is currently no proposal on Warro to consider and that the Company will provide further details as and when they become available.

Tenement Schedule

Canada (Net Acres)

	June Quarter	Relinquishments	Acquisitions	Sept Quarter
Wizard Lake	6,400	0	0	6,400

Australia (Net Acres)

Project	WBE	Location	Change during the quarter
Warro JV – RL7	54,360	Western Australia	No change

This ASX announcement was approved for release by the Board of Whitebark Energy Limited.

For further information:

Dr. Simon Brealey
Interim Chief Executive Officer
Whitebark Energy
Ph: +61 402 110 405

SUPPORTING INFORMATION

A Note Regarding Forward Looking Information

This announcement includes certain statements related to our future business and financial performance and future events or developments involving Whitebark Energy Limited ('Whitebark' or 'the Company') that may constitute forward-looking statements. All statements, other than statements of historical fact, that refer to any future oil and gas production, resources or reserves, exploration results and events that the Company expects to occur are forward-looking statements. Although the Company believes that the expectations in those forward-looking statements are based upon reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially from the outcomes anticipated. This may be due to several factors, including market prices, exploration and exploitation success, and the continued availability of capital and financing, plus general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, and actual results or performance may differ materially from those projected in the forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of oil and gas reserves and resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Conversion of gas to Barrels of Oil Equivalent (BOE) is done on the basis of 6mcf = 1 BOE.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

WHITEBARK ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	903	903
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	(631)	(631)
	(d) staff costs	-	-
	(e) administration and corporate costs ¹	(478)	(478)
	(f) production – royalties	(105)	(105)
	(g) field maintenance costs	(105)	(105)
	(h) costs of subsidiary restructure	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Deposit paid for costs of restructure	-	-
1.9	Net cash from / (used in) operating activities	(414)	(414)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements – Wizard Lake	-	-
	(c) property, plant and equipment	(936)	(936)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-

¹ Includes \$195,000 Aged/Deferred Creditors

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(f) other - non-current development expenditure	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(936)	(936)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,272	2,272
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,272	2,272

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,132	2,132
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(414)	(414)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(936)	(936)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,272	2,272

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	24	24
4.6	Cash and cash equivalents at end of period	3,078	3,078

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	3,078	3,078
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,078	3,078

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments from related parties and their associates included in item 2

Current quarter \$A'000

99

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000

Amount drawn at quarter end \$A'000

-

-

-

-

-

-

-

-

7.5 Unused financing facilities available at quarter end

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(414)
8.2	Capitalised development expenditure (Item 2.1(f))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(414)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	3,078
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	3,078
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 26 October 2022

Authorised by: The Board of Directors of Whitebark Energy Limited

(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.