



Quarterly Activity Statement

30 October 2018

Summary

Whitebark undertook an oversubscribed entitlement issue and a placement during the period raising a total of \$2.33 million before costs. In October the company sold its 15% WI in TP-15 for a consideration of up to \$5 million, with \$3 million being the upfront consideration and \$2 million milestone based.

The Company intends to invest the proceeds into new Canadian oil projects where the JV has recently identified exploration opportunities with over 100 million barrels of oil in place and target strategic acquisitions. Costs in Canada are much lower, project approvals significantly quicker and the likelihood of timely and substantial commercial returns more predictable.

The Company is pleased to report quarterly production increased to over 29,000 boe.

Highlights

Corporate

- \$2.33 million successfully raised before costs by oversubscribed Shareholder Entitlement Issue and placement in August 2018.
- Entitlement Issue: The renounceable entitlement issue closed on 27 August 2018 and was oversubscribed raising \$1,980,862 before costs. 495,215,367 shares were issued at 0.4c together with 515,215,367 listed options with an exercise price of 1c and expiring on 31 August 2020.
- Placement: following the Entitlement Issue WBE undertook a placement of 87,500,000 shares at 0.4c together with 87,500,000 listed options with an exercise price of 1c and expiring on 31 August 2020 to raise \$350,000 before costs.

Australian Operations TP-15 (15% WI)

- On 24 October 2018, Whitebark executed a Sale and Purchase Agreement to sell its 15% interest in TP-15 to Triangle Energy (Global) Ltd (TEG) for up to \$5 million.
- The offer structure allows Whitebark to retain exposure to any commercial success at Xanadu which is located within TP-15.
- The payments to be received from the sale of TP-15 are:
 - Upfront consideration of \$3 million, made up of \$2 million in cash and \$1million in cash or TEG shares satisfied by the issue of 11,191,052 shares and settled prior to 1 December;
 - \$1 million Appraisal Outcome Consideration;
 - \$1 million First Oil Bonus.

Canadian Operations – Point Loma JV (PLJV) (20%-30% WI)

- Net production for the quarter of 29,396 boe up from 28,626 boe in the previous quarter.
- Production has doubled in the last 12 months and the Company is targeting to increase to >1000 boepd net in the next 12 months.
- Recently identified exploration upside >100 million bbls gross including recently acquired Leduc Area Rex Oil Play ≈prospective for over 40-60 million barrels of oil in place (8-12 mmbbls net to WBE).
- Nearby Duvernay land sales hit \$1,000/hectare.
- Non-core, gas weighted property sold for \$500,000 (net \$150,000 to WBE).

Corporate Activity

Entitlement Issue and Placement

The renounceable rights issue announced on 1 August 2018 ('Offer') was well supported by the Company's shareholders and new investors and closed significantly over-subscribed. The Company raised \$1,980,862 (before costs) including \$100,000 (25,000,000 shares and new options) offset against salary for Mr David Messina. The Company issued 495,215,367 shares and 515,215,367 options (including 20,000,000 options issued to CPS Capital Pty Ltd) in accordance with the Offer timetable. The new options are listed under the ASX code WBEO.

The Company received entitlement applications for 248,842,367 shares leaving a shortfall of 246,373,133 shares. Applications from existing shareholders for additional shares combined with new investor demand to participate in the shortfall led to the demand for shortfall securities significantly exceeding the available shortfall. To accommodate some of the excess demand, the Company placed an additional 87,500,000 fully paid ordinary shares at 0.4c and 87,500,000 attaching WBEO options to raise an additional \$350,000 ('Placement') before costs. The Placement to unrelated sophisticated investors was issued on the same terms as the Entitlement Issue.

Funds raised from the Entitlement Issue and the Placement total approximately \$2.33 million (before costs) and will be used to reduce operating costs at Paddle River and for development drilling in Canada.

Sale of TP-15 Perth Basin WA (15% WI) – Xanadu Oil Discovery

The company has executed a Sale and Purchase Agreement for its 15% interest in TP-15 to Triangle Energy (Global) for up to \$5 million¹. The sale structure provides Whitebark with upfront cash and shares and also additional payments from any commercial success within TP-15. The payments to be received from the sale are:

- Upfront consideration of \$3 million, made up of \$2 million in cash payable within three days of the prior satisfaction of the Joint Operating Agreement Transfer Documents anticipated to be complete within 14 days, and \$1 million in TEG shares satisfied by the issue of 11,191,052 shares and settled prior to 1 December 2018 following TEG shareholder approval to issue and allot the shares. In the absence of this approval, TEG will either pay WBE the consideration of \$1 million in cash or issue the 11,191,052 TEG shares from their capacity under listing rule 7.1;
- \$1 million Appraisal Outcome Consideration: Following an independent competent person's report demonstrating that gross 2P plus 2C reserves exceed 8 million barrels of oil in aggregate within four years of the Effective Date, pay either \$1 million in cash or at WBE's election, \$500,000 in cash and \$500,000 in TEG shares (Appraisal Shares).
- \$1 million First Oil Bonus: Payment on first commercial production, being the sale of oil in excess of 1,000 barrels produced from within TP15 provided such sale occurs within seven years of the Effective Date.
- Appraisal Shares issued as consideration will be based upon the volume weighted average price for Shares for the 30 days on which sales of Shares were recorded on the ASX prior to the receipt of the competent person's report.
- Effective Date of the Transaction is 24 October 2018.

Material Conditions Precedent Include:

- The Transaction is subject to the normal regulatory approvals.
- An enforcement right has not arisen under the security agreement with Whitebark and Kubla Oil Pty Ltd (a wholly owned subsidiary of Whitebark), entered into at the same time as the Sale and Purchase Agreement, whereby Whitebark grants Triangle security over its shares in the Kubla Oil Pty Ltd to secure the payment of the \$2 million (if required);
- Receipt of all necessary consents under the joint operating agreement in respect of TP/15 to give effect to the Acquisition;
- The execution of an orderly sales agreement, providing for a voluntary escrow to be applied over the Consideration Shares for the first six months following completion of the Acquisition, and an orderly sale process in respect of the Consideration Shares for the following six months.

¹ Refer to ASX Release 25 October 2018

Recent Activity

Canadian Operations – Point Loma Joint Venture (JV) (WBE 20%-30% WI)

Q4 Planned Drilling Operations

The primary focus of the JV has been on the development and optimisation of existing pools. A disciplined and pragmatic technical approach in nearby areas has uncovered robust exploration potential. The JV exploration drilling program is currently focussed on three areas of interest - Banff oil play; the Rex (Upper Mannville) oil play and Lower Mannville oil play. Licensing and site surveys were completed in September and final site selection will occur prior to kicking-off a multi well, high impact program which is expected to commence in the last quarter of the calendar year. Each of these wells will, if successful, unlock multiple development opportunities.

Rex Oil Exploration opportunity (WBE 20% WI) – Gross 40-60 million bbls in place

The JV has secured control of a new Rex (Upper Mannville) oil opportunity in the Leduc area². Internal mapping indicates a prospective accumulation of approximately 40-60 million barrels of oil in place (8-12 mmbbls net to WBE). Analogous wells in the area have had initial rates of 250-300 boepd (80% oil and NGL's) demonstrating excellent economics in the current pricing environment and existing infrastructure enables the play to be monetised quickly. The entry into this new oil play could lead to a sizeable inventory of follow up opportunities. The play continues to attract the attention of other key industry operators.

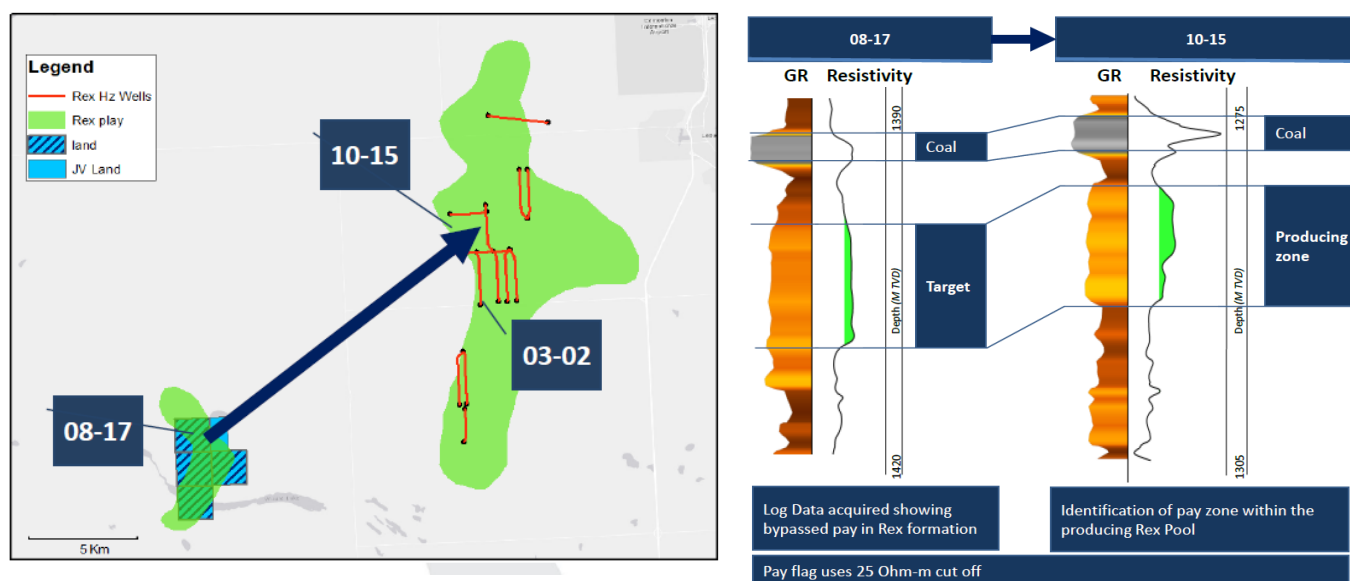


Figure 1 - Log Characteristics within PLJV land are similar to producing sands to the East

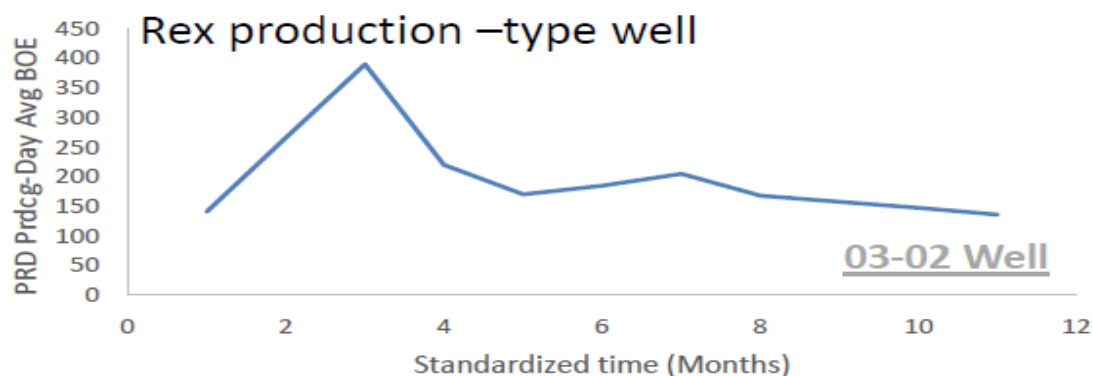


Figure 2 – Rex production-type well

² Refer ASX Release 1 October 2018

The potential unrisked resources for all the Rex Oil Opportunity described above are set out in Table 1.

Table 1 - Potential Unrisked Resources - Rex Oil Opportunity

Category	Resource Assessment Approach	Stratigraphic Unit	Best Estimate OOIP mmbbl	Best Estimate OOIP mmbbl Net to WBE (20% WI)	Type of Trap	Reservoir Type
Prospective	Deterministic GRV and bbls/ac-ft	Cretaceous	40-60	8-12	Structural /Stratigraphic	Sandstone

Lower Manville Exploration Opportunity - Wildwood

The Lower Mannville oil exploration opportunity initial well is ready for drilling having received regulator and landowner approval. The target zone will be drilled as a horizontal well and undergo fracture stimulation. The well will pass by two existing vertical wells both of which are interpreted to have untapped pay in the target zone.

With success, the JV lands have the potential for six to ten follow up wells. Refer to Figure 3.

Nearby pipelines connect to a deep cut facility which improves liquid recovery at a low incremental cost

The area has multi-zone potential which includes the Duvernay.

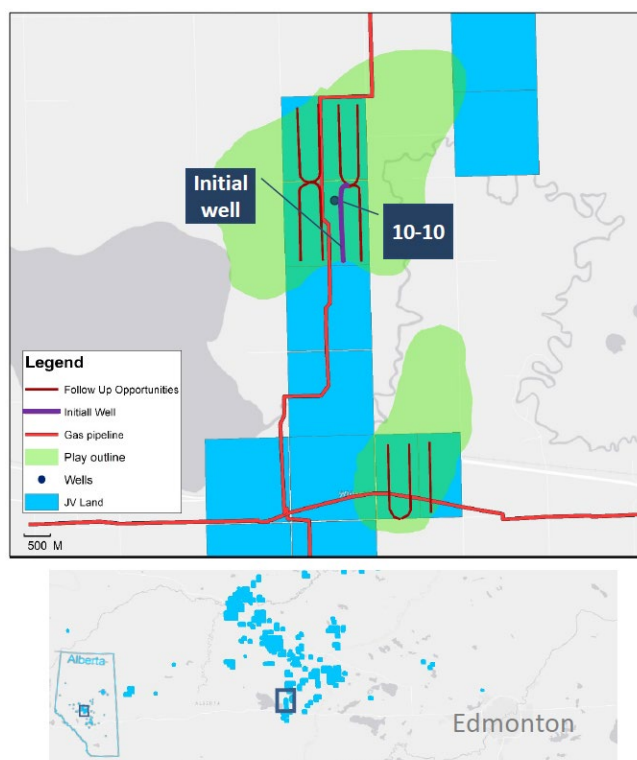


Figure 3 - "Initial well" is approved and licensed as an exploration target.

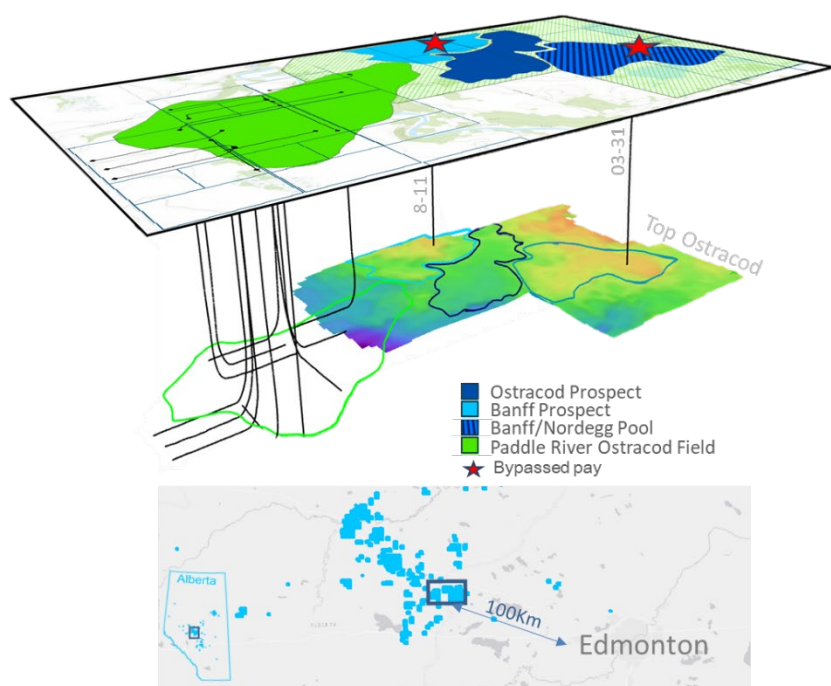


Figure 4 – Bypass pay identified in exploration targets.

Banff Exploration Opportunity – West Cove – Gross 40 million boe in place

Following a successful 3D program in March 2018, two Banff seismic features with strong amplitude anomalies were identified on trend with other significant Banff pools in the area (Refer to Figure 4).

In addition, wells with bypassed pay with strong oil shows have been identified on these anomalies. Older horizontal wells (1980-1990) in the offset producing areas have achieved initial rates in the range 100-1300 boepd. Eight more recent wells (2000s) provide a type curve averaging 300 boepd as an initial rate. However, modern horizontal drilling and completions techniques are expected to result in even higher initial rates³.

³ Refer to ASX Release 25 October 2018

Duvernay Oil (WBE 20% WI) – Unconventional Shale Play Continues to Evolve

The West Basin Duvernay oil play continues to advance in the region of the JV lands. In the past 18 months, land has sold in the area for upwards of \$1,000 per hectare with total land bonuses paid of approximately \$172 million in aggregate.

Including both the West and East Duvernay Shale basins, the industry to date has drilled an estimated 150 horizontal Duvernay shale oil wells within this emerging oil play which continues to attract increasing industry activity. A significant farm-in deal was also announced recently pointing to increased value in the play as development widens.

The JV has reviewed technical data in the area that indicates similar reservoir properties to the East Duvernay shale basin where an estimated 10 to 15 million barrels per section of original oil in place is prospective. Point Loma's analysis shows that the West Duvernay has a thickness of approximately 10 to 15 metres, with porosities ranging from 3 to 10% and TOC's in the range of 2% to 10% which are parameters comparable to offsetting East and West basin Duvernay oil development.

The JV continues to evaluate options to unlock shareholder value from its Duvernay shale holdings, which could include a strategic joint venture, farmout, land swap or outright sale.⁴

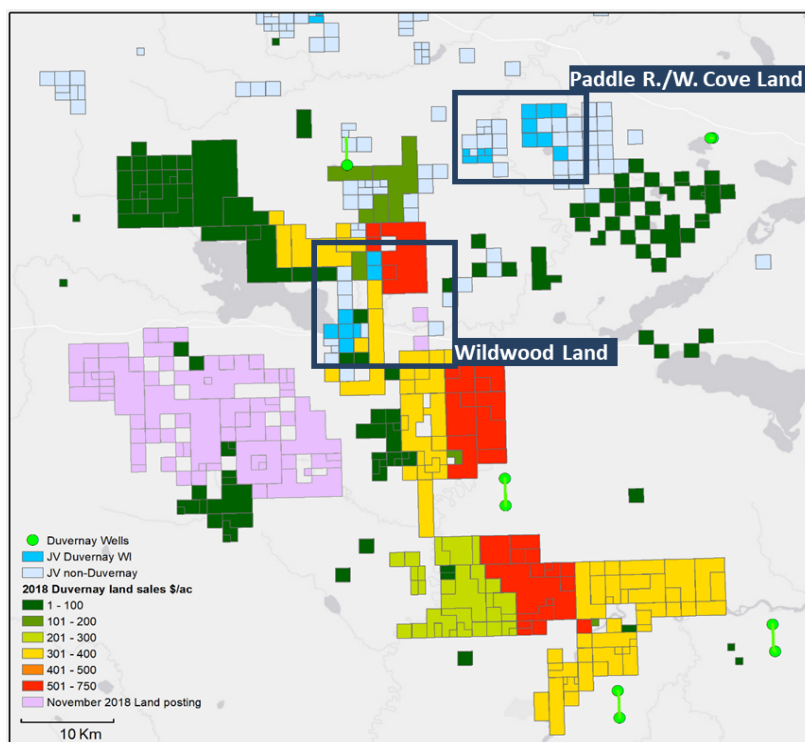


Figure 5 - Land Position on Emerging Play

Warro Gas Project (100%)

On 26 June 2018, WBE announced the return to full ownership and control of the Warro Field after Alcoa agreed to relinquish its 43% interest earned in the asset.

This will allow WBE greater ability and flexibility to progress the asset once the current fracking moratorium in WA is lifted, a prospect that the company is confident will be the outcome of the state imposed inquiry. RL7, on which Warro sits, is currently in suspension pending the completion of the State Government inquiry with holding costs for the lease modest and all near term work commitments met.

As part of the transfer, Alcoa has agreed to provide future funding to cover its share of plug and abandonment liabilities in the event any of the wells are not used in future development scenarios.

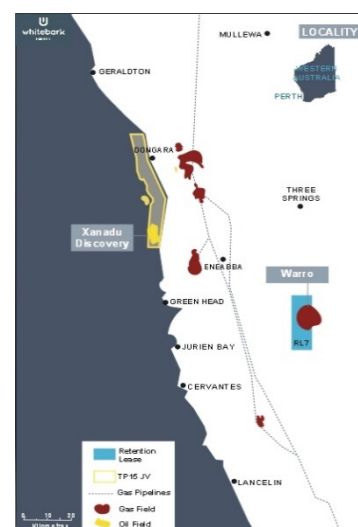


Figure 6 - WBE Western Australian Assets Location Map

Planned Activities to Dec 31, 2018

- Plan and undertake works to reduce operating costs at Paddle River.
- Continue with strategic acquisitions in Canada.
- Drill two JV exploration wells.

Corporate and Financial

Closing cash at the end of the quarter was AUD\$2.555 million (excludes proceeds from TP-15 sale).

⁴ Refer ASX Announcement 6 June and 25 October 2018

Tenement Schedule

Canada (Net Acres)

	September Quarter	Relinquishments	Acquisitions	June Quarter
Whitecourt	4844	25	0	4869
Leaman	6762	323	0	7085
Paddle River	7169	254	253	7170
Niton	640	0	0	640
Thornbury	10881	1539	0	12420
Thorsby	79	0	0	79
Gilby	5454	59	0	5513
Other	1452	352	0	1804
Totals	37281	2551	253	39580

Australia

Project	WBE (Net Acres)	Location	Change during the quarter
Warro JV – RL7	36,480	Western Australia	No change
Xanadu JV – TP15	19,991	Western Australia	No change

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.

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 ('WBE' 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.

GLOSSARY OF TERMS

Abbreviation	Definition
BOE	Barrels of Oil Equivalent
BOEPD	Barrels of oil equivalent per day
MBOE	Thousand Barrels of Oil Equivalent
MMCF	One Million Cubic Feet of Gas Volume only.
MMBBL	One Million Barrels of oil
OOIP	Original oil-in-place

Conversion of gas to BOE is done on the basis of 6mcf = 1 BOE.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

WHITEBARK ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

30 September 2018

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	579	579
1.2 Payments for		
(a) exploration & evaluation	(136)	(136)
(b) development	(14)	(14)
(c) production	(546)	(546)
(d) staff costs	(157)	(157)
(e) administration and corporate costs	(271)	(271)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(540)	(540)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(3)	(3)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(3)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,251	2,251
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(264)	(264)
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	1,987	1,987

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,100	1,100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(540)	(540)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,987	1,987
4.5	Effect of movement in exchange rates on cash held	11	11
4.6	Cash and cash equivalents at end of period	2,555	2,555

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	2,515	2,515
5.2 Call deposits	40	40
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)	2,555	2,555

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
130
-

Directors fees and consultant fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	600
9.2 Development	-
9.3 Production (net of cost)	(175)
9.4 Staff costs	160
9.5 Administration and corporate costs	300
9.6 Other – sale of tenements	(160)
Other – sale of TP15	(2,000)
9.7 Total estimated cash outflows/(Inflows)	(1,275)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Alberta, Canada: -Paddle River -Whitecourt -Leaman -Paddle River -Thornbury -Gilby -Other	Net acres acquired 253 Net acres relinquished 25 323 254 1539 59 352		

Compliance statement

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

Sign here:



Date: 30 October 2018

Print name: Kevin Hart

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.
3. 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.