



Quarterly Activity Statement

30 January 2019

Summary

Whitebark Energy Ltd (ASX: WBE) is pleased to provide an overview of its activities for the Quarter ended 31 December 2018. Significant developments included a new oil discovery at the Rex oil play in Canada. The success of the first well has the potential to more than double Whitebark's current oil production and is expected to be onstream in Q2 2019. The discovery could lead to a further 10 to 14 well development program that would be consistent with similar nearby accumulations.

The drilling of the Wizard Lake and its success has refocused management's strategy on production growth from Canada, a region that currently offers a superior investment return for Whitebark.

Whitebark finished the Quarter in a strong position to continue growing its production base and with exposure to exploration upside through identifying and drilling additional high impact exploration targets.

At the end of the quarter WBE had \$3.9m in cash and 11,191,052 shares in Triangle Energy Group (TEG).

Highlights

Canadian Operations – New oil discovery potential to double WBE's production in Q2

Point Loma JV (PLJV) (20%-30% WI)

- Wizard Lake Rex well proven commercial with initial flow rates of 304 barrels per day (bpd) oil (17 API) and 0.17mmcf/d of associated gas, in total 340 boe/d.
- Production net to WBE is expected to increase by 100 boe/d when the Wizard Lake Rex discovery well is brought into commercial production. This will increase oil production by more than 100%.
- Working interest in Wizard Lake Rex discovery was increased to 30%.
- The PLJV controls 3,385 acres in the area and expects 10-14 follow-up wells to be drilled into the Wizard field.
- Paddle River water injection well recommissioned.
- Due to the successful result of the Wizard Lake exploration well, the PLJV decided not to undertake the second exploration well planned for 2018 to concentrate on the development of the Rex discovery.
- Net production for the quarter of 25,346 boe down from 29,396 boe in the previous quarter due to maintenance operations and various well shut-ins due to low commodity prices.

Australian Operations – Sale of TP-15 interest to focus on new production growth

TP-15 (15% WI) - Sold

- On 25 October 2018 Whitebark announced the sale of its 15% interest in TP15 to Triangle Energy (ASX : TEG) for up to \$5m.
- The offer structure allows Whitebark to retain exposure to any commercial success of the Xanadu oil discovery which is located within TP-15.
- The initial consideration of \$2m in cash was received on the 13 November 2018 followed by 11,191,052 shares in TEG on the 24 December 2018.
- Additional performance payments of up to \$2m are payable on the future success of the asset.

Warro Gas Field (100% WI)

- Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation in Western Australia finds fracking is low risk when properly managed.
- WA Government to lift moratorium currently preventing development of Whitebark's 100% WI Warro project.
- As a result of the findings, the Company is reviewing alternatives to enable the recommencement of activities at Warro once the impact to the Inquiry's recommendations and associated changes to the Regulatory regime are known.

Recent Activity

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

Drilling Operations

The primary focus of the JV has been on the development and optimisation of existing oil 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 - the Rex (Upper Mannville) oil play, Lower Mannville oil play and Banff oil play. The successful drilling and testing of the Wizard Lake Rex well re-directs the immediate focus in H1 of CY2019 to the continued development of the Rex field as outlined below.

Wizard Lake Rex Oil Discovery (WBE 30% WI)

The Wizard Lake Rex horizontal exploration well was spud on 24 November targeting Cretaceous Rex sands at approximately 1410m TVD and finished drilling on 2 December 2018 (nine days inclusive). Prior to commencing the horizontal section of the well, the vertical hole had intersected overlying geological markers within 4 m of prognosis with the most important being the Lower Sparky Coal, which immediately overlies the Rex sand, and was 1.3 m low.

The horizontal well trajectory was adjusted accordingly and the horizontal section was drilled over the weekend of 1-2 December 2018. Before ceasing drilling operations, the uppermost part of the Rex was penetrated and bottoms-up samples showed strong oil staining, fluorescence with cut and elevated gas readings (four times background). (Refer ASX release 29 November 2018).

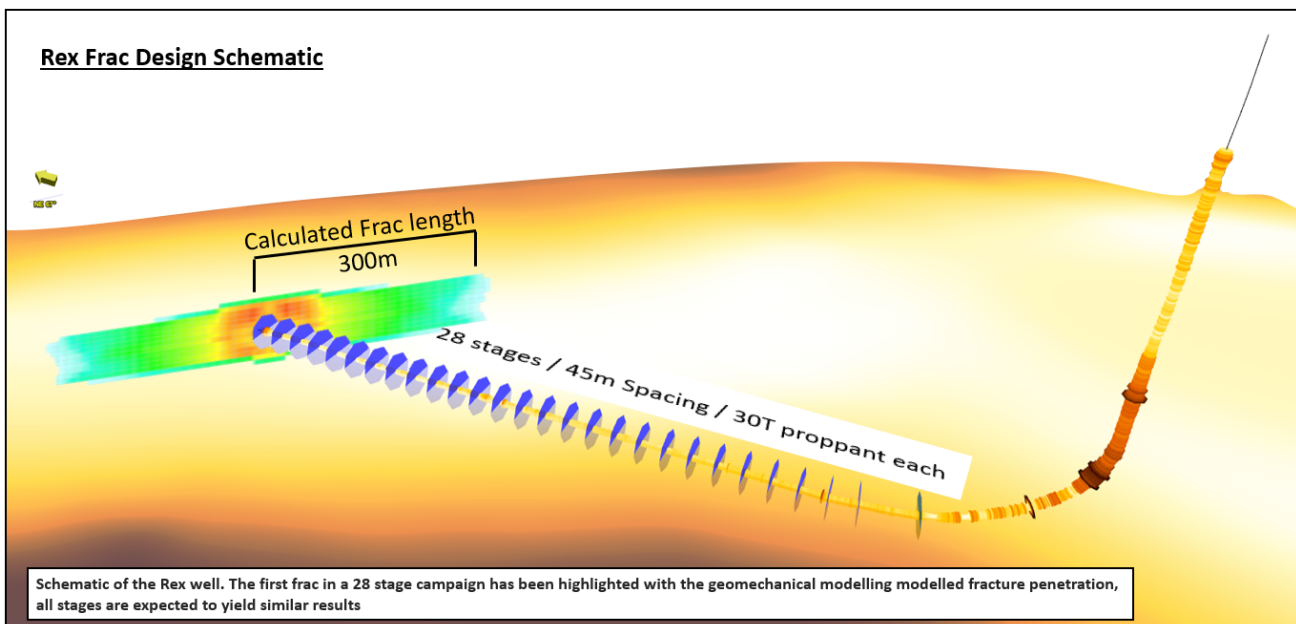


Figure 1 - Wizard Lake Rex Frac Design Schematic

The 27 stage frac commenced on 11 December 2018 and was completed less than 36 hours later, on 12 December. Due to the continuous nature of the reservoir in the horizontal section, the frac stages have been evenly spaced along the well bore at approximately 45m apart. Each stage emplaced about 30 tonnes of proppant to establish a frac half-length of over 50m as illustrated by the schematic above. The fracturing work was undertaken to increase the flowing area of the reservoir which directly influences the capacity of the well to yield oil. The table below shows the increase in well flowing area achieved as technology has improved. (See ASX Release 11 December 2018).

10m pay in 150mm borehole	Vertical well	Horizontal well	Fraced Horizontal well
Well Flowing Area	5	575	43,000

The 27 stage frac programme placed over 700 tonnes of proppant into the Rex formation. (See ASX announcement 13 December 2018.)

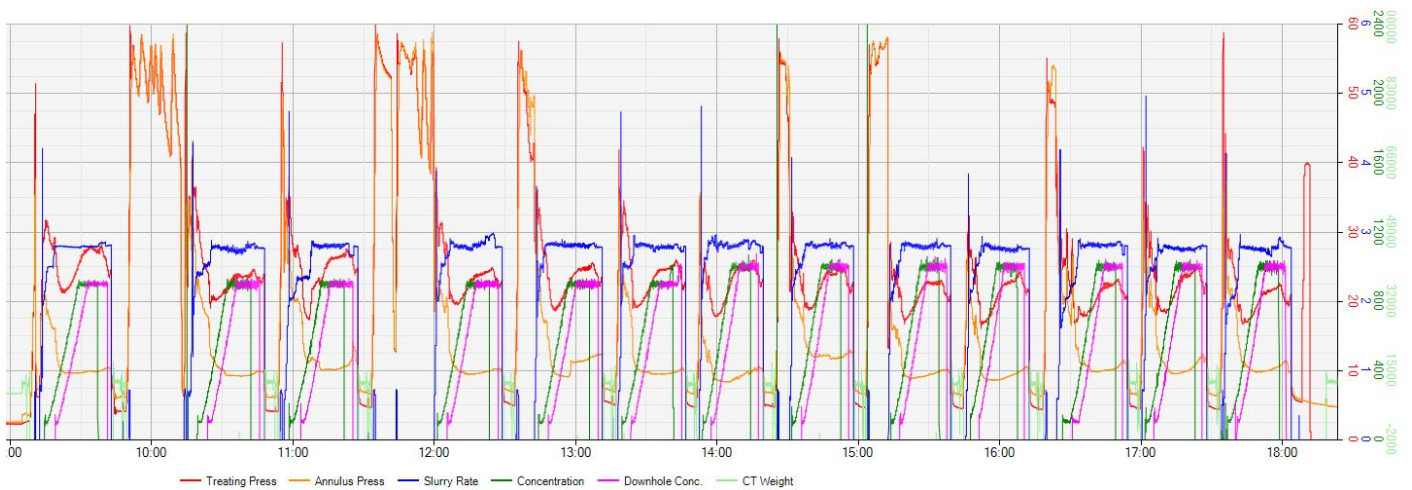


Figure 2 - Excerpt of actual fracture data for the last 13 of the 27 stages

Test Results

The flowback and testing of the well was delayed due to the coil tubing becoming lodged in the cased hole as the well was being cleaned up. (Refer to ASX release 17 December 2018). The tubing was successfully recovered and flowback commenced on 23 December 2018. (Refer to ASX announcement 24 December 2018). As is the practice by other operators in the area, a high-volume, submersible pump was used to assist with the recovery of frac fluids and to optimise the oil recovery rate. At this time, the company announced an increase in Working Interest to 30%, with an effective date of 31 December 2018.

The test commenced 24 December 2018 and was produced with a submersible pump to temporary production testing facilities. The test was interrupted 30 December 2018 to 4 January 2019 due to downhole pumping issues. From 4-15 January 2019 the well was pumped continuously with pumping rates varying at times as illustrated in Figure 4 below. Oil cuts were trending upward through the stabilized flow period and indicate potential for further increases with full time production. The well displayed excellent inflow with total fluid rates averaging over 1120 bpd during the testing period.

Flow testing of the Wizard Lake Rex horizontal oil well recorded production rates of 305 barrels of oil per day prior to the completion of testing, establishing the production capability of the reservoir. Oil cuts were trending upward through the stabilized flow period and indicate potential for further increases with full time production.

As highlighted in Figure 4 the performance of the well over the last week of testing steadily improved and, except for a brief period when rates were curtailed due to restrictions moving oil and water off the well site, oil rates increased while the basic sediment and water (BSW) and gas production rates declined. Accordingly, the Point Loma Joint Venture (PLJV) determined the field was commercial and ongoing testing costs could be better directed to bringing the field into long term, lower cost production.



Figure 3 - Wizard Lake Rex Well Site

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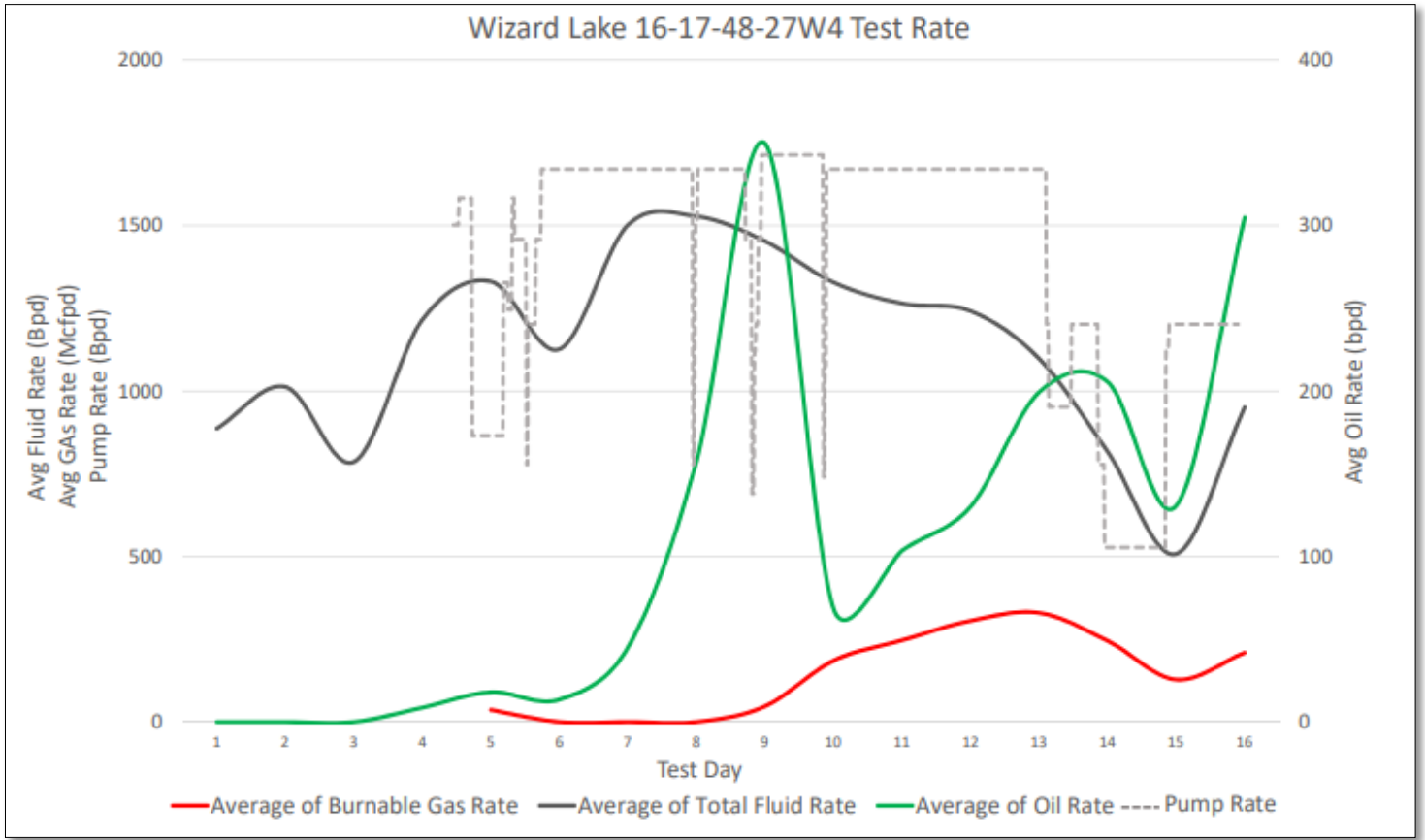


Figure 4 – Wizard Lake Rex Test Rate

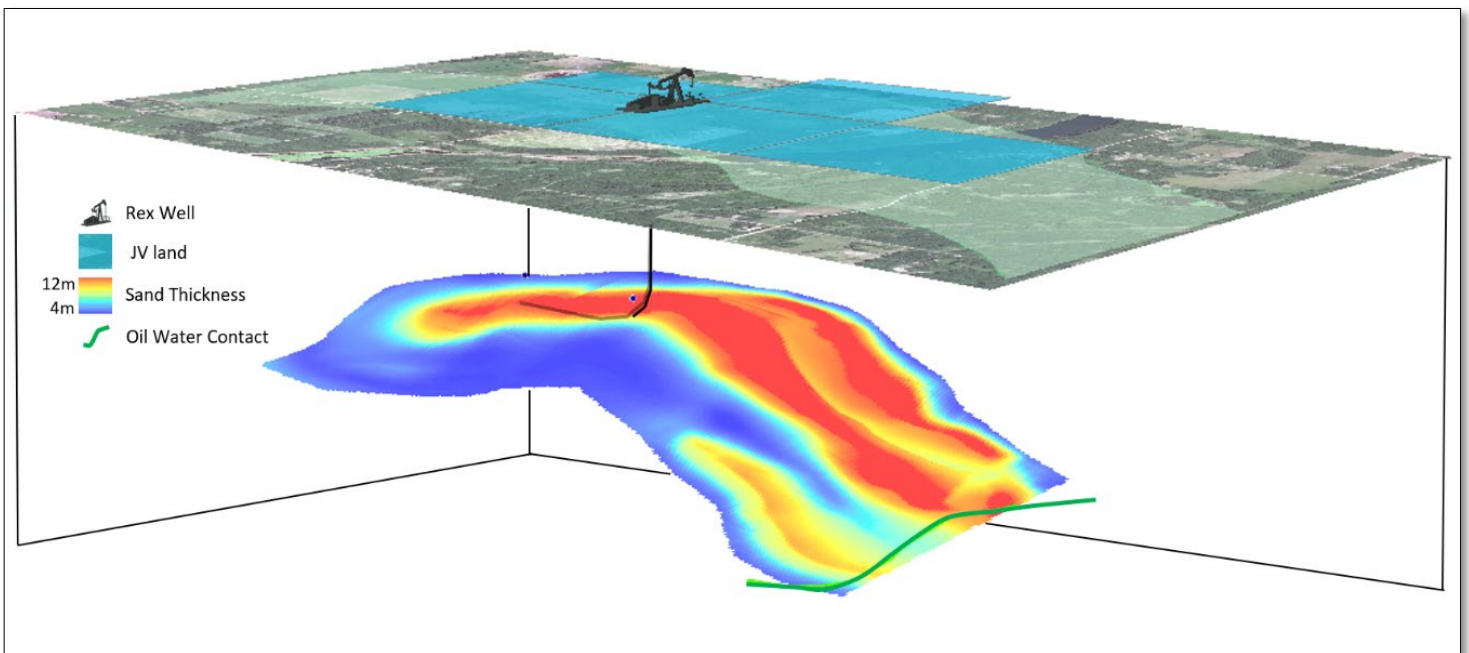


Figure 5 - 3D schematic of Rex Oil Field

Development Plans

Next steps to develop the Rex oil pool will be to tie-in the solution gas to a nearby gas processing facility and install a battery. With the lands recently acquired by the PLJV, there is the potential for 10-14 additional drilling opportunities. The PLJV plans to drill additional development wells to further delineate the pool in 2019.

A third party reserve auditor has been engaged to provide estimates of the reserves of the Wizard well and the pool that it has discovered. This is expected to take approximately six weeks.

Rex Well Testing Summary

Well Location	Wizard Lake: 100/16-17-048-27W4
WBE Working Interest	30%
Net Pay Thickness	Not applicable - horizontal well
Geological Rock Type and Formation Drilled	Lower Mannville Rex Sands
Drilling Depth	1415mTVD with 1237m horizontal section
Type and Duration of Test	Produced with a submersible pump. Test duration approx. 18 days
Hydrocarbons Recovered	1833 bbls Oil and 2mmcf Gas
Water/Load fluid recovered	18,680 bbls
Choke Size	Not applicable, well under pump
Fracture Stimulations	27 stages averaging 26t proppant / stage
Material non hydrocarbon Gases	Not material

Rex Play Background

The JV secured control of a new Rex (Upper Mannville) oil opportunity in the Leduc area in October 2018 (ASX announcement 1 October 2018). The presence of oil bearing Rex sands has been confirmed, but not exploited, by previous wells in the area which were drilled to produce oil from much deeper Devonian Leduc reservoirs (mainly in 1950/1960s). 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.

The Rex target at Wizard Lake is the first horizontal well to be drilled in a potentially multi-well program analogous to the offsetting Leduc area Rex. The target zone in the PLJV lands has similar porosity but is thicker than at the Leduc area. (Refer ASX release 13 November 2018). The Rex prospect has the potential for 10-14 follow up development wells. (Refer ASX release dated 1 October 2018).

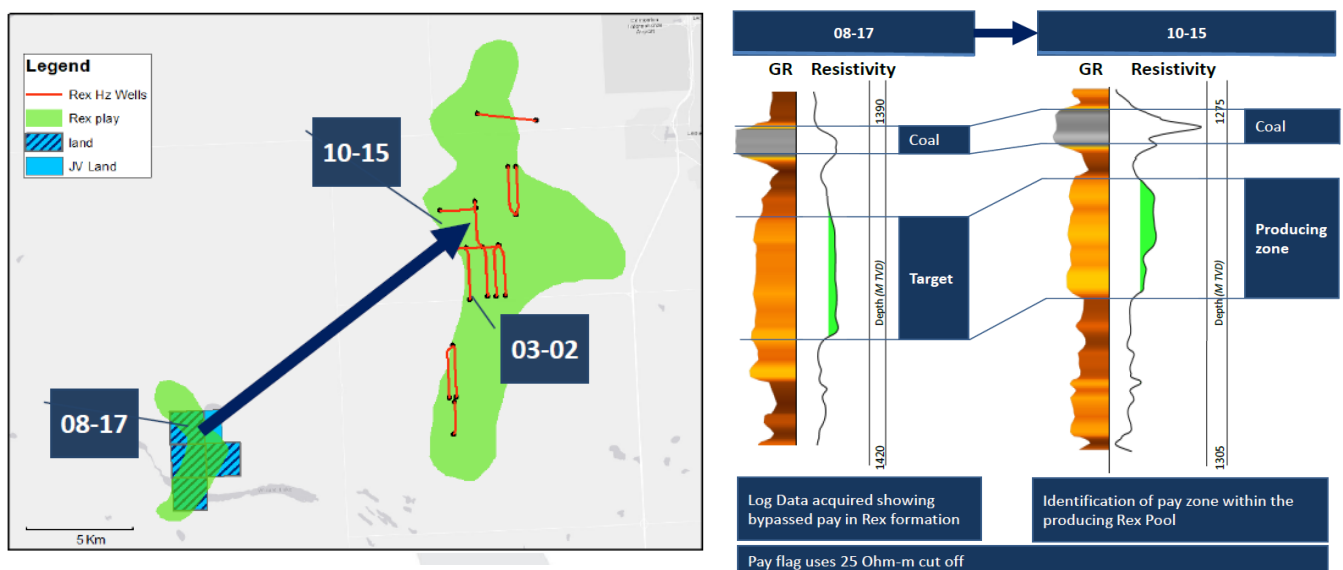


Figure 6 - Log Characteristics within PLJV land are similar to producing sands to the East

Western Australian Operations – Warro Gas Project (WBE 100)

Release of Findings of Scientific Inquiry into Fracking & Statewide Moratorium to be Lifted

During the Quarter the WA Government announced it will lift the moratorium on fracking of existing projects north of Perth, after an Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation in Western Australia found that risks associated with the gas extraction technique are minimal and can be safely managed. The WA Government will develop a new regulatory regime to adopt all the Inquiry recommendations.

Whitebark welcomed the findings of Inquiry which are cogent and thorough and provide a valuable path for Industry, Government and the community to follow.

As a result, the legislative impediment to the development of Whitebark's 100% owned Warro Project – a 4.4-11.6tcf project (Refer ASX release 19 November 2015) located 200 kilometres north of Perth - is now in the process of being lifted by the WA Government.

The WA Government has undertaken to implement all the Inquiry's recommendations by developing and implementing additional approvals and regulations governing the hydraulic fracturing of exploration and production wells. This process is expected to require many months to achieve and therefore any hydraulic fracturing activity in Western Australia may not be able to occur until 2020.

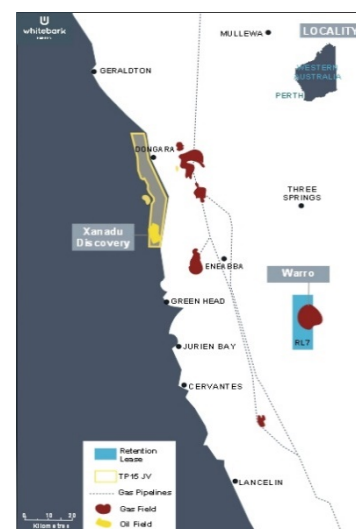


Figure 7 - WBE Western Australian Assets Location Map

Planned Activities to 31 March 2019

- Installation of pipeline and processing facilities to bring Wizard Lake Rex onto production.
- Initiate planning to undertake further drilling in 2019 at the Wizard Lake Rex Oil Discovery.
- Continue with strategic acquisitions.

Corporate and Financial

Sale of TP-15 – Share Consideration Received

On 24 October 2018 WBE and Triangle Energy Global executed a sale agreement for WBE's 15% interest in TP-15 in the Perth Basin for up to \$5m. On 13 November 2018, WBE received the initial A\$2 million cash consideration and on 24 December 2018 the receipt of A\$1 million in shares (11,191,052 shares) in Triangle Energy Global Ltd (Triangle, ASX : TEG). Two more payments totalling A\$2 million dollars may become payable subject to future performance milestones as outlined in the transaction summary below.

Transaction Summary

- Upfront consideration of \$3m, made up of \$2m in cash payable within 3 days of the prior satisfaction of the Joint Operating Agreement Transfer Documents anticipated to be complete within 14 days, and \$1m 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 \$1m in cash or issue the 11,191,052 TEG shares from its capacity under listing rule 7.1;
- \$1m 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 \$1m in cash or at WBE's election, \$500,000 in cash and \$500,000 in TEG shares.
- \$1m 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.
- Upfront 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 8 October 2018 and for Appraisal Shares, the 30 days prior to the receipt of the competent person's report.

Effective Date of the Transaction is 24 October 2018.

Closing cash at the end of the quarter was AUD\$3.9 million plus a holding of 11,191,052 in Triangle Energy (TEG).

Tenement Schedule

Canada (Net Acres)

	December Quarter	Relinquishments	Acquisitions	September Quarter
Whitecourt	4,108	0	-736	4,844
Leaman	6,655	168	-275	6,762
Paddle River	6,977	61	-253	7,169
Niton	640	0		640
Thornbury	11,357	856	-379	10,881
Thorsby	79	0	0	79
Gilby	4,385	26	-1,096	5,454
Wizard Lake	767	767	0	0
Other	1,815	474	-111	1,452
Totals	36,784	2,353	-2,849	37,281

Australia

Project	WBE (Net Acres)	Location	Change during the quarter
Warro JV – RL7	36,480	Western Australia	No change
Xanadu JV – TP15	0	Western Australia	(19,991)

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

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")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	393	972
1.2 Payments for		
(a) exploration & evaluation	(209)	(345)
(b) development	60	46
(c) production	(382)	(928)
(d) staff costs	(181)	(338)
(e) administration and corporate costs	(449)	(720)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	12
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	(761)	(1,301)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	2,173	2,173
(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	2,173	2,170

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	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	(4)	(268)
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	(4)	1,983

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,555	1,100
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(761)	(1,301)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	2,173	2,170
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(4)	1,983
4.5 Effect of movement in exchange rates on cash held	8	19
4.6 Cash and cash equivalents at end of period	3,971	3,971

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	1,993	2,515
5.2 Call deposits	1,978	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)	3,971	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
197
-

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	1,000
9.2	Development	60
9.3	Production (net of cost)	(75)
9.4	Staff costs	150
9.5	Administration and corporate costs	300
9.6	Other	-
9.7	Total estimated cash outflows	1,435

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	TP15 Xanadu Project, WA	JV Working Interest	15%	0
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Alberta, Canada: -Paddle River -Leaman -Thornbury -Gilby -Wizard Lake -Other	Net acres acquired		
			61		
			168		
			856		
			26		
			767		
			474		
			Net acres relinquished		
		-Whitecourt	736		
		-Leaman	275		
		-Paddle River	253		
		-Thornbury	379		
		-Gilby	1096		
		-Other	111		

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 January 2019

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.