

# Quarterly Activity Statement

31 July 2019

## Highlights

### Canadian Operations – Wizard Lake Rex Development

*(30% WI moving to 50%)*

- The Wizard Lake Rex-2 oil well commenced drilling on July 27th and is currently at the landing point of 1572m from which we will commence drilling the horizontal section once casing and cement has been run.
- Wizard Lake Rex-1 well was brought online on 5 June 2019 at an average rate of 200 bopd gross for the month thereby increasing WBE's oil production by more than 100%.
- Construction of the new multi-well and facilities pad and installation of the pipeline and surface facilities was completed in early June 2019.
- WBE secured a farmin arrangement over the Wizard Lake field whereby it expects to increase its interest to 50% by the drilling of two additional wells at its cost. Rex-2 is the first of these wells.
- Whitebark has secured additional land at Wizard Lake that has increased prospective well locations to a minimum of 20.
- Net production for the quarter of 25,776 boe up from 24,320 boe in the previous quarter, including 3586.1 bopd from Rex 1. Net production for the financial year totals 104,838 boe.

## Recent Activity

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

*Wizard Lake Development (WBE 30% WI moving to 50%)*

#### *First Oil*

Following approval of the first phase of development at Wizard Lake, construction of a pipeline and installation of initial production facilities on a multi-well pad was completed in early June 2019. Rex-1 production commenced via a downhole pump on 5 June 2019.

Rex-1 was producing for the last 25 days of June and continued to clean up with increasing oil cut. During this time the downhole pump needed to be slowed down due to limitations on storage and poor road conditions caused by unseasonably heavy rain, limiting loads. Four 1,000 barrel tanks will be added to the facility increasing the total storage capacity by 150%.



Figure 1 - Wizard Lake Surface Facilities

The well production is piped to a modular production and processing facility located 1.6 km NW from the Rex- 1 well. The total gross cost incurred for the pipeline, treatment facility and multi well pad is approximately A\$750,000.

*Wizard Lake Farmin*

During the quarter WBE finalised an arrangement whereby it can increase its interest to 50% in the entire Wizard Lake field by the drilling of two wells, of which Rex-2 is the first. The Company will pay 100% of the well costs but receive 75% of well income until the carried costs have been recovered.

*Rex-2*

Rex-2 was spud on 27<sup>th</sup> July by the Precision Drilling Rig 186 which successfully drilled Rex-1. Drilling is expected to take up to 14 days, which is a little longer than Rex-1 as Rex-2 has a horizontal leg approximately 30% longer at 1600m (Figure 2). The well is being drilled from the same pad as Rex-1 but with a southern trajectory, the opposite to Rex-1.

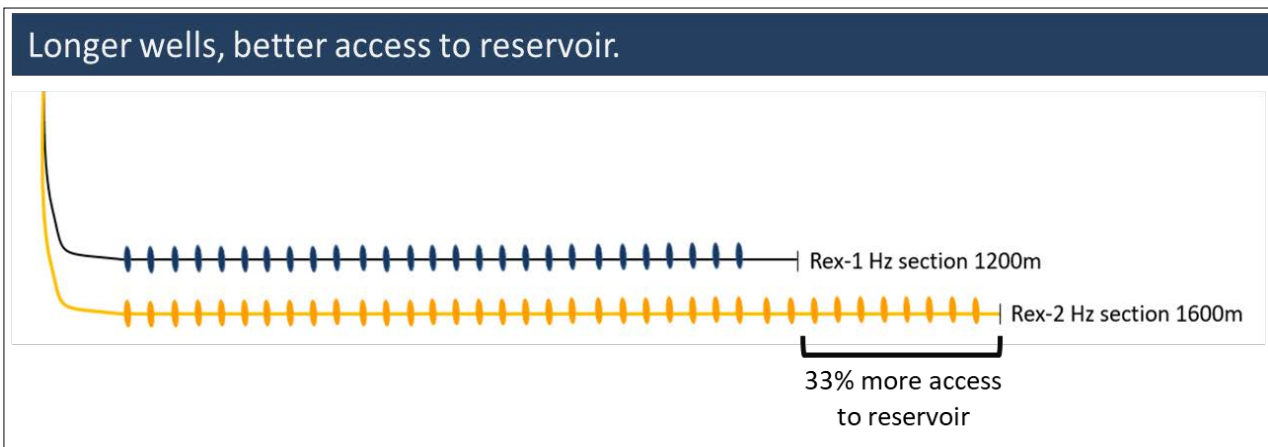


Figure 2 - Comparison of Rex-2 and Rex-1 Horizontal

Following drilling, the reservoir section will be completed using a multistage fracture stimulation programme. Rex-2 will be connected to the existing surface facilities upon completion and production is expected to commence by the end of August. The total cost to drill and complete the Rex-2 well is estimated to be approximately C\$2.3m (refer ASX announcement 15 March 2019).

An additional gross 640 acres of subsurface rights over the Wizard Lake oil field were secured during the quarter, taking the total gross area to 3,385 acres. Subsequent to the close of the quarter, WBE secured another 320 gross acres of subsurface rights, increasing the potential drilling locations to 20+.



Figure 3 - Wizard Lake Development

## Western Australian Operations – Warro Gas Project

### (WBE WI 100%)

The Warro project continues to be in care and maintenance, awaiting Government guidance on the regulatory changes to be made to implement the recommendations of the Fracking Inquiry. An announcement in July 2019 has outlined the implementation schedule. The Warro Project can now anticipate a time when further work at the field can be considered. The commercial viability of the field however will require a fracture stimulation regulatory regime with fit for purpose processes which delivers approvals in a timely and cost-effective manner.

## Planned Activities to 30 September 2019

- Rex-2 production on-line in August 2019.
- Planning for Rex-3 to commence.

## Corporate and Financial

### Adelaide Equity

Whitebark Energy appointed Adelaide Equity Partners Limited during the quarter as Corporate Advisor. Adelaide Equity has significant experience in natural resources, particularly the oil and gas sector. The appointment is at a pivotal stage in Whitebark's development as the Company looks to develop the Wizard Lake Field and provide a strategic assessment of the Warro project to best maximises value for shareholders.

### Financial

Closing cash at the end of the quarter was AUD\$3.0 million plus a holding of 11,191,052 in Triangle Energy (TEG) valued at \$839,329 at 30 June.

## Tenement Schedule

### Canada (Net Acres)

	June Quarter	Relinquishments	Acquisitions	March Quarter
Whitecourt	4030	-128		4158
Leaman	6763	-439	180	7022
Paddle River	6678	-103		6781
Niton	648			648
Thornbury	10754			10754
Thorsby	79			79
Gilby	4431			4431
Wizard Lake	1743		192	1551
Other	1837			1837
<b>Totals</b>	<b>36963</b>			<b>37261</b>

### Australia (Net Acres)

Project	WBE	Location	Change during the quarter
Warro JV – RL7	36,480	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.

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

### 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.

## 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 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	510	2,088
1.2 Payments for		
(a) exploration & evaluation	(128)	(1,398)
(b) development	(658)	(827)
(c) production	(358)	(1,877)
(d) staff costs	(170)	(619)
(e) administration and corporate costs	(280)	(1,273)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	29
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Settlement of PLXJV admin agreement	(312)	(312)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,392)</b>	<b>(4,189)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(52)
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	18	2,191
(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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>18</b>	<b>2,139</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,950	4,201
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	(27)	(295)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,923</b>	<b>3,906</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,413	1,100
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,392)	(4,189)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	18	2,139
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,923	3,906
4.5 Effect of movement in exchange rates on cash held	38	44
<b>4.6 Cash and cash equivalents at end of period</b>	<b>3,000</b>	<b>3,000</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	838	959
5.2 Call deposits	2,162	1,454
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,000</b>	<b>2,413</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	120
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	

Directors fees and consultant fees.

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <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. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	1,700
9.3 Production (net of cost)	(390)
9.4 Staff costs	150
9.5 Administration and corporate costs	370
9.6 Other – Receivable	(510)
<b>9.7 Total estimated cash outflows</b>	<b>1,320</b>

The Company holds 11,191,052 ordinary shares in Triangle Energy (Global) Limited. As at 30 June 2019 these shares had a market value of \$839,329.

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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	<b>Alberta, Canada:</b>	<b>Acres</b>		
	-Leaman	439	100	0
	-Paddle River	103	100	0
	-Whitecourt	128	100	0
10.2 Interests in mining tenements and petroleum tenements acquired or increased	<b>Alberta, Canada:</b>	<b>Acres</b>		
	-Leaman	180	0	100
	-Wizard Lake	288	0	100



### **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: 31 July 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.