

Facilities successfully operating, preliminary production reaches 1000boepd

7th January 2020

Highlights

- The upgraded facilities at Wizard Lake have been fully operational since 21 December 2019.
- Gas is being successfully transported in the 15km pipeline to Petrus and sold into the Atco system.
- Following filling of the new onsite oil separation and storage facilities, oil sales from the facilities commenced on the 2 January 2020.
- As is normal practise in these fields, the wells are slowly being brought back into production to preserve reservoir integrity and maximise long term production.

Whitebark Energy Limited (**'Whitebark'** or **'the Company'**) (ASX: WBE) is pleased to announce that it's Wizard Lake Oilfield new facilities and pipelines have been successfully operating, trouble-free for 16 days. The facilities separate the gas from the liquids for sales via the Petrus gas processing facilities which are located 15km to the NW. Gas throughput has been held at 2 – 2.5 mmcf/d while the wells continue to clean-up and stabilise. Oil throughput uses a heated cascade tank system which uses gravity to separate the oil and water (see below). This system removes up to 99.5% of the water prior to the oil being trucked to receiving stations.

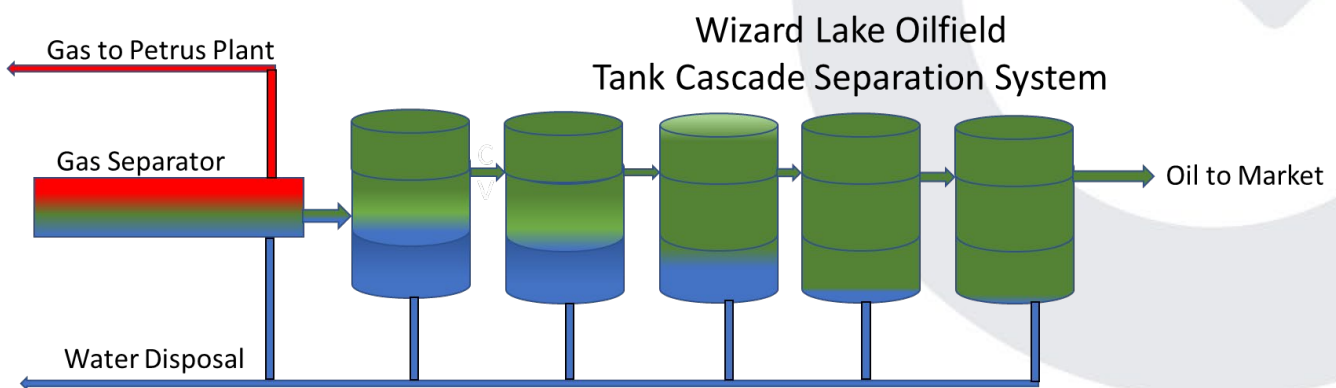


Figure 1 - Tank Cascade Separation System

Well operations over the last two weeks (abridged due to the Christmas and New Year break) have focused on re-establishing full flow from the wells:

- Rex-1 was cleaned out following the discovery of an obstruction in the hole (refer ASX announcement 13 November 2019). The well has been placed on pump to accelerate fluid recoveries and speed the return to pre-shut-in flow rates. Over 700m³ of water was injected into the well during the clean-out operations.
- Rex-2 is being converted back to pump, but before doing so, the well is being cleaned out to remove any frac sand that has accumulated in the borehole during the initial flow period. This resets the well and will optimise future flow rates. Production from the well will recommence this week.

- Rex-3 continued to flow oil and gas unassisted. To date approximately 30% of the frac fluid has been recovered. The well is flowing through an 11.91mm choke to restrain the gas rate to approximately 2 mmcf/d and ensure the well can clean up in an optimal manner. It is presently flowing 350-450 bopd under heavy choke and will continue to do so until the clean-up is complete, with a total fluid water cut of approximately 35%.

Total field production at this stage (from two wells still in clean-up mode) is averaging approximately 550 bopd and 2.2mmcf/d. Once Rex-2 is restarted these rates will increase.

The production from the field will continue in a manner that will facilitate the well clean-up process and optimise production rates and uptime for the long term. As with other nearby fields producing from similar reservoirs, the present three wells of the Wizard Lake Oilfield are expected to require up to 90 days to attain their maximum flow rates.

On 18 December 2019, WBE announced a Definitive Agreement had been signed to acquire 100% ownership of the Wizard Lake oilfield via a staged purchase arrangement.

Whitebark Energy Managing Director, David Messina said: “The successful commissioning of the new facilities and associated pipelines and wells has been an important milestone in the monetisation of the Wizard Lake oil field. The wells are slowly being brought back into production to ensure the long term production of the field is preserved and sales in 2020 maximised.”



Figure 2 - Wizard Lake New Surface Facilities

End

This ASX announcement was approved and authorised for release by David Messina, Managing Director Whitebark Energy

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The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.

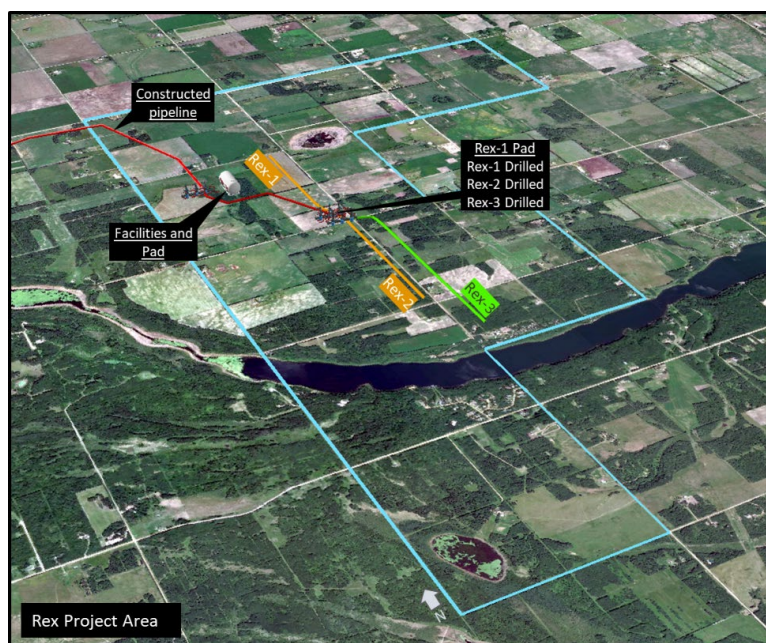


Figure 3 - Wizard Lake Development

Background

- Rex-3 is the third horizontal well to be drilled in the multi-well development of the Wizard Lake Oilfield.
- Rex-3 was drilled to 3,673mMD in eight days with a horizontal section of 2,098m, 298m longer than planned and encountered excellent quality reservoir.¹
- Rex-3 averaged 1,278 boepd including 1,084 bopd of oil in the final 6 hours of a continuous 18 hour period.²
- The Wizard Lake Oilfield was identified using geological information obtained from wells drilled mainly in the 1950's.
- It has the potential to contain 24+ wells targeting 11mmboe³.
- The horizontal discovery well, Rex-1, was spud on 24 November 2018⁴ and initial flow testing of recorded rates of more than 300 bopd from only 500m of the horizontal section due to an obstruction which was recently removed.
- Initial production facilities and an infield pipeline were completed in early June 2019 and Rex-1 began producing on 5 June 2019⁵.
- Rex-2 was drilled and fraced in August and tested in September 2019, with a peak production rate of 865 boed (540bbls of oil and 2 mmcf of gas) before the well had to be constrained due to unexpected high gas production.⁶
- An upgrade to production facilities was commenced in November 2019 and included a 3km gas pipeline to connect to local gas networks and an upgrade of the modular processing facilities to ensure high gas and oil production rates can be managed. These facilities were completed in late December 2019 and production commenced.⁷
- Following closing of Stage 1 of the Wizard Lake acquisition WBE owns a 60% working interest in the field and is currently earning 100% of Rex 1, and 75% of Rex 2 and Rex 3. Following execution of Stage 2 WBE will own 100% in the field and 90% in Rex 1 and Rex 2 until Stage 3 close, at which point it will own 100% of all assets in the Wizard Lake field.

1 ASX Release 26 November 2019

2 ASX Release 16 December 2019

3 ASX Release 22 August & 1 October 2019

4 ASX Release 26 November 2018

5 ASX Release 5 June 2019

6 ASX Release 6 September 2019

7 ASX Releases 23 December 2019