

Whitebark increases share of Wizard Lake

31 May 2019

Whitebark's interest in the Wizard Lake oil field to increase to 50% following a two well farm-in

- Whitebark's working interest in the Wizard Lake oil development to increase up to 50% following a two well drilling program.
 - Whitebark will fund 100% of drilling costs of the next two Rex wells:
 - Plan to drill both wells in 2H 2019;
 - The first of these wells, Rex-2, is targeted to spud in July/August 2019 for an estimated cost of CAN\$2.3m
 - The successful Rex-1 well is on target to commence production in early June 2019.
 - Whitebark remains fully funded for the next stage of the Wizard Lake development.
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Whitebark Energy Ltd (ASX : WBE) is pleased to announce that it has reached agreement with its Canadian partner, whereby it will increase Whitebark's interest in the Wizard Lake oil development to 50% after the completion of a two well drilling program. Whitebark's current interest is 30%.

As a part of the agreement, Whitebark will fund 100% of the drilling costs of the next two wells in the Wizard Lake oil development program, Rex-2 and Rex-3.

Rex-2 is expected to spud in July/August 2019 and Whitebark will receive 75% of well revenues until payout of its capital investment. Whitebark's ongoing interest in the entire field will be 40% following payout. Whitebark may then elect to proceed with Rex-3, expected to be drilled prior to 31 December 2019. Whitebark will receive 75% of the well revenues until capital payback and thereafter own 50% of the entire field and the surrounding Area of Mutual Interest (AMI).

The wells will delineate the pool with planned 1400m horizontal and an 1800m horizontal sections to be completed with multi-stage fracs. This is expected to assist in confirmation of pool size and productivity and will test the application of extended reach wells for further development of the pool.

Whitebark Energy Managing Director David Messina said the agreement reflects Whitebark's commitment to progressing the Wizard Lake oil development as soon as possible.

"The Wizard Lake Oil Development presents a huge opportunity for Whitebark and we are committed to realise the substantial value that the discovery offers. We have been flexible with our funding program over the past six months and through a combination of asset sales and strategic equity raisings, we have positioned Whitebark to pursue a more aggressive growth program," he said.

"The Rex-1 well remains on track to commence oil production in early June 2019 as completion of the site facilities draws near, and we can now start to focus on drilling Rex-2¹."

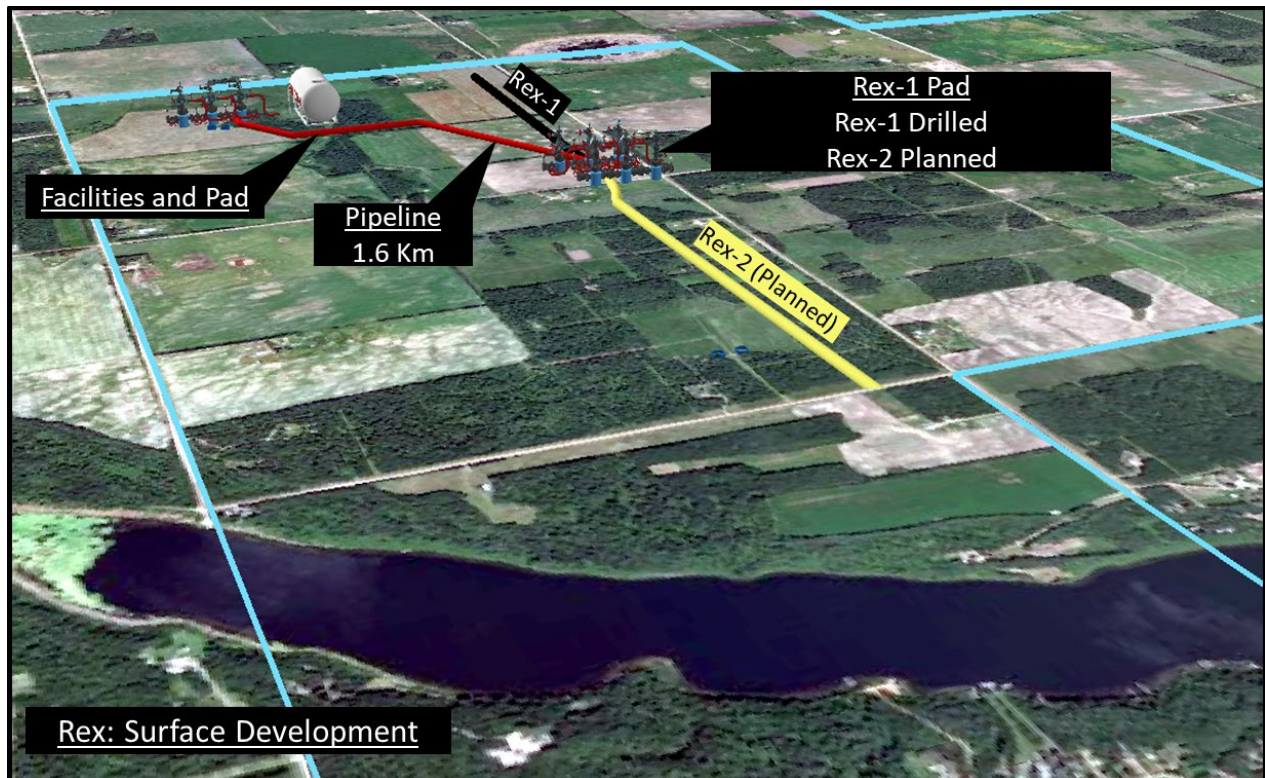
¹ Refer ASX Release dated 6 May 2019

Background

The Wizard Lake Rex well was spud on the 24 November 2018 and, following a 27-stage fracture stimulation program, the well commenced cleanup flows on December 24th.

Initial flow testing of the Wizard Lake Rex horizontal oil well recorded production rates of more than 300 barrels of oil per day prior to the completion of testing. Following reconciliation of the hydrocarbons produced from the January 2019 flow test of its Wizard Lake Rex well, the total oil produced from the 16-day flow test has been increased from 1833 barrels of oil to 2845 barrels – a 55% increase (Refer ASX Release 20 February 2019). This increase in total testing volumes would very likely mean that daily production, when the well is brought on line, will be higher than initially forecast.

The funded 2019 Wizard Lake development program encompasses the construction of a pipeline and installation of initial production facilities on a multi-well pad currently under construction and the drilling of two new Wizard Lake wells this calendar year². Reserves assessment indicates the likelihood of 12 to 17 follow-up well locations.³



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² Refer to ASX Release 22 March 2019

³ Refer to ASX Release 15 March 2019