ABN 68 079 432 796

Condensed consolidated interim financial report

for the six months ended

31 December 2018

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2018 and the review report thereon.

Directors

The Directors of the Consolidated Entity at any time during or since the end of the half-year to the date of this report are:

Charles Morgan	Chairman
David Messina	Managing Director
Stephen Keenihan	Executive Director

Company Secretary

Kevin Hart

Company Overview

Production revenue for the half year was $1,013,432 (31 December 2017: $633,624). The total comprehensive loss for the half year was $636,924 (31 December 2017: Loss $3,058,702). Included in this loss for the half-year is an impairment of capitalised exploration expenditure of $199,870 (31 December 2017: $1,037,885) (Refer note 16).

At the end of the half-year the Company had $3,932,526 (30 June 2018: $1,090,415) in cash and at call deposits. Capitalised exploration and evaluation expenditure is $863,198 (30 June 2018: $2,556,696).

The Company incurred exploration costs of $57,408 during the six months ended 31 December 2018 (31 December 2017: $1,513,727). Drilling expenses amounting to $934,851 were also incurred in relation to the successful drilling and completion of the Rex Exploration well at Wizard Lake in which the company has a 30% working interest.

The Company holds 11,191,052 shares in Triangle Energy Global Limited (TEG) which were worth $839,329 at 31 December 2018.

As at 31 December 2018, 1,573,166,371 ordinary shares were on issue in the Consolidated Entity. The number of listed options on issue was 602,695,367 and the number of unlisted options on issue was 111,000,000.

Review of Operations

Point Loma JV, Canada (WBE 20% - 30% WI)

H1 2018/2019

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 originally 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 has re-directed the immediate focus in H1 of CY2019 to the 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.

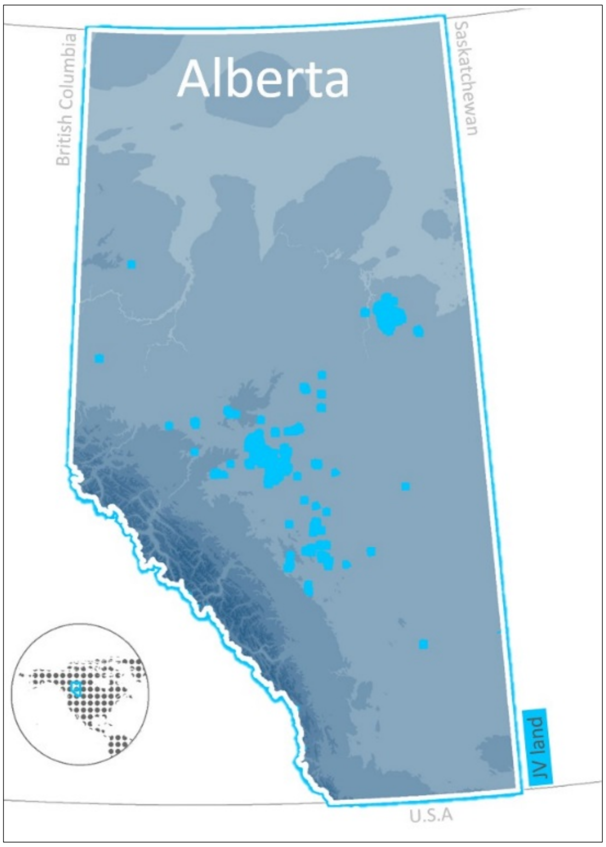

Figure 1 - Canada Location Map

Before ceasing drilling operations in the vertical well, 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).

The horizontal well trajectory was adjusted accordingly, and the horizontal section was drilled over the weekend of 1-2 December 2018.

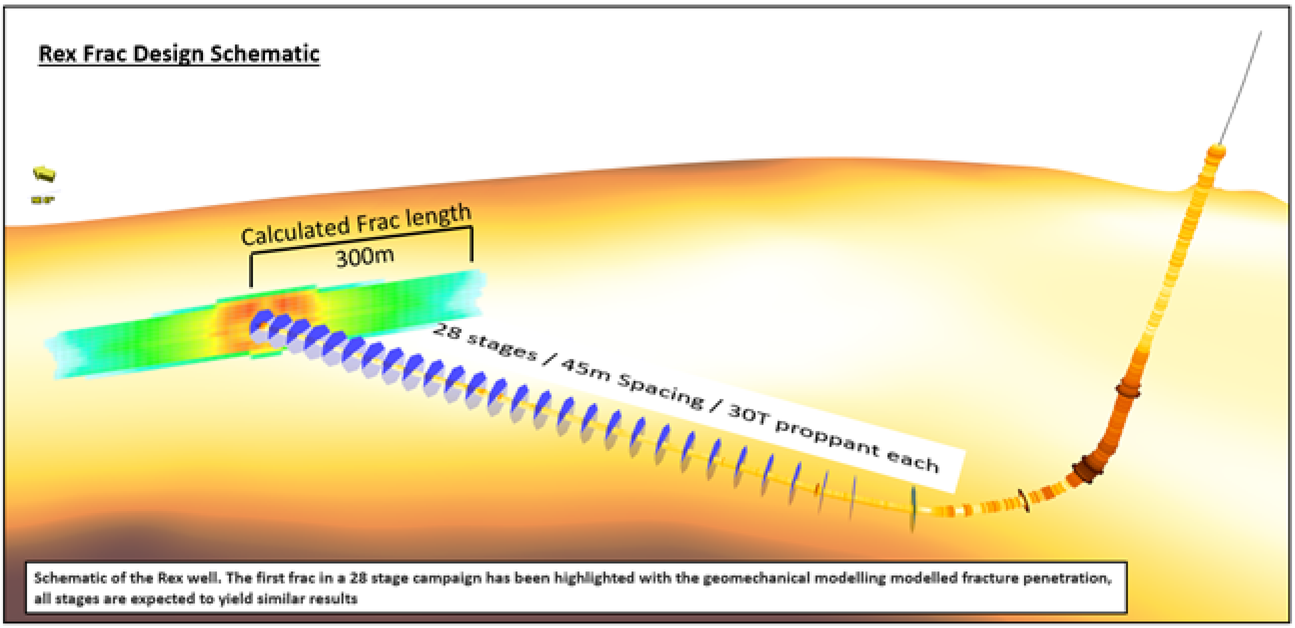

Figure2 - Wizard Lake Rex Frac Design Schematic

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 fraccing work was undertaken to increase the flowing area of the reservoir which directly influences the capacity of the well to yield oil.

Test Results

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.

On 20 February 2019 the Company announced that 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 was increased from 1833 barrels of oil to 2845 barrels – a 55% increase. The well was originally assessed at 305 barrels of oil per day (pre-reconciliation) and rising when the flow test was completed. 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.

Development Plans

The PLJV is currently working to develop the Rex oil pool seeking permits prior to tying in the solution gas to a nearby gas processing facility and installing a battery. The total cost (100%) of a pipeline, new production pad and small treatment facility is estimated to be approximately $530,000. With the lands recently acquired by the PLJV, there is the potential for 10-14 additional drilling locations. 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 be delivered in the second quarter. (Refer WBE announcement 20 February 2019).

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.

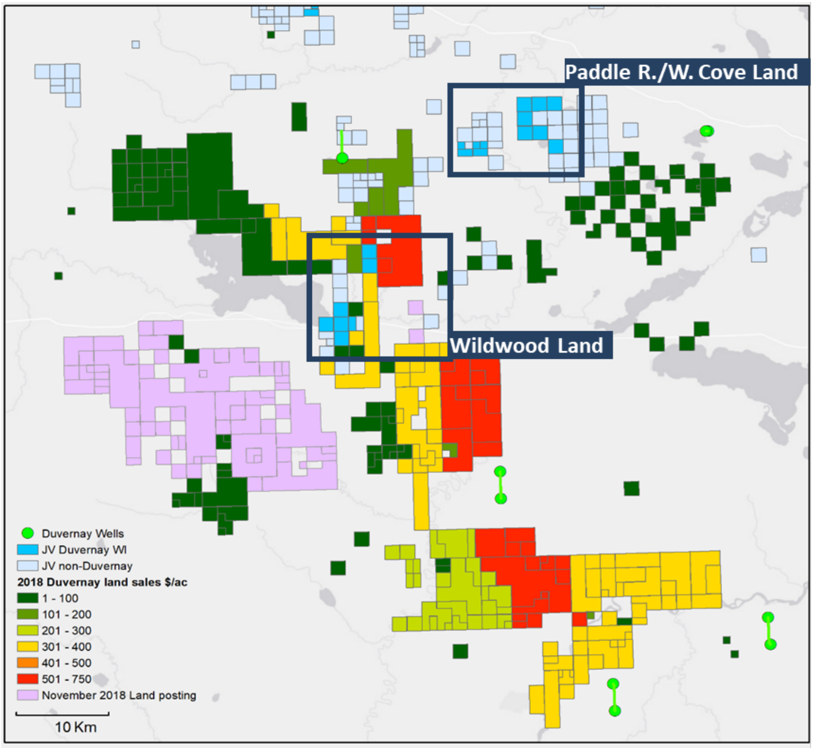

Figure 3 - Land Position on Emerging Play

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. (Refer ASX Announcement 6 June and 25 October 2018).

Western Australian Operations – Warro Gas Project (WBE 100% WI)

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

During the 6 months the WA Government announced it will lift the moratorium on fraccing 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 productions 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 4 - WBE Western Australian Assets Location Map

Corporate

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 – Cash and 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 (Refer to ASX Release 25 October 2018). On 13 November 2018, WBE received the initial A$2 million cash consideration and on 24 December 2018 the receipt of 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 the issue of 11,191,052 TEG shares settled prior to 1 December 2018 following TEG shareholder approval to issue and allot the shares.
- $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 was 24 October 2018.

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 contingent resource estimates that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Events Subsequent to 31st December 2018

Other than the following matters, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods;

Triangle Energy Global (TEG) disclosed on February 6th 2019 that they held a 35.47% interest in ASX listed State Gas Limited (ASX:GAS) whose shares closed at $0.955 on Tuesday, 5 February 2019, valuing the TEG's holding at $45.67 million. As a result, the shares held by WBE in TEG have increased in value, post December 31, 2018, to approximately $1.1 million.

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' report for the half-year ended 31 December 2018.

Dated at Perth this 13th day of March 2019

Signed in accordance with a resolution of the directors:

David Messina

Managing Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Whitebark Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Graham Hogg
Partner
Perth
13 March 2019

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Liability limited by a scheme approved under Professional Standards Legislation.

KPMG

Independent Auditor's Review Report

To the members of Whitebark Energy Limited

Report on the Condensed Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying ***Condensed Consolidated Interim Financial Report*** of Whitebark Energy Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report of Whitebark Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Consolidated Entity's*** financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Consolidated Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2018
- Condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Consolidated Entity*** comprises Whitebark Energy Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Condensed Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- For such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Financial Report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Whitebark Energy Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Graham Hogg
Partner
Perth
13 March 2019

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2018

	Notes	31-Dec-18 AUD	31-Dec-17 AUD
Revenue		1,013,433	633,624
Cost of goods sold		(867,347)	(678,652)
Gross Profit/(Loss)		146,086	(45,028)
Finance income	8	24,886	36,677
Gain/(loss) on disposal of available-for-sale financial assets		-	162,624
Profit/(loss) on disposal of assets	9	1,379,736	(741)
Gain/(loss) in fair value of financial assets		33,573	-
Expenses			
Administrative expenses	10	(1,231,085)	(1,242,151)
Finance costs	11	(68,961)	(70)
Impairment expense	12	(199,870)	(1,037,885)
Other operating expenses	13	(761,632)	(951,319)
Loss before income tax expense from continuing operations		(677,267)	(3,077,893)
Income tax benefit		-	-
Loss after income tax expense for the period		(677,267)	(3,077,893)
Other comprehensive income/(loss), net of tax			
Items reclassified through profit and loss:			
Unrealised gain on marketable securities		-	(85,000)
Foreign currency translation		40,343	104,191
Total other comprehensive income for the period		40,343	19,191
Total comprehensive income/(loss) for the period		(636,924)	(3,058,702)
Loss per share			
Basic and diluted (cents per share)		(0.0574)	(0.3549)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial report.

Condensed consolidated statement of financial position

For the six months ended 31 December 2018

	Note	31-Dec-18 AUD	30-Jun-18 AUD
Assets			
Current Assets			
Cash and cash equivalents		3,932,526	1,090,415
Trade and other receivables		329,441	125,060
Other current assets		20,417	97,989
Other investments	**14**	839,329	-
Total current assets		5,121,713	1,313,464
Non-current Assets			
Property, plant and equipment	**15**	8,722,247	8,152,319
Exploration and evaluation assets	**16**	863,198	2,556,696
Total non-current assets		9,585,445	10,709,015
Total assets		14,707,158	12,022,479
Liabilities			
Current Liabilities			
Trade and other payables		1,597,047	658,007
Provisions		87,541	102,342
Total current liabilities		1,684,588	760,349
Non-current liabilities			
Provisions		7,553	3,995
Decommissioning liabilities	**17**	7,838,547	7,558,403
Total non-current liabilities		7,846,100	7,562,398
Total liabilities		9,530,688	8,322,747
Net assets		5,176,470	3,699,732
Equity			
Issued capital	**18**	56,445,562	54,382,657
Reserves	**19**	848,027	756,926
Accumulated losses		(52,117,119)	(51,439,851)
Total equity attributable to equity holders of the Consolidated Entity		5,176,470	3,699,732

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial report.

Condensed consolidated statement of changes in equity

As at 31 December 2018

For the six months ended 31 December 2018	Share Capital AUD	Foreign currency translation reserve AUD	Share based payments reserve AUD	Available-for-sale reserve AUD	Accumulated Losses AUD	Total Equity AUD
Balance at 1 July 2018	54,382,657	71,702	685,224	-	(51,439,852)	3,699,731
Total comprehensive income for the period						
Loss attributable to members of the parent entity	-	-	-	-	(677,267)	(677,267)
Foreign currency translation differences	-	40,343	-	-	-	40,343
Total other comprehensive income	-	40,343	-	-	-	40,343
Total comprehensive income for period	-	40,343	-	-	(677,267)	(636,924)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Net proceeds from share issue	2,062,905	-	-	-	-	2,062,905
Share option expense	-	-	50,758	-	-	50,758
Total contributions by and distributions to owners	2,062,905	-	50,758	-	-	2,113,663
Balance at 31 December 2018	56,445,562	112,045	735,982	-	(52,117,119)	5,176,470

For the six months ended 31 December 2017	Share Capital AUD	Foreign currency translation reserve AUD	Share based payments reserve AUD	Available-for-sale reserve AUD	Accumulated Losses AUD	Total Equity AUD
Balance at 1 July 2017	52,646,771	1,333,133	96,822	200,000	(47,157,091)	7,119,635
Total comprehensive income for the period						-
Loss attributable to members of the parent entity	-	-	-	-	(3,077,893)	(3,077,893)
Realised gain on marketable securities	-	-	-	(85,000)	-	(85,000)
Other comprehensive income						
Foreign currency translation differences	-	104,191	-	-	-	104,191
Total other comprehensive income	-	104,191	-	(85,000)	-	104,191
Total comprehensive income for period	-	104,191	-	(85,000)	(3,077,893)	(3,058,702)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Net proceeds from share issue	1,735,886	-	-	-	-	1,735,886
Share option expense	-	-	418,084	-	-	418,084
Total contributions by and distributions to owners	1,735,886	-	418,084	-	-	2,153,970
Balance at 31 December 2017	54,382,657	1,437,324	514,906	115,000	(50,234,984)	6,214,903

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated interim financial report.

Condensed consolidated statement of cashflow

For the six months ended 31 December 2018

	31-Dec-18 AUD	31-Dec-17 AUD
Cash flows from operating activities		
Receipts from customers	624,856	442,463
Interest received	11,956	72,778
Receipt for Research and Development Rebate	-	-
Payment for production	(582,480)	(326,581)
Payment to suppliers and employees	(1,286,193)	(1,457,152)
Net cash (used in)/provided by operating activities	(1,231,861)	(1,268,492)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	14,000
Proceeds from sale of tenements	2,173,597	-
Proceeds from sale of securities	-	247,624
Payment for tenements	(3,279)	-
Payment for development	(86,950)	(1,051,080)
Payment for exploration assets	(76,766)	(1,490,558)
Net cash used in investing activities	2,006,602	(2,280,014)
Cash flows from financing activities		
Proceeds from share placement	2,062,906	1,735,885
Proceeds from repayment of borrowings	-	7,000
Net cash from financing activities	2,062,906	1,742,885
Net increase/ (decrease) in cash and cash equivalents	2,837,647	(1,805,621)
Cash and cash equivalents at beginning of year	1,090,415	4,856,883
Effect of movement in exchange rates on cash held	4,464	5,099
Cash and cash equivalents at 31 December 2018	3,932,526	3,056,361

The condensed consolidated statement of cash flow is to be read in conjunction with the notes to the condensed consolidated interim financial report.

Notes to the accounts

1. Reporting entity

Whitebark Energy Limited (the 'Company') is a for profit company domiciled in Australia. The address of the Company's registered office is Level 2, 6 Thelma Street, West Perth, WA 6005. The condensed consolidated interim financial report of the consolidated entity for the six months ended 31 December 2018 comprises the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated entity is primarily involved in oil and gas exploration in Australia and Canada.

2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporation Act 2001, Australian Accounting Standards AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Standards Board. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2018.

The Company has initially adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 July 2018. Other than these changes the same accounting policies and methods of computation have been followed in this interim financial report as were applied in the annual financial report of the consolidated entity as at and for the year ended 30 June 2018.

The Directors believe it is appropriate to prepare the condensed consolidated interim financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity will continue to manage its expenditure and funding to ensure that it has sufficient cash reserves for at least the next twelve months.

3. Functional and presentation currency

These condensed consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

4. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2018.

The accounting policies have been applied consistently throughout the Consolidated Entity for the purposes of preparation of these condensed consolidated interim financial statements.

The Consolidated Entity has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

5. Adoption of new and revised accounting standards

In the half year ended 31 December 2018, the Company has reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2018.

New currently effective requirements

The Company has initially adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* from 1 July 2018.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. It has been determined by the Company that the adoption of AASB 15 will not require any material adjustments to the Company's financial statements or accounting policies.

AASB 9 *Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of AASB 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of AASB 9 on the classification and measurement of financial assets is set out below.

Classification and measurement of financial assets and financial liabilities

Under AASB 9, on initial recognition, a financial asset is classified as measured at: Amortised cost; Fair Value through Other Comprehensive Income – debt investment; Fair Value through Other Comprehensive Income – equity investment; or Fair Value Through Profit and Loss. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as Fair Value Through Profit and Loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or Fair Value through Other Comprehensive Income as described above are measured at Fair Value Through Profit and Loss.

The following accounting policies apply to the subsequent measurement of financial assets (investments in equity instruments) held by the Company:

- Fair value through profit or loss – These assets are subsequently measured at fair value. Dividends and all other net gains and losses are recognised directly in profit or loss.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The Company has determined that the effect of adopting AASB 9 did not have a significant impact on the carrying amounts of the financial assets at 1 July 2018.

Standards issued not yet effective

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on its business and therefore, no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The half-year financial statements were approved by the Board of Directors on 13th March 2019.

6. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2018.

7. Segment reporting

During the period the Consolidated Entity operated in two business segments (two geographical areas) exploration, development and production of oil and gas – Australia and Canada.
The Consolidated Entity has identified its operating segment based on the internal report that is reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

	Australia 31-Dec-18	Canada 31-Dec-18	Total Segment 31-Dec-18	Unallocated 31-Dec-18	Consolidated 31-Dec-18
Revenue					
Sales to external customers	-	1,013,432	1,013,432	-	1,013,432
Total Sales Revenue	-	1,013,432	1,013,432	-	1,013,432
Financial income	11,956	12,930	24,886	-	24,886
Other income	-	-	-	-	-
Total Revenue	11,956	1,026,362	1,038,318	-	1,038,318
Segment result	353,830	(326,410)	27,420	(3,306)	24,114
Depletion, depreciation and amortisation	(7,120)	(494,391)	(501,511)	-	(501,511)
Impairment of assets	-	(199,870)	(199,870)	-	(199,870)
Profit before income tax expense	346,710	(1,020,671)	(673,961)	(3,306)	(677,267)
Income tax					-
Profit/(loss) after income tax expense					(677,267)
Assets					
Total current assets	4,677,816	443,897	5,121,713	-	5,121,713
Total non-current assets	11,431	9,574,014	9,585,445	-	9,585,445
Total assets	4,689,247	10,017,911	14,707,158	-	14,707,158
Liabilities					
Total current liabilities	(265,362)	(1,419,226)	(1,684,588)	-	(1,684,588)
Total non-current liabilities	(1,307,975)	(6,538,125)	(7,846,100)	-	(7,846,100)
Total liabilities	(1,573,337)	(7,957,351)	(9,530,688)	-	(9,530,688)

	Australia 31-Dec-17	Canada 31-Dec-17	Total Segment 31-Dec-17	Unallocated 31-Dec-17	Consolidated 31-Dec-17
Revenue					
Total Sales Revenue	27,078	633,323	660,401	-	660,401
Segment result	(1,276,883)	(428,197)	(1,705,080)	(2,753)	(1,707,833)
Depletion, depreciation and amortisation	(8,402)	(323,773)	(332,175)	-	(332,175)
Impairment of assets	-	(1,037,885)	(1,037,885)	-	(1,037,885)
Profit before income tax expense	(1,285,285)	(1,789,855)	(3,075,140)	(2,753)	(3,077,893)
Income tax					-
Profit/(loss) after income tax expense					(3,077,893)

	Australia 30-Jun-18	Canada 30-Jun-18	Total Segment 30-Jun-18	Unallocated 30-Jun-18	Consolidated 30-Jun-18
Assets					
Total current assets	1,076,805	236,659	1,313,464	-	1,313,464
Total non-current assets	1,660,290	9,048,725	10,709,015	-	10,709,015
Total assets	2,737,095	9,285,384	12,022,479	-	12,022,479
Liabilities					
Total current liabilities	(335,802)	(424,547)	(760,349)	-	(760,349)
Total non-current liabilities	(1,298,753)	(6,263,645)	(7,562,398)	-	(7,562,398)
Total liabilities	(1,634,555)	(6,688,192)	(8,322,747)	-	(8,322,747)

8. Finance income

	31-Dec-18 AUD	31-Dec-17 AUD
Interest income	12,245	36,316
Foreign currency gain	12,641	361
	24,886	36,677

9. Profit/(loss) on disposal of assets

	31-Dec-18 AUD	31-Dec-17 AUD
Gain on disposal of TP/15	1,289,734	-
Gain on disposal of developed and producing land - Canada	90,002	-
Loss on disposal of motor vehicle - Latent Petroleum	-	(741)
	1,379,736	(741)

10. Administrative expenses

	31-Dec-18 AUD	31-Dec-17 AUD
Directors' fees	(55,500)	(55,500)
Administration and finance support	(413,730)	(388,559)
General and administration	(761,855)	(798,092)
	(1,231,085)	(1,242,151)

11. Finance expense

	31-Dec-18 AUD	31-Dec-17 AUD
Interest expense	(367)	(70)
Decommissioning liabilities - accretion	(68,594)	-
	(68,961)	(70)

12. Impairment expense

	31-Dec-18 AUD	31-Dec-17 AUD
Impairment - Canadian assets	(199,870)	(1,037,885)
	(199,870)	(1,037,885)

13. Other operating expenses

	31-Dec-18 AUD	31-Dec-17 AUD
Depletion, depreciation and amortisation	(501,511)	(332,175)
Project costs	(74,783)	(485)
Legal fees	(17,888)	(86,345)
Tax advisory services	(8,950)	(6,030)
Consultancy fees	(42,967)	(108,200)
Share based payment expense	(50,758)	(418,084)
Revision of Rehab and Abandonment provision	(6,963)	-
Workover expense	(57,812)	-
	(761,632)	(951,319)

14. Other investments – Fair value through profit and loss

	31-Dec-18 AUD	30-Jun-18 AUD
Additions - shares in Triangle Energy (Global) Limited	805,756	-
Fair value adjustments	33,573	-
	839,329	-

Notes to the accounts

15. Property plant and equipment

	31-Dec-18 AUD	30-Jun-18 AUD
Plant and equipment at cost	13,616,454	12,541,168
Less: accumulated depletion and depreciation	(1,340,977)	(835,619)
Impairment	(3,553,230)	(3,553,230)
	8,722,247	8,152,319
Property, plant and equipment		
Reconciliation of carrying amounts		
Developed and Producing		
Opening balance	8,135,466	5,177,307
Acquisition though business combination	-	1,621,004
Asset retirement obligation asset	363,806	450,566
Additions	905,080	1,795,901
Foreign exchange	126,145	214,804
Disposal	(333,056)	(183,188)
Impairment	-	(173,984)
Depletion	(486,626)	(766,944)
	8,710,814	8,135,466
Furniture and Fixtures		
Opening balance	1,618	301
Additions	510	1,377
Depreciation expense	(162)	(60)
	1,966	1,618
Office equipment		
Opening balance	7,060	10,116
Additions	1,362	816
Depreciation expense	(1,416)	(3,872)
	7,006	7,060
Software Assets		
Opening balance	8,176	22,612
Depreciation expense	(5,715)	(14,436)
	2,461	8,176
Motor vehicles		
Opening balance	-	15,470
Disposal	-	(13,832)
Depreciation expense	-	(1,638)
	-	-
	8,722,247	8,152,319

16. Exploration and evaluation assets

	31-Dec-18 AUD	30-Jun-18 AUD
Exploration and evaluation assets	863,198	2,556,696
Movement in exploration and evaluation expenditure		
Opening Balance	2,556,696	2,077,749
Acquisition through business combination	-	57,476
Additions - Canada	39,083	199,946
Additions - TP15	18,325	-
Expenditure incurred during the period	-	1,338,779
Impairment for exploration and evaluation assets	(200,265)	(1,157,496)
Disposal during the year	(1,534,735)	(14,205)
Transfer to Property plant and equipment	(32,682)	(9,828)
Foreign currency movement	16,776	64,275
	863,198	2,556,696

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Where activities in the area of interest have, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves the exploration and evaluation assets are assessed for impairment. Impairment will occur if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

During the 6 months ended 31 December 2018 an impairment was booked to Exploration and evaluation assets of $200,265 (31 December 2017: $1,157,496). This impairment is in relation to capital costs associated with leases that expired or were relinquished where no future development was anticipated.

On 24 October 2018 the Company entered into an agreement to dispose of its interest in TP15 for cash consideration of $2,000,000 plus 11,191,052 shares in the acquirer, Triangle Energy (Global)Limited (refer note 14). On 24 December 2018 all relevant conditions precedent were met, and control passed to the acquirer. The disposal agreement provides for contingent consideration if certain events occurring in the future. Specifically; i) $1,000,000 (payable in cash or cash and shares) 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; and ii) $1,000,000 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. This consideration has not been recognised due to its uncertainty. A gain on disposal of $1,289,734 was recognised.

17. Decommissioning liabilities

	31-Dec-18 AUD	30-Jun-18 AUD
Balance at the beginning of the year	7,558,403	5,207,868
Liabilities acquired - Canada	-	425,116
Change in inflation rate of liabilities acquired - Canada	180,438	534,734
Movement in Warro Project liability	6,963	1,293,459
Change in discount rate of liabilities to 2.1% (2017 2%)	-	(56,188)
Revision of estimates	183,367	(27,981)
Disposal of assets	(247,894)	-
Accretion expense	68,730	109,305
Expenditure	(8,478)	(100,436)
Foreign currency movement	97,018	172,526
Balance at the end of the year	7,838,547	7,558,403

18. Issued capital

The Consolidated Entity recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares:

For the six months ended 31 December 2018

Ordinary shares	Number of shares	AUD
Opening balance	990,431,004	55,619,488
Issue of shares for cash	582,735,367	2,331,062
Closing balance	1,573,166,371	57,950,550
Less share issue costs:		
Opening balance		(1,236,831)
Current period costs		(268,157)
Share issue costs at the end of the year		(1,504,988)
		56,445,562

For the year ended 30 June 2018

Ordinary shares	Number of shares	AUD
Opening balance	835,264,337	53,757,488
	155,166,667	1,862,000
Closing balance	990,431,004	55,619,488
Less share issue costs:		
Opening balance		(1,110,717)
Current period costs		(126,114)
Share issue costs at the end of the year		(1,236,831)
		54,382,657

19. Reserves

	31-Dec-18 AUD	30-Jun-18 AUD
Share based payments reserve	735,982	685,224
Available for sale reserve	-	-
Foreign currency translation reserve	112,045	71,702
	848,027	756,926

	Foreign currency translation reserve AUD	Share based payments reserve AUD
Balance at 1 July 2018	71,702	685,224
Exchange differences on translating foreign operations	40,343	-
Share based payments expense	-	50,758
Balance at 31 December 2018	112,045	735,982

20. Options

The outstanding balance of options over ordinary shares at 31 December 2018 represented by:

Unlisted Options

Grant Date	Exercisable	Expiry date	Exercise price	Number of options	Value of share based payments
28-Apr-17	28 April 2017 to 1 April 2021	1-Apr-21	$0.015	11,000,000	70,191
24-Jul-17	24 July 2017 to 31 May 2021	31-May-21	$0.015	100,000,000	633,019

The outstanding balance of options over ordinary shares at 30 June 2018 represented by:

Grant Date	Exercisable	Expiry date	Exercise price	Number of options	Value of share based payments
17-Nov-15	17 November 2015	10-Jul-18	$0.060	1,675,000	67,367
28-Apr-17	28 April 2017 to 1 April 2021	1-Apr-21	$0.015	11,000,000	70,191
24-Jul-17	24 July 2017 to 31 May 2018	31-May-21	$0.015	100,000,000	633,019

Fair value of options granted

There were no unlisted options granted during the six months ended 31 December 2018.

The fair value of unlisted options at grant date is determined using the binomial method of valuing options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Listed Options

	31-Dec-18	30-Jun-18
Options on issue at balance date	602,695,367	-
Options issued at the start of the year	-	-
Options issued pursuant to a non-renounceable entitlement offer*	602,715,367	-
Options excercised during the 6 months ended 31 December 2018	(20,000)	-
Options on issue at end of the reporting period	602,695,367	-

*Options exercisable at 1 cent each and expiring on 31 August 2020 issued pursuant to a renounceable entitlement issue and placement.

21. Subsequent events

No matters or circumstances have arisen since the end of the financial period which significantly affect or may significantly affect the operations of the consolidated entity, the results of those operations, or the Consolidated Entity in future financial years, other than as set out below:

Triangle Energy Global (TEG) disclosed on February 6th 2019 that they held a 35.47% interest in ASX listed State Gas Limited (ASX:GAS) whose shares closed at $0.955 on Tuesday, 5 February 2019, valuing the TEG's holding at $45.67 million. As a result, the shares held by WBE in TEG have increased in value, post December 31, 2018, to approximately $1.1 million.

22. Commitments

There has been no material change in operational or capital commitments since the signing of the audited 30 June 2018 financial statements.

23. Contingencies

There has been no material change in contingent assets or liabilities since the signing of the audited 30 June 2018 financial statements.

Directors' Declaration

In the opinion of the Directors of Whitebark Energy Limited and its subsidiaries ("Consolidated Entity"):

1. the financial statements and notes set out on pages 10 to 24, are in accordance with the Corporations Act 2001 including:

    a. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and

    b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Dated in Perth this 13th day of March, 2019

Signed in accordance with a resolution of Directors:

David Messina
Managing Director