

## Wizard Lake Update

21 May 2020

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### Highlights

- Whitebark to increase production at Wizard Lake from a low base with strengthening oil price.
  - Whitebark elects not to exercise the first right of refusal at Wizard Lake.
  - Operation capacity has been retained through the oil price crash giving the Company the ability to increase production on the back of improved oil pricing.
  - Whitebark will continue to receive 90% of production from existing wells.
  - 2020 drilling program is currently being reviewed as optimism starts to return.
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Whitebark Energy Ltd (ASX: WBE) (“Whitebark” or “the Company”) wishes to provide an operational update regarding production at Wizard Lake and the decision not to execute the right of first refusal over the sale of the Point Loma Resources Ltd (PLX) Wizard Lake interest.

### Wizard Lake Operations

To mitigate the recent volatility in oil prices, Whitebark reduced the well pump output rate on Rex-1 and Rex-2, while allowing Rex-3 to continue to flow freely. These measures were taken to maintain well integrity and preserve future production potential and cash flow. As a result, production in May to date has averaged 200 bopd oil and 1.6 mmcf of gas. The Company has been able to maintain a low operating cost of less than CDN\$10 per barrel. The Company also negotiated favourable commercial terms for the net back oil price received from production in May resulting in positive operational cashflows during the month.

With the oil price back around US\$30, Whitebark will now increase its production rates.

Whitebark remains committed to continuing to develop the Wizard Lake Oilfield and significantly increasing production rates. It is currently undertaking a review to determine the appropriate timeframe to recommence drilling.

### Whitebark elects not to exercise its Right of First Refusal

Whitebark advises that after careful consideration, it has elected not to exercise its Right of First Refusal (ROFR) with respect to the working interest in the Wizard Lake Oil Project (WLOP) being sold by PLX.

PLX announced the sale of 97.5% of its circa 40% interest in the WLOP on 21 April 2020 for C\$2.9m. The terms of the Joint venture Farmout and Option Agreement dated 29 May 2019 provided Whitebark with a 30-day period to exercise its ROFR over any sale of the project. This period ended on 21 May 2020 (Perth, Australia WST).<sup>1</sup>

Whitebark will continue with its holding at 60% and will continue to receive approximately 90% of production from the three existing wells while past costs are recovered.

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<sup>1</sup> ASX Release 21 April 2020

The Company also notes that Point Loma Resources (PLX) has announced that it “no longer had the financial capability to carry on its operations” and ceased all operations effective May 21, 2020. PLX holds a 1% minority interest in the Wizard Lake oil field after the disposal of its interest in the Wizard Lake Oilfield Project. The PLX announcement is not expected to have material impact on the company’s wholly owned Canadian subsidiary Saltbush Energy Limited

Whitebark Managing Director Mr David Messina said: “The initial Wizard Lake wells have been very successful, and the Wizard Lake Oilfield Project offers tremendous growth potential for Whitebark. We moved quickly to capitalise on the early success and secured a majority stake in the Project.

“We considered carefully the option to acquire the residual interest the Project, both in the Definitive Purchase Agreement and also in our Right of First Refusal. In both cases we decided it was prudent to preserve our capital in these highly uncertain times and focus on maximising and delivering value from our current asset positions, particularly given we are currently receiving approximately 90% of the revenue under existing agreements.

“With a 60% majority stake in the project, we are also very well positioned to drive the development of the Wizard Lake Oil Project as the oil market improves. In fact, the oil market has improved from its recent lows with some early signs of recovering demand. Volatility will likely remain very high in the shorter term, but some cautious optimism in the longer term oil market fundamentals is emerging again.”

**End**

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

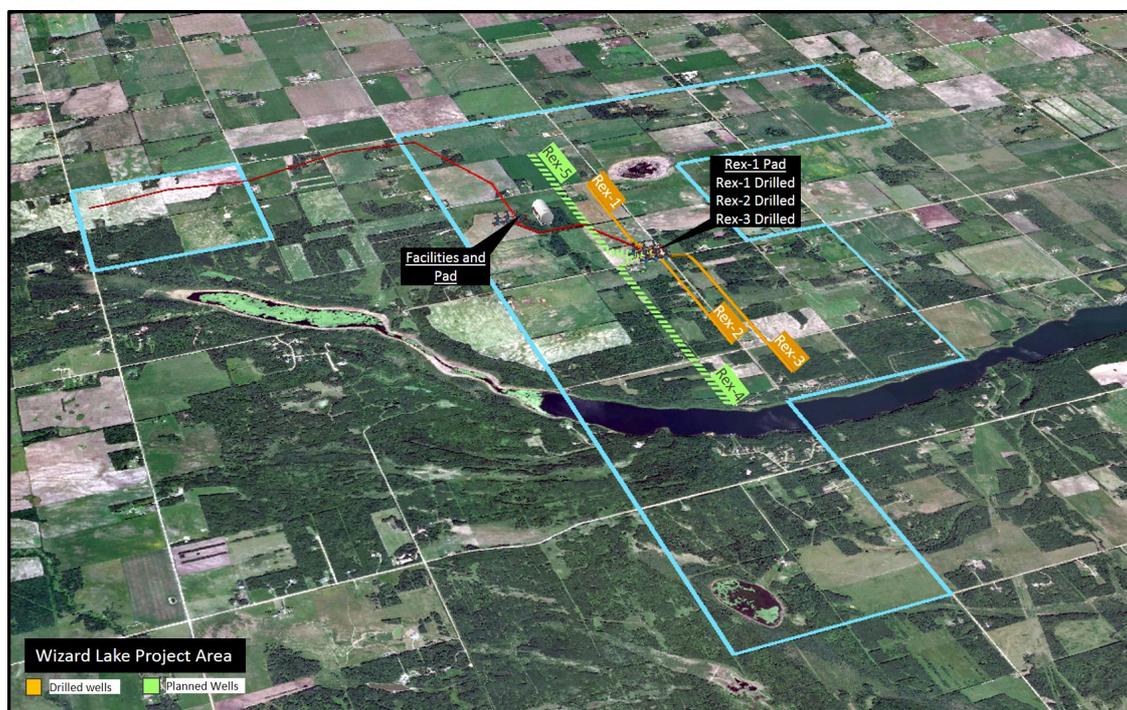
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*The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.*



## Background

- 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 over 11mmboe<sup>2</sup>.
- Full production of three wells peaked at a gross rate of 1220 bopd and 3.5mmcf/d in early February 2020<sup>3</sup>.
- The horizontal discovery well, Rex-1, was spud on 24 November 2018<sup>4</sup> and production commenced in June 2019<sup>5</sup>. 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<sup>6</sup>.
- Rex-2 was drilled and fraced in August and tested in September 2019, with a peak production rate of 865 boepd (540bbbls of oil and 2 mmcf/d of gas) before the well had to be constrained due to unexpected high gas production.<sup>7</sup>
- Rex-3 was drilled to 3,673mMD in eight days with a horizontal section of 2,098m.<sup>8</sup> Rex-3 averaged 1,278 boepd including 1,084 bopd of oil in the final six hours of a continuous 18 hour period.<sup>9</sup>
- An upgrade to production facilities was commenced in November 2019 and included a 3km gas pipeline to connect to local gas networks to ensure high gas and oil production rates can be managed. These facilities were completed in late December 2019 and production commenced.<sup>10</sup>
- Following the close of Stage 1 of the Wizard Lake acquisition, WBE now owns a 60% working interest in the field.<sup>11</sup>
- Conversion of gas to Barrels of Oil Equivalent (BOE) is done on the basis of 6mcf = 1 BOE.

2 ASX Release 22 August & 1 October 2019

3 ASX Release 17 February 2020

4 ASX Release 26 November 2018

5 ASX Release 5 & 19 June 2019

6 ASX Release 13 November 2019

7 ASX Release 6 September 2019

8 ASX Release 26 November 2019

9 ASX Release 16 December 2019

10 ASX Releases 23 December 2019

11 ASX Releases 18 & 24 December 2019