

Quarterly Activity Report

31 January 2020

Highlights

- **Wizard Lake Oilfield - Development**
 - Rex-3 oil well drilled, completed and online with reservoir quality and production results exceeding expectations.
 - Facilities expansion, pipeline purchase and construction completed.
 - Increased Wizard Lake land position by 1,200 acres during the quarter.
- **Wizard Lake Acquisition**
 - Agreement executed for the company to acquire 100% of the Wizard Lake Oilfield in three stages. Stage One completed with the payment of C\$1.2m which also included the divestiture of non-core legacy JV assets and associated abandonment and other liabilities.
- **Production**
 - Net production for the quarter of 27,452 boe (down from 30,453 boe in the previous quarter) comprising 9,468 bbls of oil, 102,365 mcf gas and 922 bbls NGL). An excellent result given the Wizard Lake Oilfield was shut in during facility construction and the drilling and completion of Rex-3 during November and December.
- **Production Outlook**
 - The Company continues to focus on cleaning up the wells and recovering frac fluid while maintaining long term reservoir integrity.
 - The upgraded facilities have enabled Whitebark to produce Rex-1 and Rex-2 together with a combined initial gross rate up to 400 bpd of oil with 0.6-0.8 mmcf/d of gas. Total liquid output from these wells is approximately 55% water.
 - Rex-3 remains in test mode and oil from the well will be brought into the new facilities during the first week of February (gas was sent to market via the field facilities). During January, the well has consistently yielded oil and gas at average gross rates of 340bopd and 1.88mmcf/d (653 boepd) over a continuous three week period under a range of chokes from 11mm to 21mm. The total liquid output was approximately 34% water. The well is temporarily shut in, awaiting access to the main facilities through the interconnecting pipeline, as the initial test equipment was recently released. In the meantime, tests are being conducted on fluid handling techniques to reduce the impact of emulsion and thereby optimise throughput, reduce opex, and maintain a high-quality end product.
 - It is anticipated Rex-1 and Rex-2 production combined will reach a gross rate of 500bbls/d oil and 1.2 mmcf/d gas (700 boepd) with similar levels expected solely from Rex-3 once it is fully integrated into the production facility during the current quarter. As a result, combined output while maintaining reservoir integrity is expected to reach gross rates of approximately 1400boepd (~70% oil) during the March quarter.
- **Successful \$5m capital raising to increase ownership of Wizard Lake Oilfield and continue field development.**
- **Whitebark holds a strong net cash position of A\$5.1 million dollars (31st December 2019).**



Recent Activity

Canadian Operations

Wizard Lake – (WBE 60% to 100% WI)

100% Acquisition¹

Whitebark, through wholly owned subsidiary Salt Bush Energy Ltd, executed a Definitive Agreement to acquire the remaining 50% interest in the Wizard Lake Oilfield via a staged payment to Point Loma Resources (PLX) of cash, shares and swapped assets. At the completion of the transaction Whitebark will own 100% of Wizard Lake, and PLX will own 100% of the non-Wizard assets previously held within the PLX Joint Venture.

Stage 1 (Completed 24 December 2019) increased Whitebark's interest in the Wizard Lake Oilfield to 60% after a cash payment to PLX of C\$1,200,000 and assignment of Whitebark's interest in the other non-core PLXJV assets, in which the company held minority interests in, to PLX.

Stage 2 will complete the acquisition of the remaining 40% of the Wizard Lake Oilfield prior to 31 March 2020 for C\$2,800,000 cash and C\$2,000,000 in Whitebark shares. PLX will retain 10% of Rex-1 and 2 until December 2020. Stage 2 will be completed subject to shareholder and Government approvals.

The C\$2,000,000 Whitebark Energy Ltd Share component will be issued to PLX in two stages. The Shares will be priced at the 30-day VWAP prior to the Stage 2 closing. The first lot of C\$1,000,000 of shares will be held in escrow for four months. The second lot of C\$1,000,000 of shares will be held in escrow and only released following the successful transfer of the residual 10% WI in Rex-1 and Rex-2. The Issue of the shares will be subject to WBE shareholder approval. Whitebark retains the right to settle the share component in cash.

Whitebark is in advanced discussions with a major financial institution regarding a funding package, which may be applied towards the Wizard Lake Oilfield acquisition, future development activities and growth initiatives.

The Wizard Lake Oilfield has been significantly de-risked and sole ownership offers an excellent opportunity for WBE to focus on it and optimize development for shareholder value and build a platform for growth and strong cashflows.

Development

Rex-3 – Performing Beyond Expectations²

Rex-3 was successfully drilled to 3673m total length in eight (8) drilling days from spud on 17 November 2019. The planned Rex-3 horizontal leg of 1800m (Rex-1 hz = 1237m, Rex-2 hz = 1500) was extended 298m due to the presence of a continuous reservoir while drilling to the toe. The well encountered excellent quality reservoir with free oil noted on the shakers, oil shows (fluorescence and cut) and elevated gas readings when drilled. Elevated porosity levels ranging up to 23% were also recorded through the sand (Rex-1: 15-18%, Rex-2 – up to 21%).



Figure 1 - Rex-3 during drilling

¹ ASX Release 18 & 24 December 2019

² ASX Release 16 December 2019

A successful 46 stage fracture stimulation program was completed in just over 30 hours during December 2019. The 46 stage frac programme placed over 1300 tonnes of proppant into the Rex formation and used sliding frac sleeves to isolate each zone. Based on the success of Rex-1 and 2, a cross-linked gel was used to achieve high proppant concentrations at low pump rates.

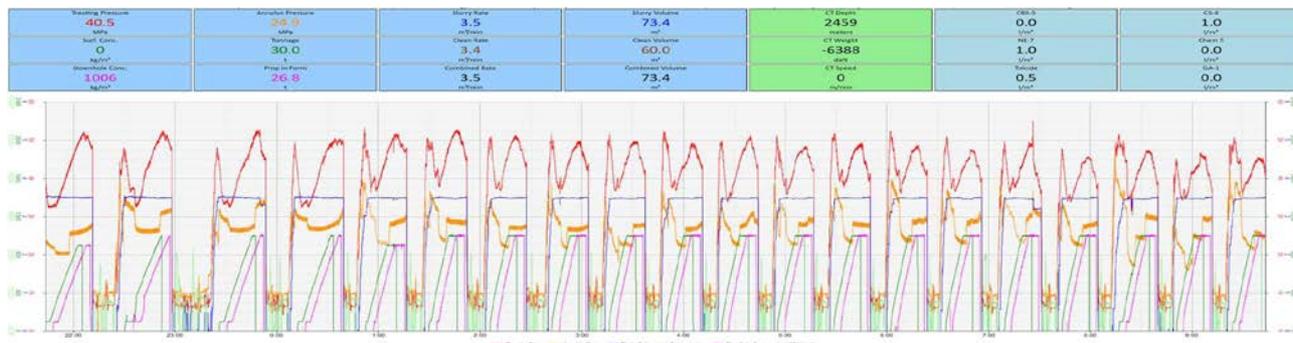


Figure 2 - Section of Rex-3 Frac Graph

Pump assisted cleanup flows of Rex-3 commenced on 12 December with first measured oil recorded at surface after 30.5 hours compared with 42 hours at Rex-2. At the end of 18 hours continuous flow, average rates at Rex-3 were 1084 bopd with 1.16 mmcf/d (Figure 3). Water cut at Rex-3 was 52% with approximately 12 % of the frac fluid volume recovered at the time it was shut in after 18 hours to recover the downhole pump in order to redirect flow up the production tubing.

As expected, the extra length of the horizontal section at Rex-3 has led to higher oil production rates and likely larger reserve bookings per well than at Rex-1 and Rex-2.

Rex-3 Well Testing Summary

As announced on 7 January 2020, Rex-3 flowed oil and gas to surface unassisted. At that time, approximately 30% of the frac fluid had been recovered. The well flowed 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. Flowing 350 to 450 bopd under this heave choke, the well will continue to clean up with a total fluid cut of approximately 35%.

Rex-3 remains in test mode and oil from the well will be brought into the new facilities during the first week of February (gas was sent to market via the field facilities). During January, the well has consistently yielded oil and gas at average gross rates of 340bopd and 1.88mmcf/d over a continuous three week period under a range of chokes from 11mm to 21mm. The total fluid output was approximately 34% water. The well is temporarily shut in, awaiting access to the main facilities through the interconnecting pipeline, as the initial test equipment was recently released. In the meantime, tests are being conducted on fluid handling techniques to reduce the impact of emulsion and thereby optimise throughput, reduce opex, and maintain a high-quality end product.

Table 1 - Rex-3 Well Testing Summary

| | |
|--------------------------------|---|
| Net Pay | Not applicable - horizontal well |
| Geological Rock Type and Unit | Lower Mannville Rex Sands |
| Drilling Depth | 1415mTVD with 2098m horizontal section |
| Duration of Test | 48 hours |
| Hydrocarbons recovered to date | 655 bbls oil and 712 mcf gas |
| Choke Size | 15.88mm |
| Fracture Stimulation | 46 stages averaging 30 tonne proppant per stage |
| Material Non-Hydrocarbon Gases | Not Material |

Conversion of gas to BOE is done on the basis of 6mcf = 1 BOE

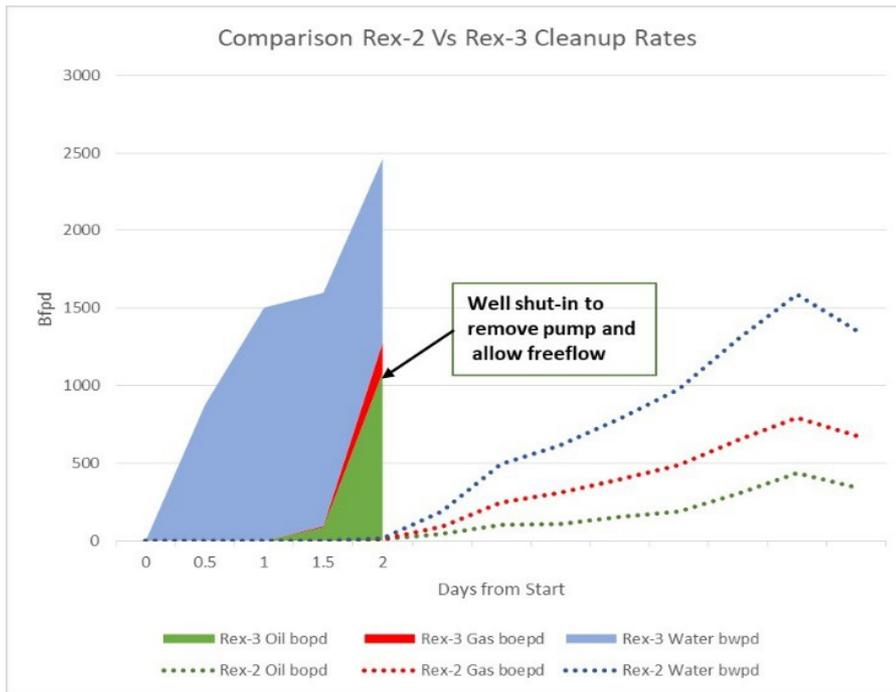


Figure 3 - Comparison of Rex-3 and Rex-2 initial test results.

Rex-1 Workover³

During the strong production achieved from Rex-2 last quarter, the Rex-1 was shut in as the facilities reached capacity. The company took this opportunity to carry out a workover of Rex-1 and investigate the performance difference between the wells.

During the workover, metal debris was encountered in the hole that was obstructing approximately two thirds of the lateral. The debris, identified as the drill bit and downhole more of the coil tubing (5m long) was stuck in the hole just prior to Christmas 2018 when the Operator at the time pushed this debris to the toe of the well so that it would not interfere with production. The reason the debris moved uphole is unclear, but it was most likely dragged up the hole during the original recovery operation.

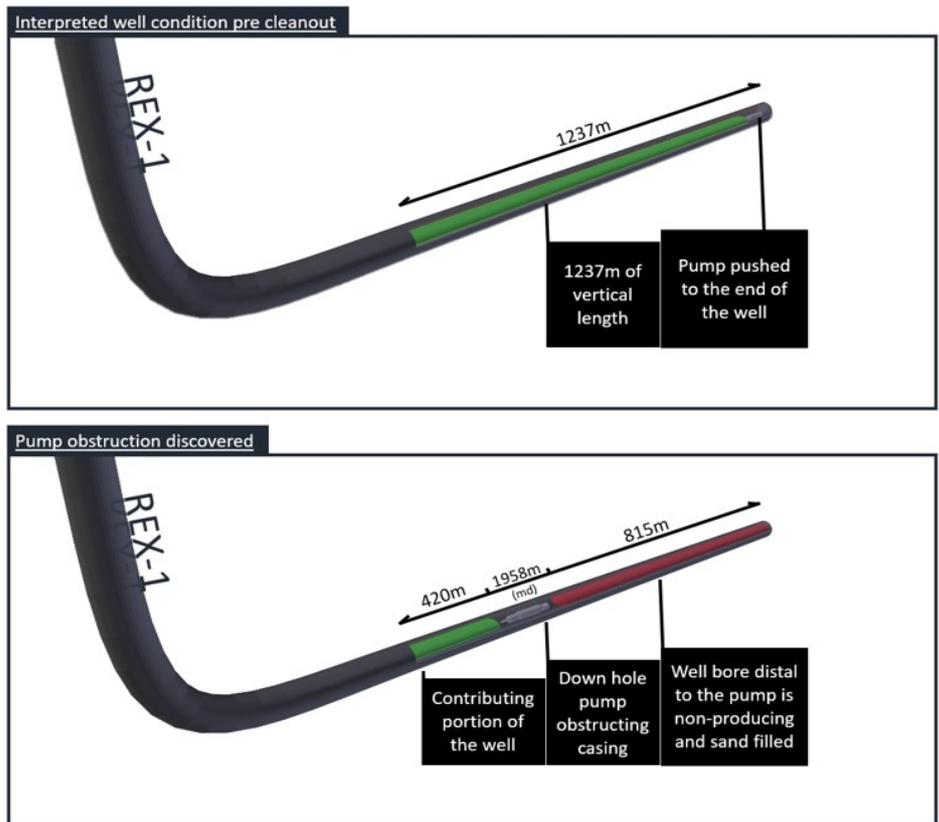


Figure 4 - Rex-1 Obstruction

A successful recovery operation by Whitebark’s Canadian operating entity, Saltbush Energy, was followed by connection to the upgraded facilities.

³ ASX Release 13 November 2019

Facilities and Pipeline

The new pipeline, commissioned as a result of the excellent results from Rex-2, commenced construction on 1 November 2019 and was completed in late December 2019. The new pipeline comprises 2.1km, 6” steel line which is buried its entire length.

Whitebark also acquired a key 4.7km pipeline securing access to a pipeline gathering system and gas plant operated by Petrus Resources 14km to the north west, to which Wizard gas will be sent for processing and sales (Figure 5)⁴.

The new facilities upgrade commenced 6 November and was completed and commissioned with the pipeline in late December 2019⁵. Plant commissioning was carried out using Rex-2 production with Rex-1 added in the following days.

The expanded facilities are capable of handling 5,000 barrels of fluid a day along with 5mmcf of gas. Oil will continue to be trucked to market while gas is sent through the newly constructed gas pipeline to the nearby Petrus operated gas processing facility and then on to market.

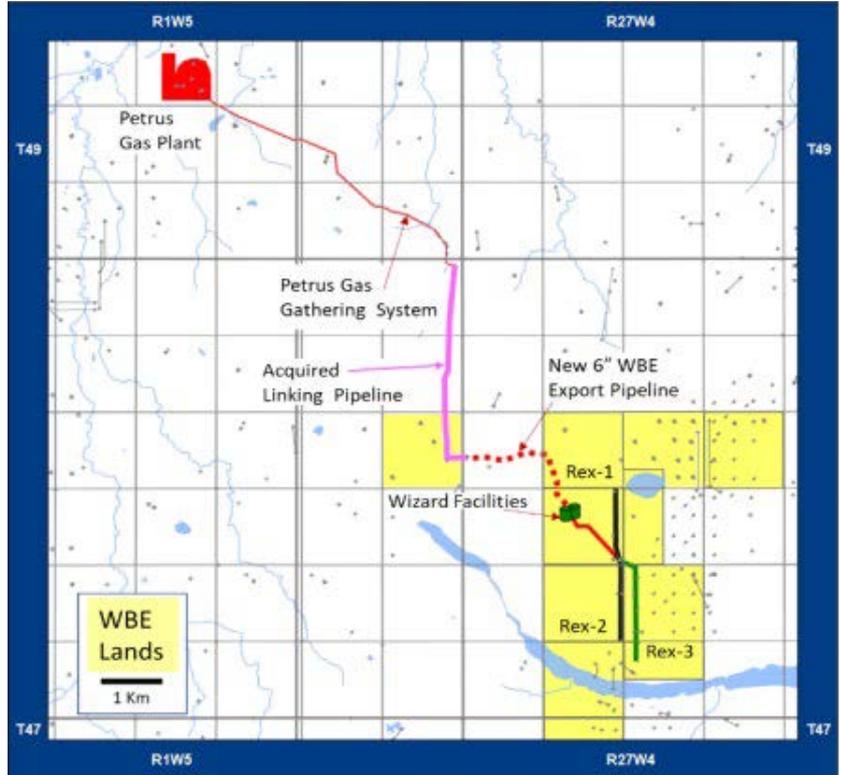


Figure 5 - Wizard Lake pipeline construction and acquisition

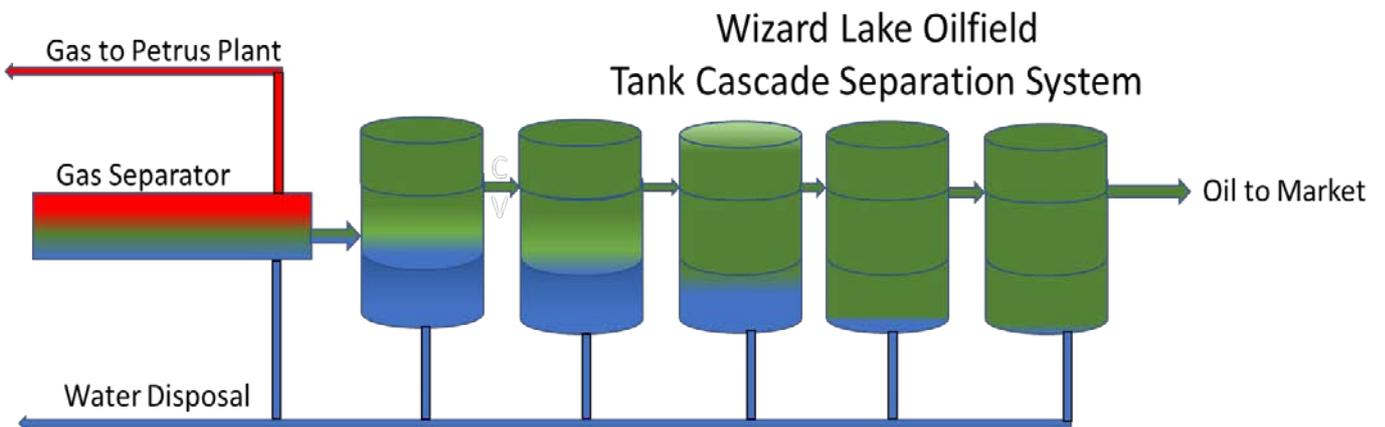


Figure 6 - Tank Cascade Separation System

⁴ ASX Release 1 November 2019
⁵ ASX Release 23 December 2019



Figure 7 - Installed and commissioned upgraded Wizard Lake Facilities

Wizard Lake Land Position Increases⁶

During the quarter, Whitebark increased the company's land position at Wizard Lake adding 1200 acres in two different areas (Figure 8).

The first area was acquired in October and is to the northwest of the current field location and contains a well which intercepted a high-quality pay section approximately 10m thick in the Lower Mannville. This vertical well historically produced over 108,000 boe before it was suspended in 2008 due to very low commodity prices.

Surrounding well control indicate the subject reservoir section is widespread and the discovered pool extends over the entire section. Importantly, the new section is within 2.5km of the Wizard Lake facilities and the section is traversed by the gas export line which will be transporting Wizard gas to market. Both these features greatly enhance the value of this undeveloped pool. A description of the pool and an estimate of the

Contingent Resources held in the land acquired in October are as follows:

Table 2 - October Acquisition Contingent Resources

| Parameter | Description | | |
|------------------------------|---|------|------|
| Depth | 1525m TVD | | |
| Age | Cretaceous | | |
| Formation | Mannville | | |
| Reservoir type | Sandstone | | |
| Type of Lease | Crown Lease | | |
| Company Interest | 100% | | |
| Area | 256 Ha | | |
| Boe conversion | 1boe = 6000cft gas | | |
| Assessment Approach | Monte Carlo | | |
| Contingent Resource Estimate | P90 | P50 | P10 |
| Recoverable million boe | 1.15 | 2.36 | 4.83 |
| Future Work | Drilling of long reach well once nearby Wizard Lake development activity is completed | | |

⁶ ASX Releases 28 October & 11 December 2019

The land acquired in December is 1km from the upgraded Wizard Lake facilities and ~400m from the toe of Rex-1. This section closed the gap of land over the pool and contains 12 old wells that were drilled to exploit oil and gas reserves from deeper Devonian Leduc reservoirs. These wells provide invaluable information on the nature and extend of the Rex sands and confirm to be oil bearing. The continued application of horizontal, stimulated well technology successfully used in Rex-1, 2 and 3 is expected to result in commercial flows from these sands in the new land.

Contingent Resources held in the land acquired in December are as follows:

Table 3 - December Acquisition Contingent Resources

| Parameter | Description | | |
|------------------------------|---|-----|-----|
| Depth | 1525m TVD | | |
| Age | Cretaceous | | |
| Formation | Mannville | | |
| Reservoir type | Sandstone | | |
| Type of Lease | Freehold | | |
| Company Interest | 100% | | |
| Area | 224Ha | | |
| Boe conversion | 1boe = 6000cft gas | | |
| Assessment Approach | Monte Carlo | | |
| Contingent Resource Estimate | P90 | P50 | P10 |
| Recoverable million boe | 0.5 | 0.8 | 1.4 |
| Future Work | Drilling of long reach well once nearby Wizard Lake development activity is completed | | |



Figure 8 - Wizard Lake Land, Facilities, Pipeline and Well Positions including planned Rex-4 and 5

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 outlined the implementation schedule and the lifting of the moratorium on fracking. Whilst the government has invited the submission of well plans from industry, there is no regulatory regime currently in place that can guide the planning process.

The company can now anticipate a time when further work at the field can be considered once the regulatory framework is in place – currently scheduled to be available by the end of 2020. The commercial viability of the field 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 31 March 2020

- Progressively increase production rates of Rex-1, 2 and 3.
- Completion of Wizard Lake Oilfield 100% acquisition.
- Complete Permitting for Rex 4 and Rex 5
- Drilling of Rex-4.
- Planning for Rex-5 and 6.

Corporate

\$5m Capital Raising⁷

Whitebark Energy raised A\$5.0 million via a heavily bid Placement in December 2019. The Placement received strong demand from new and existing institutional, family office, sophisticated and professional investors with support by Board, Management and staff for \$0.315m.

The new funds will be applied to consolidate and fast track the Wizard Lake Oilfield development and stages acquisition.

This ASX announcement was approved and authorised for release by the Board of Whitebark Energy Limited.

For further information:

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FTI Consulting
Ph: +61 8 9321 8533

⁷ ASX References 18 & 24 December 2019

Tenement Schedule

Canada (Net Acres)

| | September Quarter | Relinquishments | Acquisitions | December Quarter |
|---------------|-------------------|-----------------|--------------|------------------|
| Whitecourt | 4030 | 4030 | 0 | 0 |
| Leaman | 6885 | 6885 | 0 | 0 |
| Paddle River | 6678 | 6678 | 0 | 0 |
| Niton | 648 | 648 | 0 | 0 |
| Thornbury | 10320 | 10320 | 0 | 0 |
| Thorsby | 0 | 0 | 0 | 0 |
| Gilby | 4431 | 4431 | 0 | 0 |
| Wizard Lake | 2703 | 0 | 2000 | 4704* |
| Other | 1652 | 1652 | 0 | 0 |
| Totals | 37347 | 34644 | 2000 | 4704 |

* In addition to acquiring new land WBE increased its working interest in several leases, acquisition figures includes adjustments.

Australia (Net Acres)

| Project | WBE | Location | Change during the quarter |
|----------------|--------|-------------------|---------------------------|
| Warro JV – RL7 | 36,480 | Western Australia | No change |

SUPPORTING INFORMATION

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.

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.

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")

31 December 2019

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 561 | 1,025 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (126) | (151) |
| (b) development | (2,759) | (4,333) |
| (c) production | (443) | (729) |
| (d) staff costs | (200) | (334) |
| (e) administration and corporate costs | (482) | (848) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 4 | 6 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other – business development | (218) | (218) |
| 1.8 Other | - | - |
| 1.9 Net cash from / (used in) operating activities | (3,663) | (5,582) |

| | | |
|--|---------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | (1,372) | (1,425) |
| (c) investments | 14 | (30) |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | 235 |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other | - | - |
| 2.6 Net cash from / (used in) investing activities | (1,358) | (1,220) |

| | | |
|---|--------------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | 9,474 | 9,474 |
| 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 | (585) | (585) |
| 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- share placement subscriptions received in previous quarter in advance of issue included in 3.1 above | (1,394) | - |
| 3.10 Net cash from / (used in) financing activities | 7,495 | 8,889 |

| | | |
|---|---------|---------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 2,594 | 2,923 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (3,663) | (5,582) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (1,358) | (1,220) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | 7,495 | 8,889 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | 5 | 63 |
| 4.6 | Cash and cash equivalents at end of period | 5,073 | 5,073 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 5,033 | 2,554 |
| 5.2 | Call deposits | 40 | 40 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 5,073 | 2,594 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

| Current quarter \$A'000 |
|------------------------------------|
| 268 |
| - |

Directors fees and consultant fees.

7. Payments to related entities of the entity and their associates

- 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

| Current quarter \$A'000 |
|------------------------------------|
| - |
| - |

| 8. Financing facilities available <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. | | |

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| |
|--|

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|--------------|
| 9.1 Exploration and evaluation | - |
| 9.2 Development | 3,500 |
| 9.3 Production (net of cost) | (1,600) |
| 9.4 Staff costs | 135 |
| 9.5 Administration and corporate costs | 300 |
| 9.6 Other – Receivable | - |
| 9.7 Total estimated cash outflows | 2,335 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | 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 | Alberta, Canada: | Acres | | |
| | -Whitecourt | 4030 | 100 | 0 |
| | -Leaman | 6885 | 100 | 0 |
| | -Paddle River | 6678 | 100 | 0 |
| | -Niton | 648 | 100 | 0 |
| | -Thornbury | 10320 | 100 | 0 |
| | -Gilby | 4431 | 100 | 0 |
| | -Other | 1652 | 100 | 0 |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | Alberta, Canada: | Acres | | |
| | -Wizard Lake | 2000 | 0 | 100 |
| | - Wizard Lake PLX JV | | 30% | 60% |

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 January 2020

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.