



Quarterly Activity Report to 31 December 2022
31 January 2023

Whitebark Energy Limited is an ASX-listed exploration and production company featuring low cost oil and gas production in Canada and a substantial contingent gas resource in Western Australia. WBE has realigned its corporate strategy following a comprehensive management changeout and the landmark acquisition of a 100% interest in the Wizard Lake producing asset located in the prolific oil & gas province of Alberta, Canada.

Highlights

- Whitebark produced 10,324 boe from its 100% owned Wizard Lake Oil and Gas Field during the December 2022 quarter
- The Company generated revenue of A\$0.312 million at an average oil price of A\$30.22 per barrel of oil equivalent, net of direct costs, during the period (CAD \$102/bbl oil and \$3.54/GJ gas)
- Rex-4 development wellbore was successfully completed during the quarter, with 50 hydraulic fracture stimulation stages conducted, and brought online in December 2022
- Share placement and convertible note issue raised an additional A\$0.116 million to finalise stage 2 drilling and hydraulic fracture stimulation of Rex-4
- Cash balance of A\$0.401 million as at 31 December 2022 with no debt.

Whitebark Energy Limited (ASX:WBE) (“Whitebark” or the “Company”) is pleased to provide its Appendix 5B and Quarterly Activities Report for Q1 FY23, provided under Listing Rules 4.7b and 4.7c.

Key Performance Metrics	Dec-22 QTR	Sep-22 QTR	Qtr Change	Dec-21 QTR	Sep-21 QTR	Change
Net Production BOE	10,324	17,883	-42%	19,148	18,610	+2.9%
Sales Revenue AUD (millions)	\$0.312	\$0.903	-65%	\$1.028	\$0.902	+14%
Avg realised AUD price/BOE*	\$30.22	\$50.5	-42%	\$53.70	\$48.47	+10.8%

Table 1 - Key Performance Metrics. *BOE = Barrels of oil equivalent (Conversion of gas to Barrels of Oil Equivalent [BOE] is done on the basis of 6mcf = 1 BOE). Realised price is net of direct costs.

Key Performance Metrics	Dec-22 QTR	Avg Realised Price (AUD)
Net Production Oil (bbls)	3070	\$108.96/bbl
Net Production Gas (mcf)	43,700	\$3.78/GJ**
Net Production (BOE*)	10,324	\$30.22/boe

Table 2 - Key Performance Metrics. *BOE = Barrels of oil equivalent (Conversion of gas to Barrels of Oil Equivalent [BOE] is done on the basis of 6mcf = 1 BOE). **GJ = GigaJoule (approximately 1 mcf of gas). Associated Natural Gas Liquids of approximately 27 bbls per million cubic feet realised an average price of \$74/bbl. CAD1.00 = AUD1.083

Whitebark Interim CEO, Dr Simon Brealey, commented:

“The December quarter has seen significant progress on the Company’s strategic objectives since re-listing in June. Following the successful capital raising program Whitebark has drilled the Rex-4 development well at Wizard Lake, where well bore was landed entirely within the oil-saturated Rex Sandstone reservoir. We were in the last quarter also able to complete the 50 stage hydraulic fracture program and bring the Rex-4 well into production.

The Rex-4 clean-up was managed exactly as planned and I believe that the results to date absolutely vindicate the strategy of resting the well prior to commencing pumping to recover the frac fluid, and subsequently managing the well production carefully to ensure long-term benefits in terms of well longevity and ultimate production potential. Gradually increasing cleanup flow rates are in line with our model to manage flow and bring the well up to the planned post-cleanup rates over several weeks

While the December Quarter has been challenging we expect revenue to increase strongly as Rex-4 contributes more to overall field production. Rex-4 should lay the foundation for sustainable growth and significantly enhanced shareholder returns in the future as we plan for Rex-5 and beyond.”

Corporate

Financials

Whitebark generated revenue of A\$0.312 million from oil and gas produced at Wizard Lake during the December 2022 quarter, a 65% decrease on Q1 FY23, due to increased gas ratio and decreased commodity prices, while maintaining strong production despite operational downtime due to extreme cold winter weather.

The Company realised an average sales price of A\$30.22 per barrel of oil equivalent, net of direct costs, during the December 2022 quarter, a decrease of 42% compared to Q4 FY22 (see Table 1). Oil sales averaged A\$108.96/barrel and gas sales A\$3.78/GJ (see Table 2). Associated Natural Gas Liquids of approximately 27 barrels per million cubic feet realised an average price of A\$74/bbl. For the purposes of this report a conversion rate of CAD 1.00 – AUD 1.07 has been used.

Whitebark held a cash balance of A\$0.401 million as at 31 December 2022 with no debt.

Payments to related parties of the entity and their associates totalled \$85,490 during the period. These payments were in respect of the current period and prior quarters. This includes payment of \$55,835 to Adelaide Equity Partners Limited for providing Corporate Advisory and Investor Relations services to the Company, and \$29,655 to Business Initiatives in respect of financial control, administration, accounting and taxation services.

Canadian Operations

Wizard Lake – (Whitebark 100% WI)

Production

Whitebark continued to operate the Wizard Lake Oil Field in Alberta, Canada, during the December 2022 Quarter and received 100% of all hydrocarbons produced from the Rex-1, Rex-2, Rex-3 and Rex-4 production wells. The Company holds a 100% working interest in all facilities, pipelines and infrastructure at the site.

During the reporting period, the Company produced 3,070 barrels of oil and 43,700 mcf gas (10,324 barrels of oil equivalent), averaging 112 barrels of oil equivalent per day (42% decrease compared to Q4 FY22, see Table 1). The decrease in production was due chiefly to record low temperatures reaching minus 45 degrees Celsius during the December Quarter causing operational downtime, and natural reservoir pressure decline. Rex-1 required a hole in the tubing to be repaired and Rex-3 experienced gas-locking in November.

Rex-4 Development well

The Rex-4 well targeted the Rex Sandstone Member of the Lower Cretaceous Mannville Group, the reservoir from which the Rex-1, Rex-2, and Rex-3 horizontal wells were already producing. The Rex-4 development well achieved all of its objectives, landing the entire lateral section in the Rex Sandstone reservoir and demonstrating oil-saturation throughout the wellbore. Per the drilling plan (Figure 2), 2,318 metres of the Rex Sandstone

section has been drilled at approximately 1,420 metres True Vertical Depth (TVD), encountering 100% reservoir sand. The lithology of the Rex Sandstone is fine to upper-medium grained, moderately sorted sandstone with good intragranular porosity. Returned drill cuttings demonstrated dull yellow fluorescence with instant milky white slow streaming cut fluorescence, indicative of the presence of crude oil.

During the December Quarter the Company successfully ran 50 hydraulic fracture stimulation stages in the target Rex Sandstone reservoir at an approximate interval of 40m per the completion plan. The fracture stimulation program was the most ambitious yet at Wizard Lake and was consistent with the strategic plan of increased horizontal length and a greater number of fracture stages than in previous wells. Each of the fifty 30 Tonne fracs consisted of 1 tonne of 50/140 sand followed by 29 tonnes of 16/30 sand with final concentrations of 600-800 kg/m³. A total of 1483.5 tonnes of proppant was pumped during the program.

The Rex-4 well was allowed a “rest” period prior to commencing clean-up; all incremental production is going directly to market via Whitebark’s 100% owned facilities at Wizard Lake. Initial oil traces were noted in the recovered fluid on November 22 2022 at a total of approximately 800 barrels of recovered fluid. Pump rate was gradually increased to 5.5 spm as of December 13 2022 with accompanying flow rates of ~500 barrels of fluid per day. Current oil cut is currently ~20% and increasing steadily and is expected to reach the optimum (natural reservoir) cut once all injected fluid has been recovered.

Rex-4 currently sits at ~60% recovery of injected fluid. Eventual oil cut is expected to be approximately 40%, as demonstrated in wells Rex-1 through Rex-3. This is a standard oil saturation for sandstone reservoirs. Rex-4 is performing according to expectations and by comparison to the other wells.

The Company’s strategy remains to manage the Rex-4 wellbore carefully as it is brought into stabilised production. Having allowed the wellbore to “rest” and to heal naturally from the fracture stimulation program will help ensure that the frac sand stays in zone and maximizes the well’s reserve potential. We believe that this strategy will contribute to greater well lifespan and increased ultimate recovery.

Whitebark has modelled ultimate post-clean up production rates of approximately 300 barrels of oil and 1,400 mscf gas per day which will lift total Wizard Lake production to approximately ~750 boepd. The Company expects ultimate recovery of approximately 146,000 barrels of oil and 1.3 Bcf gas from Rex-4.

Whitebark continues to pursue opportunities to optimise the field by minimising overheads, stabilising production and evaluating project optionality for capital investment going forward. Management continue to actively pursue opportunities to expand the Rex Energy footprint through acquisitions or partnerships that enhance the regional potential to optimise exposure to the play.

Wizard Lake Oil and Gas Field – Immediate development potential

It is planned for the next four Wizard Lake wells (Rex-5 through Rex-8) to address existing Proved (“1P”) Reserves which is calculated to be 2.3 million barrels of oil equivalent¹. Whitebark plans to drill and complete all four wells from the existing well pad without further infrastructure investment required. The Company has identified 20 additional development locations which will target the remainder of the Company’s 2P reserves (5.12 million barrels of oil equivalent¹ in total) and contingent resources (an additional 4.7 mmboe).

¹As per Whitebark Energy Limited ASX announcement “2022 Reserves and Contingent Resources Report”, released 5 September 2022

Excerpt from the “2022 Reserves and Contingent Resources Report” (5 September, 2022)

<i>Resources & Reserves as at 30 June, 2022</i>		
100% Field Reserves (MMboe)		
Category	Proved 1P	Proved & Probable 2P
Developed & Undeveloped	2.29	5.12
100% Field Contingent Resources (MMboe)		
Category	1C	2C
Total	1.81	4.72

Table 1: Proved and Probable Reserves and Contingent Resources, 100% Rex Energy, 30 June 2022

Reserves

The total 100% Field 2P Reserves in Whitebark's Wizard Lake Oil and Gas Field (Table 1) at 30 June 2022 are assessed to be 5.12 million barrels of oil equivalent. The barrels of oil equivalent figure comprises 1.97 million barrels of crude oil, 16.87 billion cubic feet of natural gas and 0.34 million barrels of natural gas liquids.

2P Reserves include 1P Proven Developed Producing Reserves ("PDP" – those remaining reserves attributed to existing wells Rex-1 through Rex-3); 1P Proven Undeveloped Reserves ("PUD" – those reserves accessible from existing infrastructure and requiring the drilling of Rex-4 through Rex-8); and 2P Probable Reserves (those accessible and requiring a new well-pad, new facilities and the drilling of Rex-9 through Rex-15).

Contingent Resources

The total 100% Field 2C Contingent Resources for Wizard Lake at 30 June 2022 are assessed to be 4.72 million barrels of oil equivalent. The barrels of oil equivalent figure comprises 1.91 million barrels of crude oil, 15.05 billion cubic feet of natural gas and 0.30 million barrels of natural gas liquids. The Field Contingent Resources comprise volumes attributed to future planned wells with identified locations nominated Rex-16 through Rex-28 within the modelled reservoir distribution. Drilling of these locations will require additional facilities and the expansion of the Whitebark land position.

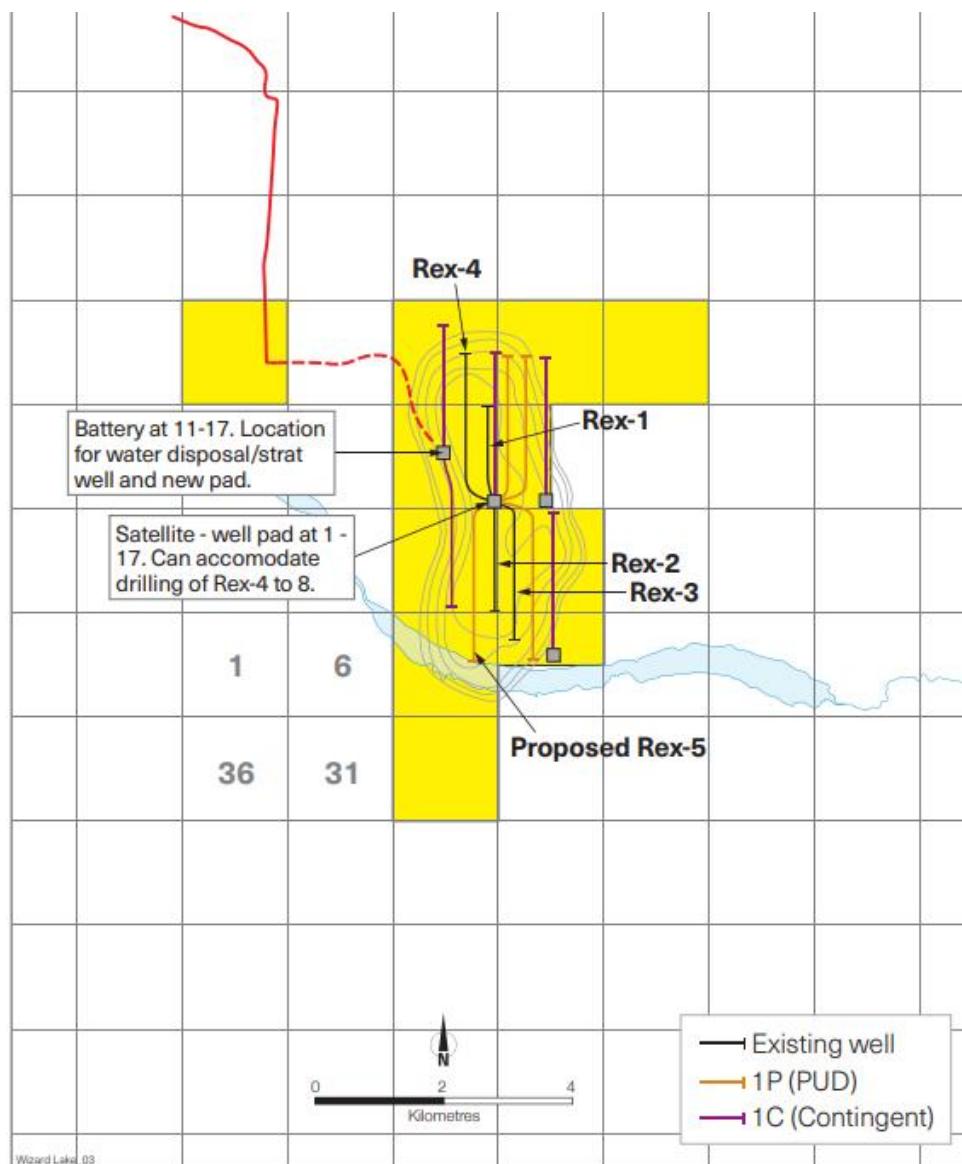


Figure 1 – Wizard Lake oil and gas field - location of existing and proposed wells, with outline of Proven (1P) reservoir

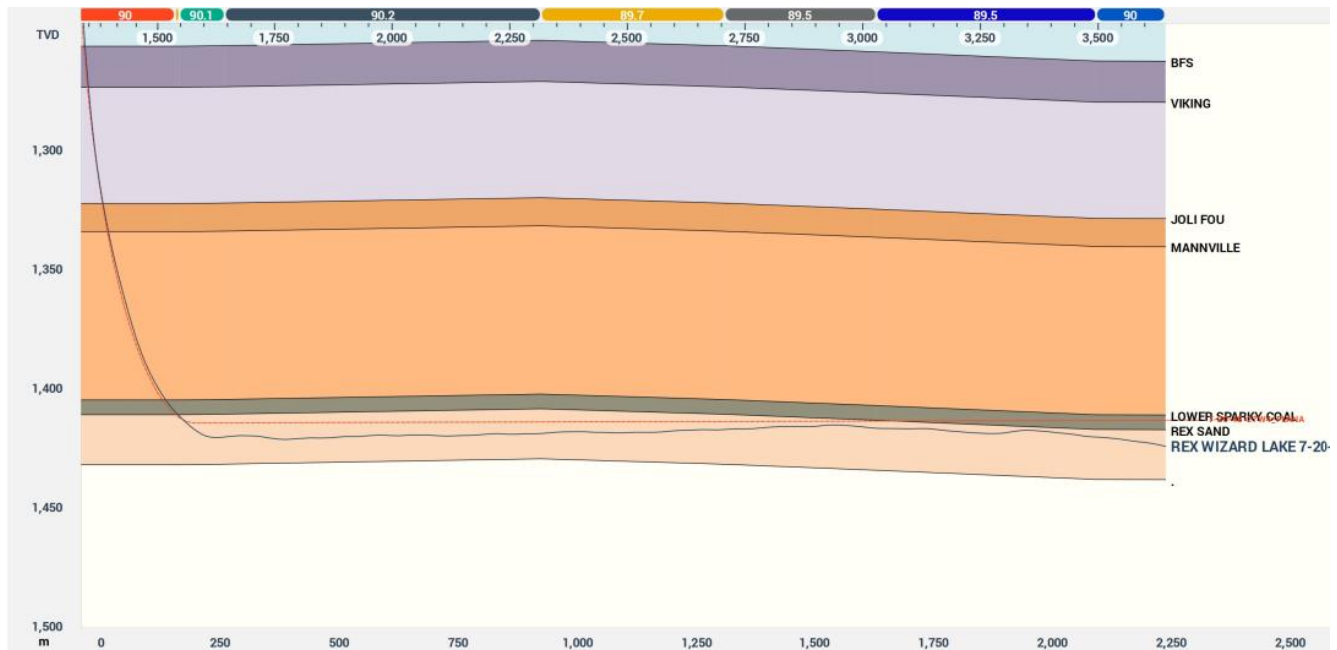


Figure 2. Rex-4 well trajectory as plotted from real-time Measurement While Drilling tools

Western Australian Operations

Warro Gas Project (Whitebark WI 100%)

The Board of Whitebark has executed an agreement with PetroDIP to consider and evaluate strategic options for the Company's Western Australian gas asset, Warro. With forecast gas prices to rise in WA, the directors believe it is timely to consider a range of options for developing the Warro asset for the benefit of shareholders. The Warro asset is currently considered non-core with the Company's key strategic focus being its producing Wizard Lake oil and gas field in Canada. At time of going to press 65 companies have been approached with regard to taking a majority or 100% interest in Warro field.

Planned Activities to 31 March 2023

- Finalise clean-up fluid recovery of injected fluid at the the Rex-4 development well until the full volume of injected fluid has been recovered, at which stage oil cut should be 40-50% (~250 barrels of oil per day). At this stage it will be determined whether pump-rates can be increased further without damage to the wellbore, and Rex-4 will be produced at optimal rates as a completed oil well.
- Planning and design of Rex-5 Stage 1 drilling activities which will include a 2400m horizontal section to demonstrate wellbore lies within the oil-saturated reservoir. Location is permitted (Figure 1).
- Purchase of rental equipment: Rental equipment comprises 60% of fixed costs at Wizard Lake (storage tanks and heating units at the Battery, pumping units, and generators). Financing options continue to be evaluated.
- Cost-benefit analysis of salt-water disposal line to third-party salt-water disposal well; this would eliminate current water trucking costs. Approximately 60% of the fluid production at Wizard Lake is water (this is referred to as a 60% "water-cut"). Installation of a disposal line has been evaluated as more economically beneficial than drilling a dedicated water disposal well or converting an existing legacy well into a "water injector". Water disposal costs become far more important once Rex-4 and Rex-5 are brought online, with the requirement to dispose of 500-1000 barrels of water per day.
- Proceed with Warro strategic optionality evaluation. The Company's mandate with PetroDIP will involve a 3-month process and will consider a range of corporate options including investment and/or divestment of up to 100% of the asset. Shareholders should note that there is currently no proposal on Warro to consider and that the Company will provide further details as and when they become available.

Tenement Schedule

Canada (Net Acres)

	June Quarter	Relinquishments	Acquisitions	Sept Quarter
Wizard Lake	6,400	0	0	6,400

Australia (Net Acres)

Project	WBE	Location	Change during the quarter
Warro JV – RL7	54,360	Western Australia	No change

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

For further information:

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Whitebark Energy
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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 ('Whitebark' 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 or oil and gas exploration entity quarterly cash flow report

Name of entity

WHITEBARK ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

31 DECEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	312	1,215
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	(345)	(977)
	(d) staff costs	-	-
	(e) administration and corporate costs ¹	(197)	(674)
	(f) production – royalties	(94)	(199)
	(g) field maintenance costs	(124)	(229)
	(h) costs of subsidiary restructure	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	9	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Deposit paid for costs of restructure	-	-
1.9	Net cash from / (used in) operating activities	(439)	(853)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements – Wizard Lake	-	-
	(c) property, plant and equipment	(2,271)	(3,207)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other - non-current development expenditure	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,271)	(3,207)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	116	2,388
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	116	2,388

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,078	2,132
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(439)	(853)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,271)	(3,207)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	116	2,388

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(83)	(59)
4.6	Cash and cash equivalents at end of period	401	401

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	401	3,078
5.2 Call deposits	-	-
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)	401	3,078

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments from related parties and their associates included in item 2

Current quarter \$A'000
85
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 Unused financing facilities available at quarter end

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(439)
8.2	Capitalised development expenditure (Item 2.1(f))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(439)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	401
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	401
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.91

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No – we expect that cash flows will improve as revenue from the new Rex 4 well starts to be received

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes - we expect that cash flows will improve as revenue from the new Rex 4 well starts to be received

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2023

Authorised by: The Board of Directors of Whitebark Energy Limited
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is

encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.