



Quarterly Activity Report to 30 June 2021
27 July 2021

Whitebark Energy Limited (ASX:WBE) is an ASX-listed exploration and production company featuring low cost oil and gas production in Canada, and a substantial 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

- Production for the June Quarter averaged 268 barrels of oil equivalent per day (boepd)
- Appointment of Dr Simon Brealey as Interim CEO and Ms Kaitlin Smith as Company Secretary.
- Strategic Review of Wizard Lake oil and gas field and identification of opportunities to increase cashflow, production and reserves.
- Relocation of head office from Perth to Adelaide realising a significant reduction in corporate overhead costs.

Canadian Operations

Wizard Lake – (Whitebark 100% WI)

Production

During the quarter, Whitebark continued to operate Wizard Lake in Canada and receives 100% of production from Rex-1, Rex-2 and Rex-3, and holds 100% working interest in all facilities, pipelines and infrastructure at the site.

During the June 2021 quarter, the Company produced 8,021 barrels of oil (8.5% decrease on March 2021) and 98,551 mcf gas (3.8% decrease on March 2021 quarter), averaging 268 barrels of oil equivalent per day (6.6% decrease on March 2021 quarter). Although the Company was impacted by extreme temperatures in the region at the end of the period, production averaged 246 barrels of oil equivalent per day over the last seven days of the quarter.

Well performance remained relatively stable and reflected expected natural decline levels in the quarter. However brief periods of downtime were experienced at the Petrus Natural Gas Processing Facility in May 2021 to rectify a booster compressor issue. The well-pad generator and pumpjack also experienced short periods of sub-optimal production given scheduled maintenance on-site and extreme heat experienced at the end of the quarter. In addition, Rex-1 and Rex-2 experienced three days of backpressure as the well casing compressors required maintenance support.

The Company has identified several opportunities to optimise the field through minimising overheads and stabilising production and is currently investigating the preferred projects for capital investment going forward.

Western Australian Operations

Warro Gas Project (Whitebark WI 100%)

The new Board of Directors is currently assessing the Warro Gas Project to determine whether it is to be retained or divested to focus on core projects.

Corporate

Wizard Lake Oil Field Bid Process

During the period, Whitebark Energy Limited (**'Whitebark'** or the **'Company'**), obtained approval from the Court of Queen's Bench, Alberta for its bid to acquire the Wizard Lake Oil Field (**'Wizard Lake'** or the **'Asset'**) from SBE (the **'Transaction'**). The C\$2.0 million bid comprised C\$0.3 million in cash and C\$1.7 million in forfeit of a loan made by Whitebark to its wholly owned subsidiary, Salt Bush Energy Ltd (**'SBE'**). The bid process was initially open for a period until 31 March 2021 but was extended a further 45 days to 13 May 2021. No competing bids were received during this time.

Whitebark gained effective control of Wizard Lake on 19 May 2021 and utilised a Reverse Vesting Order mechanism (**'RVO'**) to complete the Transaction whereby SBE retained the Asset rather than transferring it to Whitebark subsidiary Ironbark Energy. As part of the RVO process, SBE's creditor balance of C\$19.6 million as at 19 May 2021 (C\$20.2 million as at 31 December 2020) was transferred to a third-party residual company, resulting in the elimination of SBE's obligation to settle these creditors. Oversight of the Trustee was withdrawn as part of the Transaction and SBE is now back under the full and effective control of Whitebark.

Strategic Review

During the quarter, the Company continued its strategic review of Wizard Lake. This includes an assessment of optimisation strategies to decrease costs, optimise production and increase cashflow. Several opportunities have been identified and the Company is reviewing them to determine the most appropriate way forward. The strategic review also included a review of booked 1P and 2P reserves and resources and the revisions are currently being audited by an accredited competent person in Canada using May 2021 price assumptions, operational expenditures and decline curves. The Company will provide an update to shareholders as soon as this information becomes available.

Capital Raisings

On 31 May 2021, the Company announced the completion of a share placement to raise A\$310,000 to fund the cash component of the acquisition of Wizard Lake and general working capital requirements. The Company issued 310 million ordinary shares to sophisticated and professional investors at a price of A\$0.001 per ordinary share.

Placement participants also received one free attaching option for every two placement shares subscribed for which are exercisable at A\$0.002 per share and hold a two-year expiry. The placement was completed pursuant to the Company's 15% placement capacity under Listing Rule 7.1.

Financials

Receipts from customers during the June 2021 quarter were A\$1.5 million, up 61.0% on the March 2021 quarter, primarily due to an increase in the average oil price received.

The Company's cash balance as at 30 June 2021 was A\$0.4 million.

Corporate Changes

During the period, the Company appointed Dr Simon Brealey as Interim Chief Executive Officer to progress the reacquisition of Wizard Lake, to plan for the future of Wizard Lake and to seek further opportunities for Whitebark. Dr Brealey has over 30 years of experience in onshore and unconventional oil and gas asset exploration and development with companies including Amoco Limited, Santos Limited, Beach Energy Limited and Cooper Energy Limited in Australia, Europe, Asia and Africa.

Mr Kevin Hart has also resigned from the position of Company Secretary and Whitebark has appointed Ms Kaitlin Smith in the same role.

Whitebark has relocated its head office and control of the Company's administration and finance function from Perth to Adelaide, Australia to reduce its corporate overhead costs. The registered corporate address for Whitebark is now 20D William Street Norwood, SA 5067 Australia.

Significant Subsequent Events

As announced on 8 July 2021, Mr Charles Morgan resigned as Chairman of the Board of Whitebark, Mr Duncan Gordon was appointed as Non-Executive Chairman and Mr Tino Guglielmo was appointed as a Non-Executive

Director. Mr Guglielmo is an experienced Petroleum Engineer with over 40 years of technical and senior executive experience in Australia and internationally, with roles across Indonesia, Australia and the US. He is the current Managing Director of Bass Oil Limited and was previously Managing Director of Stuart Petroleum Limited and Ambassador Oil & Gas Limited.

Planned Activities to 30 September 2021

- Gain approval from the ASX to exit voluntary suspension on Whitebark share trading which was entered during the process to re-acquire Wizard Lake.
- Analyses of low-cost, rapid-payback infrastructure projects designed to increase free cashflow, production levels and reserves.

Related Party Transactions

Payments to related parties and their associates included in operating activities totalled \$76k. This included payments for services rendered in the amount of \$37k to Business Initiatives, a company associated with a director of the Company, for administration and accounting services and \$39k to Adelaide Equity Partners, a company associated with a director of the Company, for capital raising, corporate advisory and investor relations services.

Tenement Schedule

Canada (Net Acres)

	March Quarter	Relinquishments	Acquisitions	March 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 and authorised for release by the Board of Whitebark Energy Limited.

For further information:

Dr. Simon Brealey
Interim Chief Executive Officer
Whitebark Energy
Ph: +61 402 110 405

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")

30 JUNE 2021

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	1,508	3,834
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(198)	(525)
(b) development	-	-
(c) production	(630)	(2,219)
(d) staff costs	(11)	(581)
(e) administration and corporate costs ¹	274	(611)
(f) production – royalties	(299)	(586)
(g) Field maintenance costs	(72)	(478)
(h) Costs of subsidiary restructure	22	(70)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	146
1.8 Other – Deposit paid for costs of restructure	-	(82)
1.9 Net cash from / (used in) operating activities	592	(1,173)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements – Wizard Lake	-	(36)
(c) property, plant and equipment		

¹ Includes \$195,000 Aged/Deferred Creditors

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
(d)	exploration & evaluation (if capitalised)	-	-
(e)	investments		
(f)	other - non-current development expenditure – approx. \$1.4m of this total relates to payment of deferred creditors for capital works programs from prior year	(1,262)	(2,766)
2.2	Proceeds from the disposal of:		
(a)	entities		
(b)	tenements		
(c)	property, plant and equipment		
(d)	investments	175	367
(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	(1,087)	(2,435)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	310	3,350
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	10
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(221)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(200)
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	310	2,939

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	633	1,116
4.2	Net cash from / (used in) operating activities (item 1.9 above)	592	(1,173)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,087)	(2,436)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	310	2,939
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	447	447

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	447	633
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)	447	633

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 to related parties and their associates included in item 2

**Current quarter
\$A'000**

76

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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

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
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)	592
8.2	Capitalised development expenditure (Item 2.1(f))	(1,262)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(670)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	447
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	447
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.66

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

Actions have been taken to significantly reduce staff and administration operating costs across all operations by the new directors. Development expenditure has been reduced. In addition, the re-patriation of the Wizard Lake asset in May 2021 has improved cash flows.

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: No

There is no requirement for new capital to fund the entity's ongoing operations. The entity regularly considers the provision of new capital to fund growth initiatives.

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

Measures to preserve cash flow have been accelerated by the new board including a further reduction in costs and taking action to liquidate listed assets held on balance sheet to increase cash flow. The directors are of the opinion the entity will be able to continue operations and meet its objectives.

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.

Date: 27 July 2021

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

Notes

1. 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.