

Whitebark launches sale / farm out process for Warro gas field

2nd September 2020

Highlights

- Whitebark is evaluating opportunities to maximise the full potential, and value for shareholders, of its 100% owned Warro gas field, whilst retaining a focus on the Company's business in Canada.
 - Market interest in significant undeveloped gas resources in the WA has improved markedly in the last 12 months, particularly since the lifting of the Fracturing Moratorium in WA in 2019.
 - Adelaide Equity Partners Limited has been appointed to facilitate the process which may involve the sale of all or part of the asset.
- Warro is one of Western Australia's largest undeveloped onshore gas fields and is in close proximity to the Perth market.
- Warro is located in the Perth Basin where considerable exploration and development activity is occurring driven by strong gas demand and a reducing supply outlook.

Whitebark Energy (ASX: WBE) is pleased to announce the Company has commenced a formal process for its Warro Gas Project. The process commencement is a culmination of a strategic review of the asset over the last 12 months together with increased interest in the project in the current WA gas market environment.

The Warro gas field is located in Retention Lease 7, 200 kilometres north of Perth and is 100% owned by Whitebark. The project is ideally located just north of the large ~650 Terajoule per day Perth market and is 30km east of both the Dampier-Bunbury Natural Gas Pipeline and the Dongara-Perth Parmelia Pipeline which gives full access to the 1,200 Terrajoule per day Western Australian gas market¹.

"The Warro field contains an enormous amount of gas, but it requires an operator with the expertise to commercialise a technically challenging field and leverage off the work that has already been undertaken" said Whitebark Energy Managing Director David Messina.

"Whitebark has had success at the Wizard Lake oil project in Canada and will continue to focus there. The lifting of the Moratorium in WA and the increasing interest in new gas sources in WA means that we can identify and consider options on how best to develop and realise value from our remaining Western Australian asset," added Mr Messina.

¹ 2019 Western Australia Gas Statement of Opportunities, Australian Energy Market Operator, December 2019

Several factors combined to convince Whitebark that it was the right time to market Warro including:

- Suitable drilling rig now active in the Basin (Ensign 970) which should be available in the future to drill Warro, and without large relocation costs.
- Changing dynamics in the supply of domestic gas from looming changes in the North West Shelf.
- Recent application to drill and hydraulically fracture a well in the Canning Basin by Black Mountain Oil and Gas / Bennett Resources Pty Ltd is providing a pathway through the regulatory framework following the lifting of WA's hydraulic fracture moratorium:
 - Recent support by WA government for Perth Basin gas field developer Strike Energy Limited through the award of Lead Agency Status;
 - Advances in completion techniques provide opportunity to revisit the field;
 - Renewed interest by Talon Petroleum Limited in the Cattamarra sands at Walyering, a reservoir unit which is also present at the Warro field location.

The Warro reservoir section is about 3,750m below surface and has a thickness of approximately 500m. The gas is held within low porosity and low permeability Jurassic sandstones.

An approved pipeline license and a Native Title Agreement with the Yued people allows for field operations through development and production to take place.

Whitebark has appointed Adelaide Equity Partners to facilitate the sales process. The Company may consider outright sale, farm-in or an alternative transaction structure.

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

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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.

Warro Project Background

The Warro field lies 200km north of Perth in the Perth Basin and is one of the largest undeveloped onshore gas fields in Australia. The Warro reservoir section is about 3,750m below surface and has a thickness of approximately 500m. The gas is held within low porosity and low permeability Jurassic sandstones. The field is located 30km east of both the Dampier-to-Bunbury Natural Gas Pipeline and the Dongara-to-Perth Parmelia Pipeline.

In 2008, Latent Petroleum Pty Ltd (a wholly owned subsidiary of WBE) entered into \$100m partnership with Alcoa of Australia to fund the exploration of the Warro gas field.

The completion of wells Warro-3 to Warro-6 and subsequent testing have provided valuable information and insight of the Warro field.

Results of these wells and the 3D seismic continue to be analysed to determine the best way forward for the project and proving the field commercial.

On 26 June 2018, Latent regained 100% control and ownership of RL7. Latent Petroleum, as operator of the Warro Project, remains confident that the fracture stimulation process can be safely undertaken within the bounds of a strong regulatory regime. The regulatory system to ensure that is currently being implemented by the State Government.

Latent's implementation of environmental monitoring from the inception of activities in 2008 and expanded over the first next ten years of the project remain in place and active during the Shut In Status of the project.

