



WHITEBARK ENERGY LIMITED (ASX:WBE)

Annual Report
30 June 2020

ABN 68 079 432 796

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Directors	Charles Morgan (Non-executive Chairman) David Messina (Managing Director) Stephen Keenihan (Executive Director)
Company Secretary	Kevin Hart
Principal registered office in Australia	Level 2 6 Thelma Street West Perth WA 6005 Tel: +61 8 6555 6000
Auditors	KPMG 235 St Georges Terrace Perth WA 6000
Solicitors to the Company	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street, Perth WA 6000
Share Registry	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth WA 6000 Tel: +61 3 9415 5000
Banker	ANZ
Stock exchange	Whitebark Energy Limited shares and options are listed on the Australian Securities Exchange (ASX: WBE)
Company website	www.whitebarkenergy.com

Dear Fellow Shareholders,

In 2019/2020 Whitebark has consolidated and increased its ownership of the Wizard Lake Oilfield in Alberta, Canada.

It has drilled two additional wells, Rex-2 and Rex-3 at Wizard Lake and invested substantial capital in the Wizard Lake Facilities to deal with the greater than expected volumes of oil and gas from the Rex wells.

There have been challenges in bringing on and maintaining the production at Wizard Lake due to the combination of high gas rates and relatively heavy oil – an unusual combination.

Like many businesses and all oil and gas production companies around the world, Whitebark was hit badly by the COVID-19 pandemic. Plummeting demand and a disagreement between Russia and Saudi Arabia on OPEC production led to negative oil prices in April 2020.

Subsequently Whitebark acted quickly to reduce costs with all directors, executives and staff taking cuts in remuneration for the remainder of the financial year.

Whitebark has raised circa \$9 million during the year and invested \$12 million in wells and facilities. It completed the year with \$1.1 million in cash. As a result of the capital works program Whitebark has a number of creditors with whom we have reached extended payment terms beyond normal contracted payment dates. Whitebark thanks these service companies for their continued support.

Whitebark continues to learn about the characteristics of the Rex reservoir at Wizard Lake and has, since the end of the financial year, worked over and cleaned out tonnes of proppant from two of the wells which was having a negative effect on the production. Whitebark will bring on future wells much more slowly in order to minimise downtime and optimise the production curves of the wells.

During the year Whitebark transferred its non-Wizard Lake interests back to its JV partner, Point Loma, and through a variety of transactions increased its ownership of the Wizard Lake Oilfield to an average of 84% working interest across the field.

Whitebark is working hard to ensure that it gets stronger and continues to grow.

I would like to thank everyone involved for a great year and we look forward to more success to come.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'C. Morgan', with a stylized flourish at the end.

Charles W Morgan

Chairman

1 Review of Operations

2019/2020 – A Year of Contrasts

The significant progress and positive momentum the Company achieved at its Wizard Lake oil project in Canada in the first half of the 2020 financial year stand in marked contrast to the forced curtailment of development and production in the closing months due to the effects of COVID-19 and an aggressive OPEC price war. These combined to significantly negatively impact the global demand and price for oil. The Company navigated its path through these unusual times and can look forward to a return to full operational development as the industry continues to recover.

COVID-19 and Oil Price Shock

During the second half, the global COVID-19 Pandemic disrupted economic activity around the world and significantly depressed energy demand, while at the same time tension within OPEC led to major supply increases. The combined effect was a substantial negative shock to oil prices from which they are still recovering

The Company responded quickly to protect its staff and the Company's financial standing with substantial cuts to its overheads, including reducing directors' fees and salaries by 50 per cent for the remainder of the financial year. The Board resolved that while oil prices were anomalously low, the company would not commit to any non-essential capital expenditure. The Company also reduced production rates to preserve the long-term value of its Wizard Lake assets. All these measures were implemented while ensuring operational safety, well integrity and the retention of requisite corporate and operational knowledge to allow the company to react quickly when oil market conditions allow.

Whitebark, through its wholly owned subsidiary Salt Bush Energy Limited (SBE), terminated the Definitive Agreement to acquire the residual 40% interest in the Wizard Lake Oilfield. Under the Farm-In and Joint Operating Agreements, there will be no material changes to WBE cashflow from the field as a result of not completing the Agreement while the wells pay out their development capital expenditure. SBE remains operator of the Wizard Lake Oilfield and retains a first right of refusal over the balance of interests in the Wizard Lake Oilfield.

Canadian Operations

During the first half of the financial year, the Company successfully completed the first stage of its development program at the Wizard Lake Oil Field with the success of Rex-2 and Rex-3. This included the completion of the two horizontal wells (each longer than its predecessor), increases in facility capacity, construction of a second pipeline and acquisition of a third, and four land acquisitions. This placed the company in a strong position to grow production, cashflow and reserves. Unfortunately, progress was curtailed during the second half of the year as a result of COVID-19 and low oil prices.

Wizard Lake Rex Oil Field

(WBE 84% WI AT 30 JUNE 2020)

Production Rates

During the first half of February and following extremely difficult weather related operating conditions in January, the production of the Wizard Lake Oilfield reached a gross rate peak of 1,220 bopd and 3.5 mmcf/d gas, which equates to ~1800 boepd when all wells were online¹.

On 12 March 2020 the Company announced that in response to the significant reduction in the oil price, the Company had taken immediate steps to optimise the long term returns from its Wizard Lake oil field in Alberta, Canada.

To mitigate the 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 freely². These measures were taken to maintain well integrity and preserve future production potential and cash flow while maintaining 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 that month. Whitebark will increase production rates as the oil price improves and remains committed to continuing to develop the Wizard Lake Oilfield. The Company is currently undertaking a review to determine the appropriate timeframe to recommence drilling.

¹ ASX Release 17 February 2020

² ASX Release 21 May 2020

Wizard Lake Ownership

Whitebark, through wholly owned subsidiary Salt Bush Energy Ltd (SBE), executed a Definitive Agreement in December 2019 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 would own 100% of Wizard Lake, and PLX would own 100% of the non-Wizard assets previously held within the PLX Joint Venture.

Step 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, to PLX.

On 30 March 2020, Whitebark terminated the residual interest acquisition agreement due to the rapid decline in global economic conditions, particularly the decline in oil prices, making financing difficult to achieve. SBE served notice to terminate the Definitive Agreement after Stage 1 and remained at 60% working interest.

PLX announced the sale of 97.5% of its circa 40% interest in the WLOP on 21 April 2020 for C\$2.9m. SBE did not exercise its ROFR on these interests. During May PLX announced that it "no longer had the financial capability to carry on its operations" and ceased all operations effective May 21, 2020. The transfer of interests later collapsed and an administrator was appointed for PLX. That PLX is in administration, does not impact on SBE's ability to carry on its business activities at Wizard Lake.

On 9 June 2020, Whitebark successfully renewed leases over three sections (713 ha) of its Wizard Lake Oilfield for a total consideration of CDN\$238,085 (split in two payments, one immediately and one at end of initial term in 18 months). The leases over these sections give the operating company and fully owned subsidiary Salt Bush Energy, an average of 84% working interest across the field. Through SBE, Whitebark continues to hold 100% working interest in all facilities, pipelines and infrastructure.

The Wizard Lake Oilfield has been significantly de-risked and the 84% 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-2 – Exceeded Discovery Well Rex-1³

Rex-2 was successfully drilled to 3,033m total length in eight drilling days from spud on 27 July 2019. A successful 35 stage fracture stimulation program was completed in August 2019 using sliding frac sleeves to isolate each zone.

Flowback commenced in early September 2019 and initial clean up flows noted significant amounts of oil and gas at surface. As is the practice by other operators in the area, a high volume, submersible pump was used to assist the recovery of frac fluids and to optimise the oil recovery rate. However, Rex-2 flowed unassisted at rates higher than those experienced at Rex-1, exceeding expectations and underlining the excellent quality reservoir the well penetrated.

As Rex-2 continued to clean up, a restricted peak fluid rate of 865 bpd was recorded and comprised 540 bopd accompanied by 2 mmcf of gas. Sustained oil and gas production rates (free flow) from Rex-2 during the test period

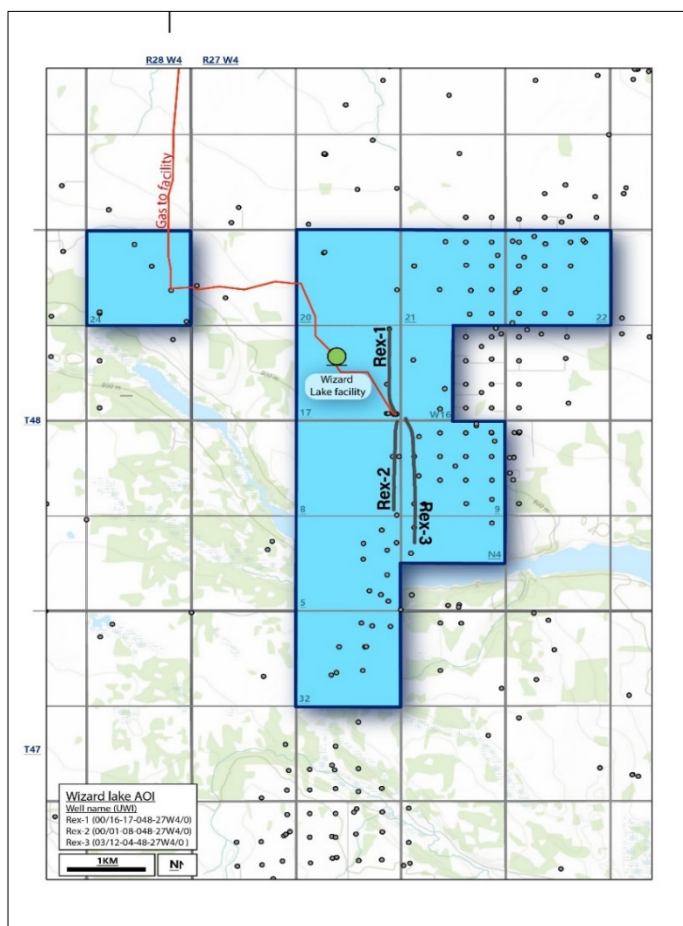


Figure 1 - Wizard Lake wells, pipeline and land map

³ ASX Release 6 September 2019

enabled the declaration of “commercial production” seven days after testing commenced and seven days earlier than Rex-1.

The average production rate for the final 24 hours of the Rex-2 test period was approximately 700 boepd (Figure 2), including 350 barrels of 18.5 API bopd. As expected, the extra length of the horizontal section at Rex-2 resulted in higher production rates and a larger reserve booking per well than for Rex-1. Rex-2 peak production outperformed Rex-1 by 154%. Following the test period, the well production was constrained by plant limitations and flaring limits.

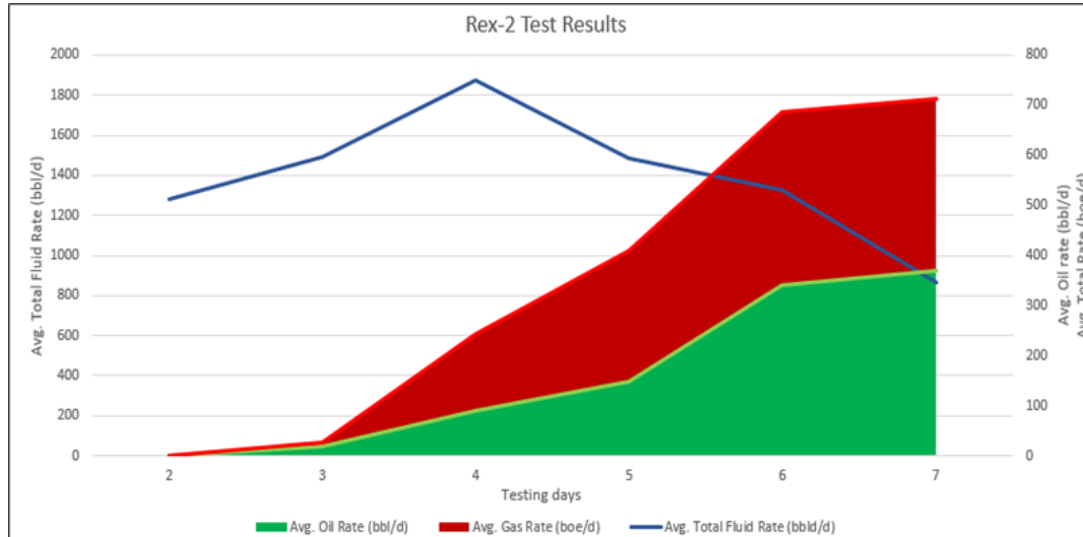


Figure 2 - Rex-2 test results to 5:00am, 5 September 2019 (Local Perth time)

Rex-3 – Performing Beyond Expectations⁴

Rex-3 was successfully drilled to 3,673m total length in eight drilling days from spud on 17 November 2019. The planned Rex-3 horizontal leg of 1,800m (Rex-1 hz = 1237m, Rex-2 hz = 1,500) was extended 298m due to the presence of a continuous reservoir while drilling to the toe. The well encountered excellent reservoir quality 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%).

A successful 46 stage fracture stimulation program was completed in just over 30 hours during December 2019. The 46 stage frac programme placed over 1,300 tonnes of proppant into the Rex formation and used sliding frac sleeves to isolate each zone.

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 1,084 bopd with 1.16 mmcfd.

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



Figure 3 - Rex-3 during drilling

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 mmcfd and ensure the well could clean up in an optimal manner. Under this heavy choke, the well continued to clean up strongly, flowing 350 to 450 bopd with a total water cut of approximately 35%.

⁴ ASX Release 16 December 2019

After flowing unaided for five months and yielding 35,800 barrels of oil and 251,000 mcf of gas at varying, and COVID-19 reduced production levels, Rex-3 required the assistance of a subsurface pump to increase production⁵. On 22 July 2020, the Company confirmed a new top hole down subsurface rod driven pump has been placed in the well at approx. 1,192mKB⁶ to optimise its gas handling capacity. Over H2 20/21, the pump will be run at varying speeds and configurations to determine the most efficient means to produce the well. Experience from the first two wells has indicated that each well has unique characteristics which will influence how each is finally optimised.

Rex-1 Workover⁷

Due to the strong production achieved from Rex-2, Rex-1 was shut in as the facilities at the time 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 obstructing approximately two thirds of the lateral. The debris, identified as the drill bit and downhole motor 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.

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

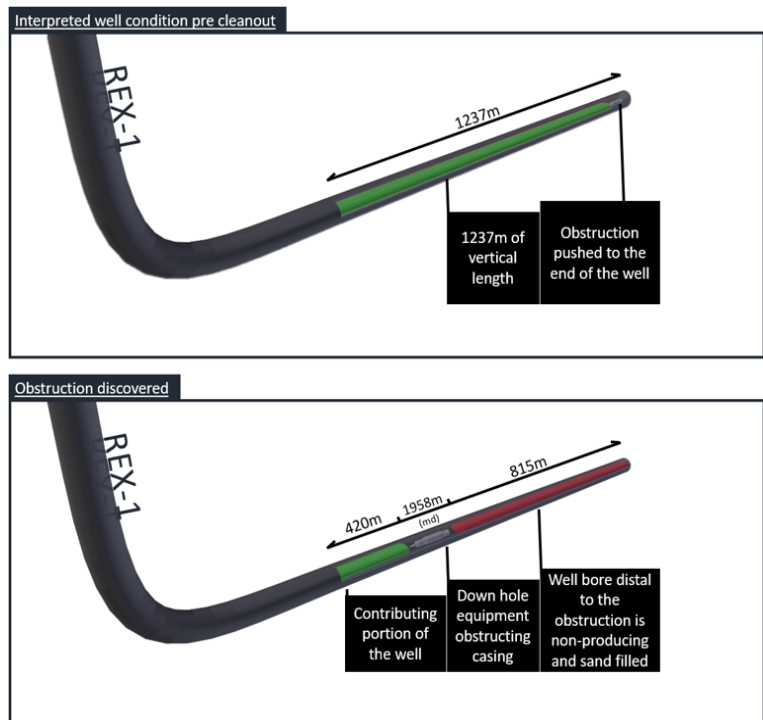


Figure 4 - Rex-1 Workover

Facilities and Pipeline

A 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 for 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 1)⁸.

The new facilities upgrade work commenced 6 November and was completed and commissioned with the new pipeline in late December 2019⁹. Plant commissioning was carried out using Rex-2 production with Rex-1 added in the following days. The facilities separate the gas from the liquids for sales via the Petrus gas processing facilities. Gas throughput at this stage was held at 2 – 2.5 mmcfd as the wells continued to clean-up and stabilise. Oil throughput uses a heated cascade tank system which uses gravity to separate the oil and water (Figure 6). This system removes up to 99.5% of the water prior to the oil being trucked to receiving stations¹⁰.

The new expanded facilities are capable of handling 5,000 barrels of fluid a day along with 5mmcfd 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 6 & Figure 5.).

⁵ ASX Release 19 June 2020

⁶ mKB - Maximum depth reached for the well, as measured in metres from the Kelly Bushing.

⁷ ASX Release 13 November 2019

⁸ ASX Release 1 November 2019

⁹ ASX Release 23 December 2019

¹⁰ ASX Release 7 January 2020

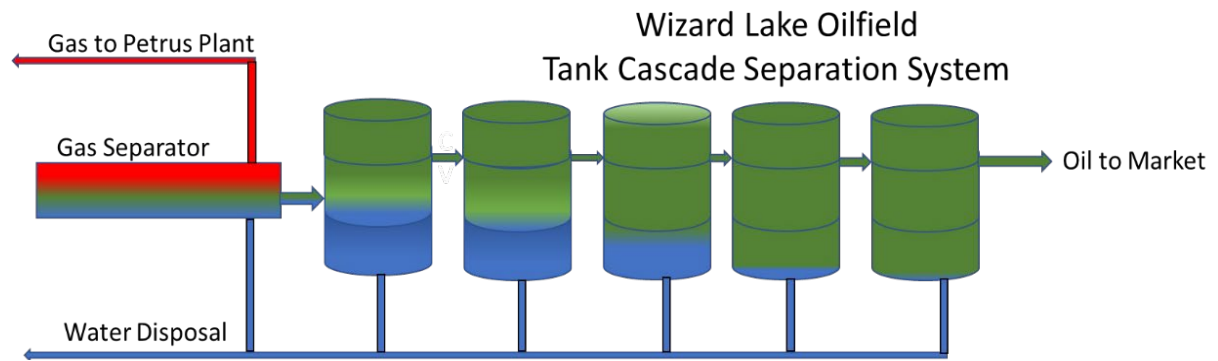


Figure 6 - Tank Cascade Separation System



Figure 5 - Installed and commissioned upgraded Wizard Lake Facilities

Wizard Lake Land Position Increases¹¹

During FY20, Whitebark increased its land position at Wizard Lake adding 2,160 acres in four different areas **Error! Reference source not found..** The first area acquired in a successful land bid added 320 acres to the Wizard Lake land position and provides additional potential drilling opportunities. The second area was acquired in September 2019 adding four potential drilling locations in the core channel.

The third area was acquired in October 2019 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 found in *Table 1*.

¹¹ ASX Releases 18 July, 1 October, 28 October & 11 December 2019

Table 1 - 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		

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 found in *Table 2*.

Table 2 - 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 7 – Four Land Acquisitions During Reporting Period

Reserves & Resources Upgrade

The Reserves update at 30 June 2020¹² demonstrated over a 300% increase in 1P oil Reserves (305Mbbbls to 1342Mbbbls) after the production of over 83,000 barrels of oil during the period. The 2P oil reserves have increased over 400% from 520Mbbbls to 2,687Mbbbls. Gas Reserves and associated liquids have also increased by approximately 2-fold during the same period. These increases were achieved even though the company sold its other non-core producing assets during the period and are substantially a result of:

- the success of the appraisal drilling programme
- the acquisition of new leases over the oilfield area
- an increase in average ownership percentage in the oilfield

In addition to the Proven reserves the Wizard Lake Oilfield, the 1C and 2C oil Contingent Resources categories add a further 748 Mbbbls and 1,944 Mbbbls respectively to total resources.

Western Australian Operations – Warro Gas Project (WBE 100% WI)

The Company commenced a formal divestment process for its Warro Gas Project during September 2020¹³. The decision to divest is a culmination of a strategic review of the asset over the previous 12 months together with increased interest in the project in the current WA gas market environment.

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

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.

¹² ASX Release 12 August 2020

¹³ ASX Release 2 September 2020

Climate Change

The Company recognises climate-related risks and the need for these to be managed effectively particularly across the energy industry.

Key climate-related risks and opportunities relevant to the Company's operations include:

- The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels. In addition increased uncertainty time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to lower carbon economy also gives rise to opportunity for the Company's gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition.
- Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's production assets and production capability. These events could have a financial impact on the Company through increased operating costs, maintenance costs, revenue generation and sustainability of its production assets.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

Corporate

Capital Raisings

The Company completed three capital raisings during the 2020 financial year.

The completion of a successful capital raising in September 2019 through a placement to institutional, sophisticated and professional investors (Placement) to raise \$3.8m via the issue of 475m fully paid ordinary shares in the capital of Whitebark (Shares). These new funds allowed the Company to accelerate the development of the Wizard Lake Project after the success of the Rex-2 well. In addition to this Placement, the Company undertook a Share Purchase Plan (SPP). Under the SPP, Eligible Shareholders had the opportunity to purchase Shares at the same price as the Placement. The SPP raised \$855,000.

In December 2019, The Company raised \$5.0 million via a heavily bid Placement. The Placement received strong demand from new and existing institutional, sophisticated and professional investors and was supported by Board, Management and staff for \$0.315m.

On 30 June 2020, the Company announced a 1 for 3 non-renounceable entitlement offer at 0.3 cents per share. The offer was partially underwritten to c.\$1.7m by Baker Young Limited and successfully raised \$3.04m¹⁴. The funds raised are targeted for working capital, (comprising operational and capital costs accrued and pending), acquisition of land mineral leases, Wizard Lake Field maintenance and workovers. The entitlement offer was fully subscribed after placement of the shortfall.

¹⁴ ASX Releases 30 June, 30 July, 18 August 2020

¹⁵ ASX Release 12 August 2020

2 Reserves and Resources Statement

The following summarises Whitebark Energy Limited's (WBE) Proved Reserves (1P), Proved plus Probable Reserves (2P) and contingent and prospective resources as of the evaluation date of 30 June 2020. Unless otherwise stated, all estimates are quoted as net WBE share ¹⁵.

Reserves at 30 June 2020¹⁵

Alberta, Canada		
Reserves at 30 June 2020 Crude Oil	Proved Crude Oil (1P) Mbbbl	Proved and Probable Crude Oil (2P)
Developed	350	418
Undeveloped	992	2269
Total	1342	2687

Reserves Reconciliation (Mbbbl)	Proved Crude Oil (1P) Mbbbl	Proved and Probable Crude Oil (2P)
Reserves at 30 June 2019	304.5	519.5
Revisions, reclassifications and working interest changes	1277.5	2533.8
Disposals	-170.6	-296.9
Production	-69.4	-69.4
Reserves at 30 June 2020	1342	2687

Reserves at 30 June 2020 Natural Gas	Proved Natural Gas(1P) MMcf	Proved and Probable Natural Gas (2P) MMcf
Developed	1817	2170
Undeveloped	5948	13263
Total	7766	15433

Reserves Reconciliation (MMcf)	Proved Natural Gas(1P) MMcf	Proved and Probable Natural Gas (2P) MMcf
Reserves at 30 June 2019	2593.7	4723.7
Revisions, reclassifications and working interest changes	7833.4	15278.7
Disposals	-2124.1	-4032.4
Production	-537.1	-537.1
Reserves at 30 June 2020	7766	15433

¹⁵ ASX Release 12 August 2020

Reserves at 30 June 2020 Natural Gas Liquids	Proved Natural Gas Liquids (1P) Mbbl	Proved and Probable Natural Gas Liquids (2P) Mbbl
Developed	36	43
Undeveloped	118	264
Total	154	307

Reserves Reconciliation (MMcf)	Proved Natural Gas Liquids (1P) Mbbl	Proved and Probable Natural Gas Liquids (2P) Mbbl
Reserves at 30 June 2019	50.3	91.3
Revisions, reclassifications and working interest changes	144.5	291.0
Disposals	-37.8	-72.3
Production	-3.0	-3.0
Reserves at 30 June 2020	154.0	307.0

The revisions and reclassifications to the 1P and 2P reserves is comprised primarily of revisions in forecast performance as a result of well recompletions, drilling of new wells and pipeline construction to add stranded production to the network and resulting changes to working interests in the field.

Changes in forward price estimates, production costs and recovery rates will also dictate the need for revision and reclassification of reserves

Wizard Lake Alberta Canada, Summary (average WI 84%) – 30 June 2020 ¹⁶				
Contingent	Crude Oil Mbbl	Natural Gas MMcf	Natural gas Liquids MMbl	Total MBOE
1C	748	3819	76	1461
2C	1944	9929	198	3797

Contingent Resources Reconciliation, Wizard Lake Alberta Canada				
	Crude Oil Mbbl	Natural Gas MMcf	Natural gas Liquids MMbl	Total MBOE
1C Resources at 30 June 2019	550	1202	-	750
Revisions, reclassifications and working interest changes	198	2617	76	711
1C Resources at 30 June 2020	748	3819	76	1461
2C Resources at 30 June 2019	1015	1595	-	1281
Revisions, reclassifications and working interest changes	929	8334	198	2516
2C Resources at 30 June 2020	1944	9929	198	3797

¹⁶ ASX Release 12 August 2020

The revisions and reclassifications to the 1C and 2C reserves is comprised primarily of revisions in forecast performance as a result of well recompletions, drilling of new wells and pipeline construction and resulting changes to working interests in the field.

Contingent and Prospective Resources at 30 June 2020 – Gas Initially in Place (Tcf)

Warro Field, Western Australia ¹⁷			
Contingent (status unclarified and on hold)	1C	2C	3C
	2.4	3.2	4.5
Prospective	Low	Medium	High
	2.0	4.1	7.3
	4.4	7.3	11.6

Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery, as well as a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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

Reserves and Contingent Resource Estimates – Governance

The Company maintains strong governance and internal controls in respect of its estimates of petroleum reserve and resource and the estimation process which is undertaken in accordance with the SPEE Petroleum Resources Management Guidelines. Oil and gas reserves are compiled by an independent Canadian petroleum consulting firm and overseen by an in-house qualified petroleum reserves and resources evaluator.

Qualified Petroleum Reserves and Resources Evaluator Statement

The reserve, contingent and prospective resource estimates in this annual report (Reserves and Resources Statement) is based on, and fairly represents, information and supporting documentation prepared by a qualified petroleum reserves and resources evaluator. The Reserves and Resources Statement as a whole has been approved by Mr Stephen Keenihan. Mr Keenihan is a holder of shares and options in and is Executive Director of the Company. Mr Keenihan has sufficient experience that is relevant to the style and nature of hydrocarbon resources and to the activities discussed in this report and is a member of the following professional organisations; Society of Petroleum Engineers, Petroleum Exploration Society of Australia, American Association of Petroleum Geologists. Mr Keenihan has consented to the inclusion of information in this annual report in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement 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.

The Reserves and Resources Statement is based on, and fairly represents, information and supporting documentation prepared by the respective Competent Persons below.

Alberta, Canada

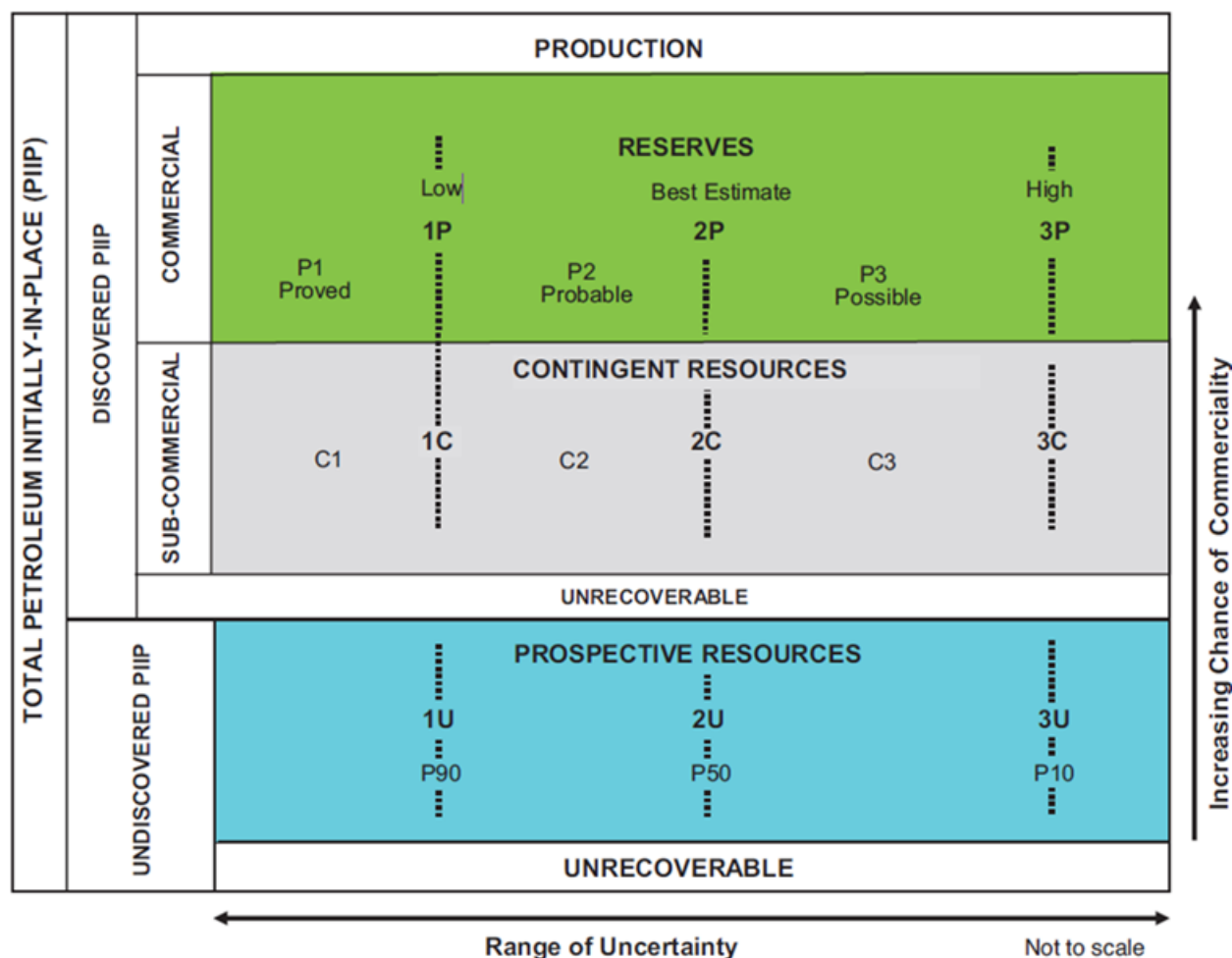
The 30 June 2020 1P and 2P Reserves evaluation was prepared by KDAngus Corp, a private geotechnical consulting company. Its principal, Mr. K Angus has over 30 years of industry geotechnical experience in both Western Canada and International areas. He has wide-ranging project experience across numerous theatres of operation and reservoir types and has worked extensively on tight oil and gas plays in clastic sequences. Mr. Angus has been involved as a cofounder of 4 public oil and gas companies and was the founding director of Painted Pony Petroleum where he has chaired and been a member of the reserve committee since 2012. He has over 15 years of experience as a director on publicly traded oil and gas companies

¹⁶ Refer to ASX announcement 19 November 2015

Mr. Angus, P. Geoph., has an ICD.D designation from the Institute of Corporate Directors. He holds a Bachelor of Science in Geology from the University of Calgary and is registered as a Professional Geoscientist with the Alberta Professional Engineers and Geoscientists of Alberta (APEGA).

The reserve evaluation is based on information provided by Saltbush Energy. These data and interpretations were independently verified and validated and confirmed to provide a true representation of the field configuration and characteristics. The evaluation was initiated in July 2020 and is based upon the reserves as of June 30th, 2020.

The evaluation was carried out under the standards contained in the Petroleum Resource Management System (PRMS) revised June 2018 version. Note: The reserve definitions do vary from the Canadian COGE standard but are the recognized standard for the Australian Securities Exchange that Whitebark is listed under. The reserve Classification are shown below. Note only P1, P2, C1 and C2 reserve types were considered in this evaluation as P3 and C3 reserve classification volumes largely lie outside the lands owned by Saltbush Energy.



Mr Angus has consented to the inclusion of information in this annual report in the form and context in which it appears.

Warro Field, Western Australia

The information is based on and fairly represents the information and supporting documentation prepared by Mr Stephen Keenihan, a Director of Whitebark Energy Ltd, who has consented to its inclusion in the form and context as it is presented. Mr Keenihan has sufficient experience that is relevant to the style and nature of hydrocarbon resources and to the activities discussed in this document and is a member of the following professional organisations; Society of Petroleum Engineers, Petroleum Exploration Society of Australia and American Association of Petroleum Geologists.

3 Directors' Report

3.1 Directors' Meetings

Board meetings held during the year and the number of meetings attended by each Director was as follows:

Board of Directors		
Director	Present	Held
Charles Morgan	8	8
David Messina	8	8
Stephen Keenihan	8	8

Board and Management Committees

In view of the current composition of the Board (which comprises a non-executive chairman and two executive directors) and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations, remuneration and general management functions would contribute little to its effective management.

3.2 Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Whitebark Energy Limited support the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is in compliance with those guidelines which are of importance to the commercial operation of a junior listed resource Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

3.3 Directors' Information

Charles Morgan | Non-executive Chairman

Appointed 9 October 2015

Experience and expertise:

Mr Morgan has extensive experience in equity capital markets and has been involved with numerous projects over a 30 year period. The bulk of these were in the resources/oil & gas industries and in the technology sector. Mr Morgan is a former director of Grand Gulf Energy Limited having resigned on 5 March 2019. Mr Morgan did not hold any other Director positions in the last three years.

David Messina | Managing Director

Appointed 20 April 2016

Experience and expertise:

Experienced international executive with proven entrepreneurial skills and solid track record in developing and managing a diverse range of businesses, raising finance, stakeholder engagement and delivering results to shareholders. Mr Messina has over twenty years' multi-sector experience in the Energy and Agricultural industries, holding senior positions at the board and executive management level. Having lived and worked in numerous countries he has acquired global management experience with both start-up and mature businesses.

Stephen Keenihan BSc (Hons) | Executive Director

Appointed 23 March 2011 as Managing Director; Appointed 20 August 2013 as Executive Director; Appointed 9 October 2015 as Managing Director; Appointed 20 April 2016 as Executive Director

Experience and expertise:

Mr Keenihan has more than 45 years' experience in the energy industry, within and outside Australia. He has primarily been involved with oil and gas activities but also a broad range of experience in other energy and electricity projects including coal, gas, wind, biofuels and geothermal. He has previously held management roles with Apache Energy, Griffin Energy, Novus Petroleum, WMC Petroleum and LASMO. Mr Keenihan was a former Non-Executive Director of Grand Gulf Energy Limited having resigned 5 March 2019. Mr Keenihan has not held any other Director positions in the last three years.

Kevin Hart FCA, BComm | Company Secretary**Appointed 30 November 2016****Experience and expertise:**

Mr Hart was appointed to the position of Company Secretary on 30 November 2016.

He is a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Western Australia. He has over 30 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

Mr Hart is currently a partner in an advisory firm, Endeavour Corporate, which specialises in the provision of Company secretarial and accounting services to ASX listed entities.

4 Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements which were in place during the period and remain in place as at the date of this report, for the key management personnel of Whitebark Energy Limited. For the purposes of this report, "key management personnel" is defined as persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

4.1 Remuneration Policy

Key management personnel remuneration is based on commercial rates and the existing level of activities in the Group at this point of time. Should the extent of those activities change, the remuneration of key management personnel would be amended to reflect that change.

4.2 Principles of Compensation

Remuneration is referred to as compensation throughout this report.

Under overall authority of the Board, key management personnel and other executives have authority and responsibility for planning, directing and controlling the activities of the Company and the consolidated entity. Key management personnel include the most highly remunerated executives for the Company and the consolidated entity.

Compensation levels for key management personnel of the Company and relevant key management personnel of the consolidated entity are competitively set to attract and retain appropriately qualified and experienced key management personnel. The Company from time to time obtains independent advice on the appropriateness of compensation packages of both the Company and consolidated entity given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy. For the year ended 30 June 2020 no independent advice has been obtained in relation to compensation packages.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- The capability and experience of the key management personnel;
- The key management personnel's ability to control the relevant assets' performance;
- The amount of incentives within each key management person's compensation.

Compensation packages may include a mix of fixed and variable compensation and short and long-term performance-based incentives.

In addition to their salaries, the consolidated entity has also provided non-cash benefits to its key management personnel in the form of share-based payments.

4.2.1.1 Fixed Compensation

Fixed compensation consists of base compensation, which is calculated on a total cost basis and includes any Fringe Benefit Tax charges related to employee benefits.

4.2.1.2 Performance-linked Compensation

The Company currently has no performance-based remuneration built into key management personnel remuneration packages.

4.2.1.3 Long-term Incentive

Incentive options issued to key management personnel and other employees of the Company. The ability to exercise the options is conditional upon the key management personnel and other employees achieving certain vesting conditions. These vesting conditions are set for each key management personnel and employee and are based primarily on the length of time spent providing their services to the Company.

For the 80,000,000 related party options issued on 2 January 2020, 40,000,000 vested immediately and 40,000,000 vest one year from date of issue. For the 100,000,000 related party options issued 3 July 2017, 41,333,333 vested immediately, 41,333,333 vested one year from date of issue and the balance of 17,333,334 vested two years from the date of issue.

4.2.1.4 Service Contracts

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the terms, including compensation, relevant to the office of the director.

Remuneration and other terms of employment for the executive directors and other non-director key management personnel are also formalised in service agreements. Each of these agreements provide for the provision of bonuses, other benefits including health and superannuation, and participation in the issuance of options. Other major provisions of the agreement relating to remuneration are set out below.

Directors and Key Personnel	Term of agreement	Base fee or salary including superannuation	Termination benefit
Directors			
Stephen Keenihan Executive Director	On-going commencing 1 January 2017	\$36,000pa	Nil
Charles Morgan Non-Executive Chairman	On-going commencing 9 October 2015	\$75,000pa	Nil
David Messina Managing Director	On-going commencing 1 July 2017 Termination terms: Three-month notice period by employee which the Company may elect to waive. Company may terminate upon 6 months' notice or by making payment in lieu of whole or part of the notice period, or a combination of both.	\$430,000pa	Nil

Non-Executive Directors

Total compensation for all non-executive Directors is to be approved by the Company in general meeting as detailed in the Company's Constitution.

The Directors, including Managing Director David Messina, agreed to an initial 50% reduction in remuneration with effect from 15th April 2020 for the remainder of the financial year as part of the Company's response to the slump in oil prices and Covid-19 pandemic. Subsequent to the year end, the fee reduction has been reviewed to 25% reduction in remuneration

5 Directors and Executive Officers' Remuneration (Consolidated Entity)

The following table sets out remuneration paid to Directors and key executive personnel of the Company and the consolidated entity during the reporting period:

30 June 2020	Salary and Fees AUD	Cash Bonus	Non-cash Bonus	Superannuation	Share based payments	Total	Value of share-based payments as a proportion of remuneration	Performance related payments as a proportion of remuneration
Executive directors								
Stephen Keenihan*	154,533	-	-	-	109,683	264,216	43%	-
David Messina	365,538	41,436	44,000	25,000	219,367	695,341	32%	12%
Non-Executive directors								
Charles Morgan**	71,068	-	-	-	109,683	180,751	61%	-
Total	591,139	41,436	44,000	25,000	438,733	1,140,308		

*Consists of \$36,000 directors fees and \$118,533 consultancy fees

**Consists of \$67,068 directors fees and \$4,000 consultancy fees

30 June 2019	Salary and Fees AUD	Cash Bonus	Non-cash Bonus	Superannuation	Share based payments	Total	Value of share-based payments as a proportion of remuneration	Performance related payments as a proportion of remuneration
Executive directors								
Stephen Keenihan*	179,200	-	-	-	5,827	185,027	3%	-
David Messina	441,860	-	-	25,000	67,076	528,936	12%	-
Non-Executive directors								
Charles Morgan**	83,000	-	-	-	4,162	87,162	5%	-
Total	704,060	-	-	25,000	72,065	801,125		

*Consists of \$36,000 directors fees and \$143,200 consultancy fees

**Consists of \$75,000 directors fees and \$8,000 consultancy fees

6 Analysis of bonuses included in remuneration

Details of the vesting profile of bonuses awarded as remuneration are detailed below:

Executive Directors	30-Jun-20		% vested in year	30-Jun-19
	Cash Bonus	Non-cash Bonus		
David Messina	41,436	44,000	100%	-

Amounts included in remuneration for the financial year represent the amount that vested in the year. The bonus awarded to Mr. Messina was in connection with his engagement as Managing Director at the discretion of the Board as an annual performance bonus under his executive services contract. The Bonus was not related to any specified performance criteria. The non-cash bonus was awarded as a share-based payment of 4,000,000 ordinary shares. The valuation of the shares granted as bonus is determined at the prevailing market price of the shares at grant date, being \$0.011 per share.

7 Equity Instruments

7.1 Options Granted as Compensation

There were 80,000,000 options granted as compensation to key management personnel during the year ended 30 June 2020 (30 June 2019: Nil).

Grant Date	Vesting date	Expiry Date	Exercise price	Number of options	Value of Share Based Payments AUD
02-Jan-20	02-Jan-20	02-Jan-23	\$0.016	40,000,000	238,942
02-Jan-20	02-Jan-21	02-Jan-23	\$0.016	40,000,000	238,942

The fair value of options issued as remuneration is allocated to the relevant vesting period of the options.

Fair value of options granted

The fair value of unlisted options at grant date is determined using the binomial method of valuing options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The table below summarises the variables used in determining the value of options granted as remuneration to key management personnel:

Number of options granted	40,000,000	40,000,000
Grant date	02-Jan-20	02-Jan-20
Expiry date	02-Jan-23	02-Jan-23
Vesting period	2 years	2 years
Dividend yield (%)	Nil	Nil
Expected volatility (%)	125%	125%
Risk-free interest rate (%)	0.78%	0.78%
Expected life	3 years	3 years
Exercise price	\$0.016	\$0.016
Grant date share price	\$0.011	\$0.011

An expense of \$438,733 has been recognised in the consolidated statement of profit or loss and other comprehensive income in respect of options granted as remuneration to key management personnel that vested during the year.

7.2 Option Holdings of Key Management Personnel (Consolidated Entity)

Details of options and rights held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Unlisted Options	Balance at 01-Jul-19	Granted as Remuneration	Net other changes	Balance at 30-Jun-20	Not Exercisable
Executive directors					
Stephen Keenihan	28,000,000	20,000,000	-	48,000,000	10,000,000
David Messina	52,000,000	40,000,000	-	92,000,000	20,000,000
Non-Executive directors					
Charles Morgan	20,000,000	20,000,000	-	40,000,000	10,000,000
Total	100,000,000	80,000,000	-	180,000,000	40,000,000

Listed Options	Balance at 01-Jul-19	Granted as Remuneration	Net other changes	Balance at 30-Jun-20	Not Exercisable
Executive directors					
Stephen Keenihan	10,052,665	-	-	10,052,665	-
David Messina	25,000,000	-	-	25,000,000	-
Non-Executive directors					
Charles Morgan	31,050,147	-	-	31,050,147	-
Total	66,102,812		-	66,102,812	-

Listed options expired on 31 August 2020 unexercised.

7.3 Other Transactions of Key Management Personnel

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

Shares held in Whitebark Energy Ltd

Ordinary Shares	Balance at 01-Jul-19	Granted as Remuneration	Net other changes	Balance at 30-Jun-20
Executive directors				
Stephen Keenihan	82,999,999	-	8,750,000	91,749,999
David Messina	35,362,000	4,000,000	6,250,000	45,612,000
Non-Executive directors				
Charles Morgan	169,450,679	-	2,500,000	171,950,679
Total	287,812,678	4,000,000	17,500,000	309,312,678

Stephen Keenihan shares held in the name of Mr Stephen Leslie Keenihan & Mrs Sheridan Jay Keenihan <SL & SJ Keenihan S/F A/C>

David Messina shares held in the name of Mtani Pty Ltd <The David Messina A/C>

The 4,000,000 ordinary shares granted as remuneration relate to a discretionary performance bonus awarded to Mr. Messina (refer to section 6 of the directors' report), valued at \$44,000 (\$0.011 per share).

The aggregate amounts recognised during the year relating to directors' related parties (included in table at 5) were as follows:

	Transactions during the year		Balance outstanding as at:	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
TB&S Consulting Pty Ltd ⁽ⁱ⁾	154,533	179,200	126,000	95,200
Loan - Charles Morgan ⁽ⁱⁱ⁾	100,000	-	100,000	-
	254,533	179,200	226,000	95,200

- i. TB & S Consulting Pty Ltd is a Company associated with Mr Stephen Keenihan. The charges from TB & S Consulting are for director's fees and consulting fees.
- ii. Mr Charles Morgan provided a short term loan of \$100,000. The loan was unsecured with interest payable at 10%. The loan was repaid subsequent to the year end following the completion of the non-renounceable entitlement offer in July 2020.

The terms and conditions of the transactions were no more favourable than those available, or which might be reasonably available, on similar transactions to non-director related entities on an arms-length basis.

8 Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between the shareholders, key management personnel, and other employees. However, the Company continues to investigate alternative means for achieving this goal to the benefit of all stakeholders. There is no direct relationship between the remuneration policy and Company performance.

9 Voting and Comments Made at the Company's 2019 Annual General Meeting

Whitebark Energy Ltd received 90% of "yes" votes on its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

10 Use of Remuneration Consultants

During the financial year ended 30 June 2020, the Company did not engage remuneration consultants to review its existing remuneration policies and provide recommendations on how to improve both the short-term incentives ('STI') program and long-term incentives ('LTI') program.

End of Audited Remuneration Report

11 Principal Activities

The principal activity of the consolidated entity during the course of the financial period was the evaluation of oil and gas exploration projects in Western Australia and production of oil and gas in Alberta, Canada.

12 Results and Dividends

The consolidated entity's loss after tax attributable to members of the Company for the financial year ending 30 June 2020 was \$4,147,411 (30 June 2019 loss: \$4,075,448). No dividends have been paid or declared by the Company during the period ended 30 June 2020.

13 Financial Position

The net assets of the consolidated entity at 30 June 2020 were \$8,803,247 (30 June 2019: \$3,867,856) of which \$1,115,951 (30 June 2019: \$2,923,228) represents cash and cash equivalents.

During the financial year the company raised an amount of \$8,839,309 (after costs) (2019: \$3,986,493) from the issue of 1,073,050,000 ordinary fully paid shares (2019: 972,735,367).

14 Earnings / (Loss) Per Share

The basic earnings/(loss) per share for continuing operations of the consolidated entity for the financial year ending 30 June 2020 was (0.16) cents per share (30 June 2019: 0.27 cents loss per share).

15 Events Subsequent to Reporting Date

The Company launched a 1 for 3 non-renounceable partially underwritten entitlement offer on 30 June 2020. The offer closed on 30 July 2020 and was fully subscribed raising a total of \$3,040,216 (before costs).

On 2 September 2020, the Company announced that it has commenced a formal process to evaluate opportunities to maximise the full potential, and value for shareholders, of its 100% owned Warro gas field in Western Australia. The Company may consider outright sale, farm-in or an alternative transaction structure.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has during the second half of the year significantly depressed energy demand and put pressure on commodity prices, the Company continues to safeguard its staff and business operations while maintaining production from the Wizard Lake oilfield at reduced levels. In this period of heightened uncertainty, it is not practicable to estimate the full extent of the potential impact and recovery from COVID-19 for the period after the reporting date. The Company will continue to monitor any future consequences due to the potential uncertainty in the medium to long term.

Other than the above, no material matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the consolidated entity.

16 Likely Developments and Expected Results

There are no likely developments of which the directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Principal Activities and Operating and Financial Review or the Significant Events after the Balance Date sections of the Directors' Report.

The Company continues to look for acquisition opportunities as they arise.

17 Environmental Regulations

The operations of the Group are subject to environmental regulation from two government bodies.

The Australian assets are monitored under the laws of the State of Western Australia. The Group holds various environmental licenses issued under these laws, to regulate its exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during the course of exploration activities and the storage of hazardous substances. All environmental performance obligations are monitored by the board of directors and subjected from time to time to Government agency audits and site inspections. There have been no material breaches of the Group's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

The Canadian assets are subject to regulation by the Alberta Energy Regulator (AER). The AER ensures companies are prepared to meet their obligations at the end of a project's life including environmental obligations.

18 Directors and Executives Interests

The interests of the Directors and Executives in the shares and options of the Company, as notified by the Directors to the ASX in accordance with S205G (1) of the Corporations Act 2001, at the date of this report and including transactions since 30 June 2020 are as follows:

	Ordinary Shares	Unlisted Options
Executive directors		
Stephen Keenihan*	100,083,332	48,000,000
David Messina**	53,945,333	92,000,000
Non-Executive directors		
Charles Morgan	255,284,012	40,000,000

* Held in the name of Stephen Leslie Keenihan & Sheridan Jay Keenihan <SL & SJ Keenihan S/Fund A/C>.

**Held in the name of Mtani Pty Ltd <David Messina Account>

Listed options held by Directors and Executives at 30 June 2020 shown in the table at 7.2 expired on 31st August 2020.

19 Share Options

19.1 Options Granted to Officers of the Company

80,000,000 options were granted to officers of the company during the year (2019: Nil).

No options have been granted to officers of the Company since the end of the financial year to the date of this Directors' report.

19.2 Unissued shares under options

As at the date of the report, there were 248,800,000 unlisted options on issue detailed as follows:

Grant Date	Exercisable	Expiry Date	Exercise price	Number of options
28-Apr-17	28-Apr-17 to 1-Apr-21	1-Apr-21	\$0.015	11,000,000
24-Jul-17	24-Jul-17 to 31-May-21	31-May-21	\$0.015	100,000,000
20-Jun-19	20-Jun-19 to 20-Jun-21	20-Jun-21	\$0.008	10,000,000
13-Nov-19	13-Nov-20 to 13-Nov-22	13-Nov-22	\$0.012	25,000,000
15-Nov-19	15-Nov-19 to 15-Nov-22	13-Nov-22	\$0.012	22,800,000
02-Jan-20	02-Jan-20 to 02-Jan-23	02-Jan-23	\$0.016	80,000,000

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

19.3 Shares Issued on Exercise of Options

During the financial year there were 375,000 shares issued as a result of the exercise of listed options. Subsequent to the year end, 909,937 shares were issued as a result of the exercise of listed options. 601,410,430 listed options expired on 31 August 2020.

No shares were issued on the exercise of unlisted options during or subsequent to the financial year.

20 Indemnification and Insurance of Officers and Auditors

20.1 Indemnification

An indemnity agreement has been entered into with each of the Directors and Company Secretary of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

20.2 Insurance Premiums

During the financial year the Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current Directors and Officers. The insurance premiums relate to costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome and other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The premiums were paid in respect of the following Directors and Officers: Stephen Keenihan, Charles Morgan, David Messina and Kevin Hart.

There were no legal proceedings entered into on behalf of the Company or the consolidated entity by any of the Directors or Executive Officers of the Company.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

21 Corporate Structure

Whitebark Energy Limited is a Company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange under code WBE.

22 Non-Audit Services

During the year KPMG, the Company's auditor, performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Directors to ensure they do not impact upon the impartiality and objectivity of the auditor; and

The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

23 Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 26 and forms part of the Directors' report for the financial year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

Perth, 25 September 2020



David Messina
Managing Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Whitebark Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Whitebark Energy Limited for the financial year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

GL + 177

Graham Hogg

Partner

Perth

25 September 2020

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Independent Auditor's Report

To the Shareholders of Whitebark Energy Limited

Report on the audit of the Financial Report

Opinion

We have audited the *Financial Report* of Whitebark Energy Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the *Group's* financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- Complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The *Financial Report* comprises the:

- Statement of financial position as at 30 June 2020.
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors' Declaration.

The *Group* consists of Whitebark Energy Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2(b), "Going Concern" in the financial report. The conditions disclosed in Note 2(b) indicate material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

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In concluding there is material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, including the forecast level of oil and gas production, realising gross profit margins, and the timing for repayment of creditors, particularly in light of the history of the Group's loss-making operations;
- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional funds to address going concern; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the Key Audit Matters.

Value of property, plant and equipment (\$14,735,267)	
Refer to Note 20 of the Financial Report	
The key audit matter	How the matter was addressed in our audit
The Group performed impairment testing on its Canadian assets due to the operating losses incurred and the impacts associated with COVID-19. We focused on the impairment testing for the Group's Canadian property, plant and equipment ("PPE") due to the size of the Canadian PPE being 83% of total assets. In addition, the impairment models use forward-looking assumptions that tend to be prone to greater risk of potential bias, error and inconsistent application. The Group uses discounted cash flow models to perform their impairment testing. The models use life of operation plans and reports evaluated by external experts, such as reserve reports, as inputs. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions where applicable, and their consistent application. We focused on the significant assumptions the Group applied in their fair value less cost of disposal models, including: • Oil and gas reserve estimates.	Our procedures included: • Assessing the historical accuracy of the Group's forecasts to inform our assessment of current year forecasts. • Assessing and challenging the key forecast assumptions included in the models, including: – Oil and gas production by comparing to the proved plus probable reserves estimates evaluated by the Group's external expert. – The production profile of the oilfield by comparing it to actual performance achieved to date. – Operational and capital costs by comparing to actual production costs incurred and capital expenditure cost budget. – Oil and gas pricing and foreign exchange rates by comparing to external consensus information.



- Discount rates. - Forecast operating cash flows, production volumes, oil and gas pricing, foreign exchange rates and capital expenditure, which are determined based on historical performance or external consensus reports or forecasts. This drives additional audit effort specific to the reasonableness of the forecasts and the Group's strategy. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	- Considering the sensitivity of the models by varying key assumptions, such as discount rates, oil and gas pricing, production volumes, and operating costs within a reasonably possible range. This is to identify those assumptions at higher risk of bias or inconsistency in application. - Working with our valuation specialists, we: - Independently developed a discount rate range considered comparable using publicly available market data for comparable entities. - Compared the forecast oil and gas prices used to publicly available data or published views of market commentators on future outlook. - Assessed the integrity of the valuation methodology applied in the discounted cash flow model. - Assessing the scope, objectivity and competence of the Group's external expert. - Assessing the disclosures in the Financial Report against the requirements of the accounting standards.
Acquisition of additional 10% interest in Wizard Lake Oilfield (\$2,599,218)	
Refer to Note 19 of the Financial Report	
The key audit matter	How the matter was addressed in our audit
In December 2019, the Group completed stage one of the Asset Exchange Agreement to increase its interest in the Wizard Lake asset from 50% to 60%. The consideration transferred consisted of \$1,333,333 cash and the Group's interest in Manville and Thornbury assets valued at \$1,265,885. This was considered a key audit matter due to: - The financial significance of the transaction to the Group. - The complexity of accounting treatment of the three-stage Asset Exchange Agreement, involving the non-cash consideration of the Manville and Thornbury assets transferred, and accounting for the additional 10% interest in Wizard Lake acquired. - The significance of Group's assessment in determining joint control still exists over the Wizard Lake joint venture with the 60% ownership held, and therefore not consolidating the operation nor re-measuring the previously held interest in the operation.	Our procedures included: - Reading the Asset Exchange Agreement to obtain an understanding of the structure, key terms and nature of the consideration. - Involving senior audit team members to evaluate the accounting of the Group's non-cash consideration transferred, and the acquisition accounting against the criteria of a business combination under the accounting standards. - Critically challenging the Group's assessment of maintaining joint control, with reference to the underlying agreements outlining voting rights, and the hurdles to close out the 100% acquisition under the three-stage Asset Exchange Agreement. - Evaluating the Group's external specialists' valuations of assets transferred and acquired, with the involvement of our valuation specialists. This included: - Evaluating the valuation methodology against our knowledge of industry practice and accounting standards.



• The judgments made by the Group in determining the fair value of the Manville and Thornbury assets transferred, and the fair value of the additional 10% interest in Wizard Lake acquired. These conditions required significant audit effort and involvement of senior audit team members in assessing this key audit matter.	– Assessing the integrity of the valuation methodology applied in the discounted cash flow model. – Comparing key assumptions including discount rates, and forecast oil and gas prices used by the Group's external experts in the valuation of assets transferred and acquired to comparable available market data. • Assessing the scope, competence and objectivity of external experts engaged by the Group. • Assessing the Group's disclosures in the financial report against our understanding obtained from our testing and the requirements in the accounting standards.
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Other Information

Other Information is financial and non-financial information in Whitebark Energy Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Whitebark Energy Limited for the year ended 30 June 2020, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Graham Hogg

Partner

Perth

25 September 2020

	Note	30-Jun-20 AUD	30-Jun-19 AUD
Revenue	5	3,378,369	2,107,573
Royalties	5	(502,225)	(230,383)
Cost of goods sold	6	(2,418,231)	(1,856,141)
Gross Profit/(Loss)		457,913	21,049
Other income		75,846	-
Finance income	7	61,566	88,692
Profit on disposal of assets	8	1,324,833	1,379,736
Change in fair value of financial assets		(350,493)	33,573
Expenses			
Administrative expenses	9	(2,811,768)	(2,271,761)
Finance costs	10	(58,329)	(170,986)
Impairment expense	11	-	(1,552,431)
Share based payments expense	31	(504,960)	(81,745)
Depletion, depreciation and amortisation		(1,670,396)	(1,041,412)
Other operating expenses	12	(671,623)	(480,163)
Loss before income tax expense from continuing operations		(4,147,411)	(4,075,448)
Income tax benefit	14	-	-
Loss after income tax expense for the period		(4,147,411)	(4,075,448)
Other comprehensive income/(loss), net of tax			
Items reclassified through profit and loss:			
Foreign currency translation		(387,094)	175,333
Total comprehensive loss for the period		(4,534,505)	(3,900,115)
Loss per share			
Basic and diluted loss per share (cents per share)	15	(0.16)	(0.27)

The accompanying notes form part of these financial statements.

	Note	30-Jun-20 AUD	30-Jun-19 AUD
Current assets			
Cash and cash equivalents	16	1,115,951	2,923,228
Trade and other receivables	17	867,652	1,289,755
Other current assets	18	83,210	155,744
Other investments	22	269,849	839,329
Total current assets		2,336,662	5,208,056
Non-current assets			
Property, plant and equipment	20	14,735,267	8,041,123
Exploration and evaluation assets	21	22,232	919,584
Other receivables	17	581,345	-
Total non-current assets		15,338,844	8,960,707
Total assets		17,675,506	14,168,763
Current liabilities			
Trade and other payables	23	6,100,250	1,621,848
Borrowings	25	200,000	-
Provisions	24	147,832	100,391
Total current liabilities		6,448,082	1,722,239
Non-current liabilities			
Provisions	24	13,773	9,927
Decommissioning liabilities	26	2,410,404	8,568,740
Total non-current liabilities		2,424,177	8,578,667
Total liabilities		8,872,259	10,300,906
Net Assets		8,803,247	3,867,856
Equity			
Issued capital	27	67,208,459	58,369,150
Reserves	28	1,257,497	1,014,004
Accumulated losses		(59,662,709)	(55,515,298)
Total equity		8,803,247	3,867,856

The accompanying notes form part of these financial statements.

For the year ended 30 June 2020	Share capital AUD	Foreign currency translation reserve AUD	Share based payment reserve AUD	Accumulated losses AUD	Total AUD
Balance at 1 July 2019	58,369,150	247,035	766,969	(55,515,298)	3,867,856
Loss for the period	-	-	-	(4,147,411)	(4,147,411)
Other comprehensive loss for the period net of income tax		(387,094)			(387,094)
Total comprehensive loss for the period		(387,094)		(4,147,411)	(4,534,505)
Net proceeds from share issue, net of cost	8,839,309				8,839,309
Share option expense			630,587		630,587
Balance at 30 June 2020	67,208,459	(140,059)	1,397,556	(59,662,709)	8,803,247

For the year ended 30 June 2019	Share capital AUD	Foreign currency translation reserve AUD	Share based payment reserve AUD	Accumulated losses AUD	Total AUD
Balance at 1 July 2018	54,382,657	71,702	685,224	(51,439,850)	3,699,733
Loss for the period	-	-	-	(4,075,448)	(4,075,448)
Other comprehensive income for the period net of income tax	-	175,333	-	-	175,333
Total comprehensive loss for the period	-	175,333	-	(4,075,448)	(3,900,115)
Net proceeds from share issue	3,986,493	-	-	-	3,986,493
Share option expense	-	-	81,745	-	81,745
Balance at 30 June 2019	58,369,150	247,035	766,969	(55,515,298)	3,867,856

The accompanying notes form part of these financial statements.

	Note	30-Jun-20 AUD	30-Jun-19 AUD
Cash flows from operating activities			
Receipts from customers		3,693,221	1,568,843
Payments for royalties on production revenue		(543,843)	(173,445)
Interest received		9,561	28,792
Interest paid		(6,034)	-
Payment for production, suppliers and employees		(5,054,034)	(3,800,110)
Net cash flows (used in)/provided by operating activities	29	(1,901,129)	(2,375,920)
Cash flows from investing activities			
Proceeds from sale of tenements		-	2,194,038
Proceeds from sale of securities		235,124	-
Payment for purchase of securities		(1,626)	-
Payment for plant and equipment		(6,878)	(53,218)
Payment for 10% interest in Wizard Lake		(1,278,365)	-
Payment for tenements		(258,845)	-
Payment for development		(7,739,623)	(1,644,705)
Payments for exploration assets		(29,245)	(256,028)
Net cash flows used in investing activities		(9,079,458)	240,087
Cash flows from financing activities			
Proceeds from share placement		8,920,935	3,906,493
Proceeds from loans		200,000	-
Net cash flows from financing activities		9,120,935	3,906,493
Net increase/(decrease) in cash and cash equivalents		(1,859,652)	1,770,660
Cash at the beginning of the financial period		2,923,228	1,090,415
Effect of movement in exchange rates on cash held		52,375	62,153
Cash and cash equivalents at 30 June 2020	16	1,115,951	2,923,228

The accompanying notes form part of these financial statements.

1 Reporting entity

Whitebark Energy Limited (the 'Company') is domiciled and incorporated in Australia. The address of the Company's registered office is Level 2, 6 Thelma Street, West Perth WA 6005. The consolidated financial report of the consolidated entity for the period ended 30 June 2020 comprises the Company and its subsidiaries. The consolidated entity is involved in oil and gas exploration in Western Australia and oil and gas exploration and production in Alberta, Canada.

The financial report was authorised for issue by the directors on 25 September 2020.

2 Basis of preparation

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards (IFRS).

Whitebark Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred a loss after tax of \$4,147,411 for the year ended 30 June 2020 (2019: loss \$4,075,448), including a net gain on disposal of assets of \$1,324,833 (2019: \$1,379,736). The net cash outflows from operations and investing activities were \$1,901,129 and \$9,079,458, respectively. As at 30 June 2020 the Consolidated Entity's current liabilities exceeded current assets by \$4,111,420 (30 June 2019: surplus of \$3,485,817). As at 30 June 2020, the Consolidated Entity's cash balance was \$1,115,951 and the creditor balance was \$6,100,250 (of which approximately 85% was aged 90 days or longer). The accumulation of creditor balances was primarily related to the capital costs expended on the development of the Wizard Lake pipeline, facilities and the Rex-2 and Rex-3 drilling program, which were completed in December 2019. As part of a prior agreement with PLX to increase the Consolidated Entity's interest in the Wizard Lake operation, the Consolidated Entity was required to fund PLX's share of the pipeline, initial facilities and drilling program cost of Rex-2 and Rex-3 during the year, contributing to the accumulation of creditor balances and an increased outflow of cash.

The Company undertook a successful capital raising of \$3,040,216 (before costs) in July 2020 and as at 31 August 2020 had a cash balance of \$2,452,634 and approximate creditor balances of \$5,200,000. Whilst the capital cost expenditure has not continued substantially beyond the completion of the Rex-2 and Rex-3 drilling program in December 2019, the Consolidated Entity continues to operate with a net working capital deficit, which has been exacerbated by the COVID-19 pandemic and the associated impacts on the global oil and gas market, negatively affecting oil and gas prices with the Company actively reducing oil and gas production as a result.

Subsequent to the reporting date the Consolidated Entity has communicated with a number of its significant creditors (amounting to approximately \$2,401,641) regarding extending payment terms beyond their contracted payment dates, which the company is forecasting to repay through proceeds from Wizard Lake operations. The Directors' view is that whilst no formally binding deeds are in place with these creditors, correspondence with them suggests that their cooperation is forthcoming.

The Consolidated Entity has prepared a cash flow forecast for the next twelve months from the date of signing the financial report which demonstrates that the Consolidated Entity will have sufficient cash to continue as a going concern, with the following key assumptions:

- The profitable and cash flow positive operation of its interest in the Wizard Lake operation. The cash flow forecast assumes the continued optimisation of Wizard Lake oil and gas operations without any expansion or substantial capital cost. Critical to the forecast cash flows is the Consolidated Entity's ability to achieve

forecast levels of oil and gas production based on the production decline curve at current forecast market prices and discounts, and forecast gross profit margins;

- The continued cooperation of all overdue creditors, including those noted above; and
- No further material deterioration occurs in the global oil and gas market, nor the price adjustments the Consolidated Entity receives for its sales.

Should the Consolidated Entity not achieve its cashflow forecasts as planned, they would be dependent on successful equity and/or debt fund raisings over the next 12 months.

The Directors have a reasonable expectation that the Wizard Lake operation will achieve its forecast positive cash flows. Should operations not perform as expected, or further deterioration in the global oil and gas market materialise, or creditor deferment of payments over an extended period not be achieved as forecast, the Directors are confident that the Consolidated Entity will be able to secure sufficient funding through equity and/or debt to continue as a going concern based on demonstrated past successes in raising equity.

For these reasons, the Directors have reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for these financial statements. Should the Wizard Lake operation not generate cash flow as forecast or existing creditors with extended payment terms demand payment ahead of forecast, and/or the Directors are unsuccessful in raising equity or debt funding as required, there is a material uncertainty as to the ability of the Consolidated Entity to continue as a going concern and to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts set out in the financial report.

(c) Basis of measurement

The financial report is prepared on the historical costs basis except for the following assets and liabilities that are stated at their fair value: financial instruments classified at fair value through profit and loss (FVTPL).

(d) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Company. The functional currency of the Company's United States of American subsidiary is USD and CAD for the Canadian subsidiary.

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

(e) Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated group.

The Company's accounting policy for the recognition of rehabilitation provisions requires significant estimates including the magnitude of possible works for removal or treatment of waste materials and the extent of work required and the associated costs of rehabilitation work. These uncertainties may result in future actual expenditure, different from the amounts currently provided.

The provision recognised for each production well is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting the rehabilitation asset and provision.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 11 and 20 – Impairment expense (see note 3(k)) and depletion and depreciation (see note 3(o))

Note 24 – Provisions (see note 3(r))

Note 31 – Share-based payment (see note 3(q)(iii))

Note 21 – Exploration and evaluation expenditure (see note 3(d))

(f) New and revised standards that are effective for these financial statements

A number of new and revised standards were effective for the annual period beginning on or after 1 July 2019.

AASB 16 Leases:

The Consolidated Entity has adopted AASB 16 Leases with effect from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments is separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

During the reporting period, the Consolidated Entity had short term operating leases in place and has elected not to recognise a right-of-use asset and corresponding lease liability as the lease term for these leases is less than 12 months. The Consolidated Entity's accounting policy for leases is disclosed in Note 3 (y).

The Consolidated Entity has adopted AASB 16 Leases from 1 July 2019, but has not restated comparatives for the reporting periods prior to adoption, as permitted under the specific transitional provisions in the standard applying the Modified Retrospective Approach. The Consolidated Entity's retained earnings and net assets were unaffected by the transition at 1 July 2019.

3 Summary of accounting policies

(a) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2020. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

(b) Business combination

The Group applies the acquisition method in accounting for business combinations in accordance with AASB 3. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of

identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income in the foreign currency translation reserve of equity.

(d) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences and the costs of acquiring the rights to explore, are capitalised as exploration and evaluation assets on an area of interest basis.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment of non-financial assets note 3(k)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of petroleum resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to property plant and equipment assets.

(e) Determination of recoverability of asset carrying values

The recoverability of development and production asset carrying values are assessed at a cash-generating unit ("CGU") level. Determination of what constitutes a CGU is subject to management judgements. The asset composition of a CGU can directly impact the recoverability of the assets included therein. The key estimates used in the determination of cash flows from oil and natural gas reserves include the following:

- Reserves – Assumptions that are valid at the time of reserve estimation may change significantly when new information becomes available. Changes in forward price estimates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.
- Oil and natural gas prices – Forward price estimates are used in the cash flow model. Commodity prices can fluctuate for a variety of reasons including supply and demand fundamentals, inventory levels, exchange rates, weather, and economic and geopolitical factors.
- Discount rate – The discount rate used to calculate the net present value of cash flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment could result in significant changes to this estimate.

(f) Reserve estimates

Proved plus probable reserves are defined as the “best estimate” of quantities of oil, natural gas and related substances estimated to be commercially recoverable from known accumulations, from a given date forward based on drilling, geological, geophysical and engineering data, the use of established technology and specified economic conditions. It is equally likely that the actual remaining quantities recovered will be greater than or less than the sum of the estimated proved plus probable reserves. The estimates are made using all available geological and reservoir data as well as historical production data. Estimates are reviewed as appropriate. Revisions occur as a result of changes in prices, costs, fiscal regimes and reservoir performance or changes in the Company’s plans with respect to future development or operating practices.

(g) Restoration, rehabilitation and environmental costs and decommissioning obligations

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are accrued at the time of those activities and treated as exploration and evaluation expenditure.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation and subsequent monitoring of the environment.

Costs are estimated on the basis of future assessed costs, current legal requirements and current technology, which are discounted to their present value. The present value of the costs is included as part of the cost of the exploration and evaluation asset or the property plant and equipment asset. Estimates are reassessed at least annually. Changes in estimates are dealt with prospectively, with any amounts that would have been written off or provided against under accounting policy for exploration and evaluation immediately written off.

Amounts recorded for decommissioning obligations and the related accretion expense requires the use of estimates with respect to the amount and timing of decommissioning expenditures. Actual costs and cash outflows can differ from estimates because of changes in laws and regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology. Other provisions are recognized in the period when it becomes probable that there will be future cash outflow.

(h) Development expenditure

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Group in relation to areas of interest in which mining of hydrocarbon resource has commenced.

When further development expenditure is incurred in respect of an asset after commencement of production, such expenditure is carried forward as part of the asset only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each hydrocarbon resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Development and land expenditure still to be incurred in relation to the current reserves are included in the amortisation calculation. Where the life of the assets are shorter than the reserves life their costs are amortised based on the useful life of the assets.

The estimated recoverable reserves and life of the development and the remaining useful life of each class of asset are reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted.

(i) Trade and other receivables

Other receivables are recorded at amounts due less any allowance for doubtful debts.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Cash equivalents include deposits and other highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flow.

(k) Impairment of non-financial assets

The carrying amounts of the consolidated entity's non-financial assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Share capital

(i) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(ii) Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(m) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by weighted average number of ordinary shares outstanding during the financial year, adjusted for the bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Property, plant and equipment

Buildings, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Buildings and IT equipment also include leasehold property held under a finance lease (see note 36). Buildings, IT equipment and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Developed and producing assets are measured at cost less accumulated depreciation and accumulated impairment losses. Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of property, plant and equipment are recognized as oil and natural gas interests when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in expenses as incurred. Such capitalised oil and gas interests generally represent costs incurred in developing proven and/or probable reserves and bringing on or enhancing production from such reserves. The carrying amount of any replaced or sold component is derecognised. The costs of periodic servicing of property plant and equipment is recognised as an expense.

(o) Depletion and depreciation

The net carrying value of developed and producing assets are depleted using the unit of production method by reference to the ratio of production in the period to the related proven developed and undeveloped reserves, taking into account

estimated future development costs necessary to bring those undeveloped reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers on an annual basis.

Proven and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

In determining reserves for use in the depletion and impairment calculations, a BOE conversion ratio of six thousand cubic feet of natural gas ("Mcf") to one barrel of oil ("bbl") is used as an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All BOE conversions in the reserve reports are derived by converting natural gas to oil in the ratio of six Mcf of gas to one barrel of oil.

For other assets, depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- IT equipment: 4 years
- Other equipment: 4-5 years

In the case of leasehold property, expected useful lives are determined by reference to the lesser of comparable owned assets useful lives and the lease term.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit and loss.

(p) Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 – Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) If a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) If significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(q) Employee benefits

- (i) Long term employee benefits

The Company's liabilities for long service leave are included in both short term employee benefits and other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related services. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

- (ii) Short term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

- (iii) Share-based payment transactions

The share option program allows the consolidated entity's employees and consultants to acquire shares of the Company. The fair value of options granted is recognised as an employee benefit or consultant expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Binomial and Black Scholes option-pricing models, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(r) Provisions

A provision is recognised in the statement of financial position when the consolidated entity has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

(s) Trade and other payables

Trade and other payables are non-interest bearing liabilities stated at cost and settled within 30 days.

(t) Revenue recognition

Revenue is recognised when the control of the goods or services is transferred to the customer. Determining the timing of the transfer of control requires judgement. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid.

(i) Net financial income

Net financial income comprises interest on borrowings calculated using the effective interest method, interest receivable on funds invested and dividend income.

Interest income is recognised in the profit and loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss on the date the entity's right to receive payments is established which in the case of quoted securities is the ex-dividend date.

(ii) Sales revenue

Revenue from the sale of oil and natural gas will be recorded when control of the goods or services transfer to the customer. The transfer of control of oil, natural gas, natural gas liquids usually occurs at a point in time and coincides with title passing to the customer and the customer taking physical possession.

Royalty income is recognised in petroleum and natural gas revenues as it accrues in accordance with the terms of the overriding royalty agreements.

(u) Income tax

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Whitebark Energy Ltd.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Included in the income tax benefit are research and development grants provided during the year.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Amounts receivable from the Australian Tax Office in respect of research and development tax concession claims are recognised in the income statement at the time the claim is lodged and received with the Australian Tax Office.

(v) Segment reporting

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components. Based on the information used for internal reporting purposes by the chief operating decision maker, being the executive management that makes strategic decisions, at 30 June 2019 the group's assets are in two reportable geographical segments being Australia and Canada.

(w) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(x) Financial instruments

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: – it is held within a business model whose objective is to hold assets to collect contractual cash flows; and – its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: – it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and – its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset

that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the asset.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(y) Leases

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Consolidated Entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option or lease term extension and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(z) Interest in other entities

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. A joint operation is a joint arrangement in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

(aa) Adoption of new and revised accounting standards

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4 Segment reporting

During the period the group operated in two business segments (two geographical areas) – exploration, development and production of oil and gas – Australia and Canada.

The group has identified its operating segment based on the internal report that is reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

30 June 2020	Australia AUD	Canada AUD	Total Segment AUD	Unallocated AUD	Consolidated AUD
Total sales revenue (net of royalties)	-	2,876,144	2,876,144	-	2,876,144
Financial income	61,304	262	61,566	-	61,566
Other income	75,846	-	75,846	-	75,846
Total revenue	137,150	2,876,406	3,013,556	-	3,013,556
Segment result	(2,774,093)	300,901	(2,473,192)	(3,823)	(2,477,015)
Depletion, depreciation & amortisation	(3,285)	(1,667,111)	(1,670,396)	-	(1,670,396)
Loss before income tax expense	(2,777,378)	(1,366,210)	(4,143,588)	(3,823)	(4,147,411)
Assets					
Total current assets	1,265,914	1,070,748	2,336,662	-	2,336,662
Total non-current assets	10,396	15,328,448	15,338,844	-	15,338,844
Total assets	1,276,310	16,399,196	17,675,506	-	17,675,506
Liabilities					
Total current liabilities	(938,414)	(5,509,668)	(6,448,082)	-	(6,448,082)
Total non-current liabilities	(1,355,230)	(1,068,947)	(2,424,177)	-	(2,424,177)
Total liabilities	(2,293,644)	(6,578,615)	(8,872,259)	-	(8,872,259)

30 June 2019	Australia AUD	Canada AUD	Total Segment AUD	Unallocated AUD	Consolidated AUD
Total sales revenue	11,547	1,865,643	1,877,190	-	1,877,190
Financial income	29,178	59,514	88,692	-	88,692
Total revenue	40,725	1,925,157	1,965,882	-	1,965,882
Segment result	(612,921)	(865,378)	(1,478,299)	(3,306)	(1,481,605)
Depletion, depreciation & amortisation	(11,693)	(1,029,719)	(1,041,412)	-	(1,041,412)
Impairment of assets	-	(1,552,431)	(1,552,431)	-	(1,552,431)
Loss before income tax expense	(624,614)	(3,447,528)	(4,072,142)	(3,306)	(4,075,448)
Assets					
Total current assets	3,566,680	1,641,376	5,208,056	-	5,208,056
Total non-current assets	(997,262)	9,957,969	8,960,707	-	8,960,707
Total assets	2,569,418	11,599,345	14,168,763	-	14,168,763
Liabilities					
Total current liabilities	(345,891)	(1,376,348)	(1,722,239)	-	(1,722,239)
Total non-current liabilities	(1,460,329)	(7,118,338)	(8,578,667)	-	(8,578,667)
Total liabilities	(1,806,220)	(8,494,686)	(10,300,906)	-	(10,300,906)

The Canada column discloses the company's proportionate share of all assets and liabilities held in the unincorporated PLJV.

5 Revenue from continuing operations

	30-Jun-20 AUD	30-Jun-19 AUD
Product sales	3,207,657	2,096,027
Other sales	170,712	11,546
Total sales from production	3,378,369	2,107,573
Royalties on production	(502,225)	(230,383)
Net revenue from continuing operations	2,876,144	1,877,190

6 Cost of goods and services sold

	30-Jun-20 AUD	30-Jun-19 AUD
Production expenditure (excluding depletion, depreciation, amortisation and workover expenses)	(2,418,231)	(1,856,141)

7 Finance income

	30-Jun-20 AUD	30-Jun-19 AUD
Interest income	9,562	29,491
Foreign currency gain	52,004	59,201
	61,566	88,692

8 Profit/ (loss) on disposal of assets

	30-Jun-20 AUD	30-Jun-19 AUD
Gain on disposal of TP/15	-	1,289,734
Gain on disposal of developed and producing land – Canada	1,310,322	90,002
Gain on disposal of financial assets – Triangle Energy Limited	14,511	-
	1,324,833	1,379,736

9 Administration expenses

	30-Jun-20 AUD	30-Jun-19 AUD
Director's fees	(103,068)	(111,000)
Administration and finance support	(901,403)	(831,448)
General and administration	(1,807,297)	(1,329,313)
	(2,811,768)	(2,271,761)

10 Finance costs

	30-Jun-20 AUD	30-Jun-19 AUD
Interest expense	(6,732)	(608)
Decommissioning liabilities – accretion	(51,597)	(170,378)
	(58,329)	(170,986)

11 Impairment expenses

	30-Jun-20 AUD	30-Jun-19 AUD
Impairment – Canadian assets	-	(1,552,431)

In determining our impairment position of the Canadian assets for the year ended 30 June 2020 the Company evaluated its developed and producing CGUs and its exploration and evaluation assets for indicators of impairment. The developed and producing CGUs consist of production facilities, wells, land and associated reserves. The recoverable amount of the CGU's has been established by reference to an independently prepared Reserve Report (refer note 20) as an input into the Company developed fair value model (FVLCS). Based on the assessment as detailed in note 20, there is no impairment made on the carrying value of developed and producing assets for the year ended 30 June 2020.

The exploration and evaluation assets recoverability is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. There were no indicators for impairment for exploration and evaluation assets in the year to 30 June 2020 and therefore not impairment has been made to the carrying value of these assets.

In determining our impairment position of the Canadian assets for the year ended 30 June 2019 the Company evaluated its developed and producing CGUs and its exploration and evaluation assets for indicators of impairment. The developed and producing CGUs consist of production facilities, wells, land and associated reserves. The recoverable amount of the CGU's had been established by reference to an independently evaluated Reserve Report. An impairment amount of \$1,325,210 was recognised in 2019 in relation to the developed and producing assets. The exploration and evaluation assets recoverability is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. An impairment amount of \$227,221 was recognised in 2019 in relation to exploration and evaluation assets being the capital costs associated with leases that expired or were relinquished up to 30 June 2019 where no future exploration or development was anticipated (Refer notes 20 and 21).

12 Other expenses

	30-Jun-20 AUD	30-Jun-19 AUD
Project costs	(176,414)	(228,774)
Legal fees	(12,325)	(21,742)
Tax advisory services	(20,332)	(13,450)
Consultancy fees	(199,345)	(83,368)
Revision of Rehab and Abandonment provision	(34,035)	(13,963)
Workover expense	(229,172)	(118,866)
	<u>(671,623)</u>	<u>(480,163)</u>

13 Auditor remuneration

	30-Jun-20 AUD	30-Jun-19 AUD
Audit and review of financial statements		
- Auditors of Whitebark Energy Limited KPMG	<u>(89,231)</u>	<u>(97,322)</u>

14 Income tax benefit

	30-Jun-20 AUD	30-Jun-19 AUD
Current income tax expense / (benefit)	-	-
Aggregate income tax expense / (benefit)	-	-
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax from continuing operations	(4,147,411)	(4,075,448)
Tax at statutory rate of 27.5%	(1,140,538)	(1,120,748)
Adjustment for tax rate difference (Canada 26.5%)	33,993	86,188
	(1,106,545)	(1,034,560)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income:		
Share-based payments	138,864	22,480
Sundry items	43,094	2,365
	(924,587)	(1,009,715)
Deferred tax asset on losses/(recouped) not recognised	1,319,609	971,097
Deferred tax asset on temporary differences not recognised	(395,022)	(38,618)
Income tax benefit	-	-

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. It is in the opinion of management of the Company that there will be no taxable profits generated in the near future and the deferred tax asset is not to be recognised.

Closing balance of unrecognised Deferred Tax Assets on tax losses carried forward and temporary differences:

Australian Operations:

Deferred tax assets – temporary differences	471,608	548,470
Deferred tax assets – tax losses	7,171,066	7,130,527
Deferred tax assets – capital losses	3,642	3,642
Deferred tax liabilities – temporary differences	71,620	(37,980)
Net deferred tax asset – not recognised	7,717,936	7,644,659

Overseas Operations:

Deferred tax assets – temporary differences	267,237	1,815,330
Deferred tax assets – tax losses	1,931,263	1,562,678
Deferred tax liabilities – temporary differences	103,608	(866,433)
Net deferred tax asset – not recognised	2,302,108	2,511,575

15 Earnings/(loss) per share

The calculation of basic loss per share at 30 June 2020 of 0.1607 cents per share (30 June 2019 basic loss: 0.2672 cents per share) was based on the loss attributable to the ordinary shareholders of \$4,147,411 (30 June 2019 loss: \$4,075,448) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2020 of 2,634,610,019 (30 June 2019: 1,525,021,337 shares) being calculated as follows:

	30-Jun-20 AUD	30-Jun-19 AUD
Earnings per share		
Loss attributable to ordinary shareholders		
Profit / (loss) for the period	(4,147,411)	(4,075,448)
Attributed to:		
Members of the parent entity	(4,147,411)	(4,075,448)
Non-controlling interests	-	-
Weighted average number of ordinary shares		
Opening balance	1,963,166,371	990,431,004
Movement during the year	671,443,648	534,590,333
	2,634,610,019	1,525,021,337
Earnings / (Loss) – cents per share	(0.1574)	(0.2672)
Continuing operations	(0.1574)	(0.2672)
Discontinued operations	-	-
	(0.1574)	(0.2672)

851,120,367 options (refer Note 31) are not included in calculating diluted EPS because the effect is anti-dilutive.

16 Cash and cash equivalents

	30-Jun-20 AUD	30-Jun-19 AUD
Cash at bank	1,075,951	2,162,938
Term deposits	40,000	760,290
	1,115,951	2,923,228

Effective interest rates were 0.8% - 2.35% and average maturity was 14days.

17 Trade and other receivables

	30-Jun-20 AUD	30-Jun-19 AUD
Current		
Trade and other receivables	867,652	1,289,755
Non-Current		
Trade and other receivables	581,345	-
	1,448,997	1,289,755

The net carrying value of trade receivables is considered a reasonable approximation of fair value. Other receivables include \$491,162 (current) and \$581,345 (non-current) to be received from future operational receipts from the Wizard Lake joint venture.

18 Other current assets

	30-Jun-20 AUD	30-Jun-19 AUD
Prepayments	83,210	155,744

19 Acquisition of additional interest in Wizard Lake Oilfield

As announced on 18 December 2019, the Company entered into a Definitive Agreement for the acquisition of the Wizard Lake assets which was structured as a staged process. Step 1 was completed on 23 December 2019 with Company's 100% owned subsidiary, Salt Bush Energy Ltd (SBE), increasing ownership to 60%. The Company had the right to acquire the remaining 40% interest for C\$2.8m and C\$2m (Step 2 and Step 3).

Under the agreement, closing of Step 2 was subject to the Company arranging appropriate finance in 2020 and shareholder approval for the issue of shares, with a close date of 31 March 2020. Shareholders approved the issue of shares in February 2020 but due to the rapid decline in global economic conditions, the impact of the decline in oil prices and financing not achieved and not viable under then market condition by close date, the Company terminated the Definitive Agreement and did not proceed with Step 2 and Step 3.

Under step 1 the Company acquired an additional 10% interest in the Wizard Lake Oilfield from PLX for a cash payment of C\$1,200,000 taking the Company's interest to 60% and the Company to assign its 20-30% ownership in the Point Loma Joint Venture assets.

The estimated fair value of the asset acquired at exchange rates applicable on the effective date is as follows:

	Fair Value C\$	Fair Value AUD
Fair value of the additional 10% in Wizard Lake	2,339,297	2,599,218
Consideration paid by Whitebark Energy Limited	2,339,297	2,599,218

The Australian dollar amount of the 10% interest is shown above at the prevailing exchange rate on the effective acquisition date and differs from the balance shown at note 20 of \$2,492,061 which is translated at the prevailing exchange rate at 30 June 2020.

The above amounts of identifiable assets acquired have been determined from information currently available to management of the Company and incorporates estimates, which may be subject to adjustment.

Consideration for the acquisition of Stage 1, at exchange rates applicable on the effective date (1 December 2019) comprised of:

Details	Fair Value C\$	Fair Value AUD
Cash	1,200,000	1,333,333
Assets – Fair value of Point Loma Joint Venture assets	1,139,297	1,265,885
	2,339,297	2,599,218

The fair value of the Point Loma Joint Venture assets was calculated using a weighted average cost of capital of 10% to determine the present value of the asset, net of any costs for rehabilitation.

20 Property, plant and equipment

	30-Jun-20 AUD	30-Jun-19 AUD
Plant and equipment at cost	20,946,967	14,867,799
Accumulated depletion and depreciation	(1,326,685)	(1,941,661)
Accumulated impairment	(4,885,015)	(4,885,015)
	<u>14,735,267</u>	<u>8,041,123</u>
Reconciliation of carrying amounts		
<i>Developed and Producing</i>		
Opening balance	8,034,267	8,135,466
Acquisition of additional 10% Wizard Lake interest ¹	2,492,061	-
Revaluation of Point Loma Joint Venture assets ²	1,213,697	-
Increase in asset retirement obligation asset	991,104	652,267
Additions	10,831,319	1,365,573
Transfer from exploration and evaluation assets	258,845	
Foreign exchange	(171,178)	517,143
Disposals ²	(7,325,028)	(258,708)
Impairment	-	(1,331,785)
Depletion	(1,601,099)	(1,045,689)
	<u>14,723,988</u>	<u>8,034,267</u>
<i>Furniture and fixtures</i>		
Opening balance	1,295	1,618
Depreciation expense	(260)	(323)
	<u>1,035</u>	<u>1,295</u>
<i>Office equipment</i>		
Opening balance	5,562	7,060
Additions	7,708	1,681
Depreciation expense	(3,026)	(3,180)
	<u>10,244</u>	<u>5,561</u>
<i>Software assets</i>		
Opening balance	8,176	8,176
Depreciation expense	(8,176)	(8,176)
	<u>-</u>	<u>-</u>
	<u>14,735,267</u>	<u>8,041,123</u>

¹ During the period the Company increased its interest in the Wizard Lake Oilfield asset from 50% to 60%. The amount of \$2,492,061 represents the fair value of the extra 10% interest acquired translated at the prevailing exchange rate on 30 June 2020. Refer note 19.

² Part consideration for the additional 10% interest in the Wizard Lake Oilfield was an asset swap where the Company's interest in the Point Loma Joint Venture assets were transferred to Point Loma Resources Limited. Prior to disposal, these assets were revalued to fair value. In accordance with accounting standards, consideration in the form of the Company's assets should be measured at the fair value of the assets given up. The profit recognised on disposal of these assets was \$1,310,322.

Impairment test of property, plant and equipment

The recoverable amount of property, plant and equipment is determined as the higher of fair value less costs of disposal using a discounted cash flow method or value-in-use and is assessed at the CGU level. Key input estimates used in the determination of cash flows from oil and gas reserves include estimates regarding recoverable reserves, forward price estimates of crude oil and natural gas prices, royalties forward price estimates of production costs and required capital expenditures and discount rate.

In determining the fair value less costs of disposal, the company used a discount rate of 12% for the Wizard Lake CGU's. The following table outlines the forecast benchmark commodity prices used in the impairment calculation of property, plant and equipment at 30 June 2020. Forecast benchmark commodity price assumptions tend to be stable because short-term increases or decreases in prices are not considered indicative of long-term price levels, but are nonetheless subject to change.

	2020 (6 months)	2021	2022	2023	2024
WTI Crude Oil (\$US/bbl)	30.00	41.18	49.88	55.87	57.98
Edmonton Light Crude Oil (\$Cdn/bbl)	29.72	47.20	59.66	67.00	71.33
Western Canadian Select (\$Cdn/bbl)	20.12	34.77	45.91	52.70	55.26
Natural Gas Alberta AECO Spot (\$Cdn/MMBtu)	1.78	2.22	2.42	2.54	2.61

The impairment test of property, plant and equipment at 30 June 2020 concluded that the estimated recoverable amount was higher than the carrying amount of the Wizard Lake CGU and therefore no impairment required on these assets.

The fair value less costs of disposal values used to determine the recoverable amounts of the property, plant and equipment assets are categorized as Level 3 on the fair value hierarchy as the key assumptions are not based on observable market data.

The impairment tests completed during the year ended 30 June 2020 are sensitive to changes in any of the key judgements such as a revision in reserves, a change in forecast benchmark commodity prices, changes in expected royalties, change in operating costs, which could increase or decrease the recoverable amount of the assets and result in additional impairment expense or recovery of the impairment expense.

Had the discount rate used have changed by 1%, or there was a price decrease of \$1.00/bbl and \$0.10/Mcf in the price deck for WTI and AECO respectively, the impairment assessment would not have changed.

21 Exploration and evaluation expenditure

	30-Jun-20 AUD	30-Jun-19 AUD
Exploration and evaluation assets	22,232	919,584
Movement in exploration and evaluation assets		
Opening balance	919,584	2,556,696
Additions – Canada	288,091	83,966
Additions – TP15	-	18,325
Impairment of exploration and evaluation assets	-	(237,233)
Disposals ¹	(907,003)	(1,534,111)
Transfer to property, plant and equipment	(258,845)	(34,229)
Foreign currency movement	(19,595)	66,170
	22,232	919,584

¹ The disposal of exploration and evaluation expenditure related to the assets transferred to Point Loma Resources Limited to close Step 1 of the Asset Exchange Agreement as part consideration for the acquisition of 10% of Wizard Lake. Refer to note 19.

The ultimate recoverability of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying areas of interest.

The Group undertakes at each reporting date, a review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgments in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review included:

- Recent drilling results and reserves/resource estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;

- Fundamental economic factors such as prices, exchange rates and current and anticipated operating cost in the industry; and
- The group's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

Changes in these estimates and assumptions as new information about the presence or recoverability of a reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the profit or loss in accordance with accounting policy 3(d).

22 Other investments

Available-for-sale financial assets:
Listed equity securities

30-Jun-20 AUD	30-Jun-19 AUD
269,849	839,329
269,849	839,329

23 Trade and other payables

Current:

Trade creditors
Other payables

30-Jun-20 AUD	30-Jun-19 AUD
5,873,527	1,278,461
226,723	343,387
6,100,250	1,621,848

All amounts are short-term. The carrying value of trade payables and other payables are considered to be a reasonable approximation of fair value.

24 Provisions

Current:

Annual leave
Long service leave

30-Jun-20 AUD	30-Jun-19 AUD
94,376	52,895
53,456	47,496
147,832	100,391

Non-Current:

Long service leave

13,773	9,927
161,605	110,318

25 Borrowings

Current:

Loans

30-Jun-20 AUD	30-Jun-19 AUD
200,000	-

The above loans are unsecured and repayable on or before 31 December 2020 with interest payable at 10% p.a. Following the completion of the non-renounceable entitlement offer after the year end, these loans were repaid in full.

26 Decommissioning liabilities

	30-Jun-20 AUD	30-Jun-19 AUD
Balance at the beginning of the period	8,568,740	7,558,403
Liabilities acquired – Canada ¹	849,086	27,501
Change in inflation rate of liabilities	(14,946)	128,690
Movement in Warro Project liability	34,035	13,963
Change in discount rate of liabilities	65,344	336,185
Revision of estimates	91,621	278,236
Disposal of assets ²	(7,077,877)	(259,632)
Accretion expense	51,987	170,378
Expenditure	(2,875)	(83,234)
Foreign currency movement	(154,711)	398,251
Balance at the end of the period	2,410,404	8,568,740

¹ Liabilities acquired in Canada comprise of the decommissioning liability on the additional 10% interest in Wizard Lake, together with decommissioning liabilities on two new wells drilled during the reporting period.

² During the period the Company increased its interest in the Wizard Lake Oilfield asset from 50% to 60%. Part consideration for the additional 10% interest was an asset exchange where the Company's interest in the Point Loma Joint Venture assets were transferred to Point Loma Resources Limited. The amount of \$7,077,877 represents the Company's decommissioning obligations in relation to the Point Loma Joint Venture assets disposed.

The Company's decommissioning obligations result from its ownership interest in oil and natural gas well sites and facilities. The total decommissioning obligation is estimated based on the estimated costs to reclaim and abandon these wells and facilities and the estimated timing of costs to be incurred in future years. The Company has estimated the net present value of the decommissioning obligations to be \$2,410,404 as at 30 June 2020 (2019: \$8,568,740) based on an undiscounted total future liability of \$2,150,440 (2019: \$10,417,809). Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as a finance cost whereas increases/decreases due to changes in the estimated future cash flows are capitalized where there is a future economic benefit associated with the asset. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the provision to the extent the provision had been established. The weighted average time in which these payments are expected to be made is approximately 36 years. The discount factor, being the risk free interest rate of 1.09% for the Canadian obligation (2019: 1.6%) and 0.4% for the Australian obligation (2019: 3%) and the inflation rate is 2% for Canadian and 0.3% for Australian obligations (2019: 2.1% for Canada and 1.9% for Australia) per annum.

27 Issued capital

	30-Jun-20 AUD	30-Jun-19 AUD
Ordinary Shares	67,208,459	58,369,150

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to one vote per share at meetings of the Company.

Reconciliation of movement in issued capital

Issued capital – Shares	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	Number	Number	AUD	AUD
<i>Share capital</i>				
Issued ordinary shares	3,040,216,371	1,963,166,371	67,208,459	58,369,150
<i>Movements in issued capital</i>				
Issued capital				
Opening balance	1,963,166,371	990,431,004	59,900,550	55,619,488
Issue of shares for cash	1,072,675,000	972,715,367	9,563,000	4,280,862
Shares issued on exercise of Options	375,000	20,000	3,750	200
Share based payments	4,000,000	-	44,000	-
			69,511,300	59,900,550
Less share issue costs				
Opening balance	-	-	(1,531,400)	(1,236,831)
Current period costs	-	-	(771,441)	(294,569)
Closing balance share issue costs	-	-	(2,302,841)	(1,531,400)
	3,040,216,371	1,963,166,371	67,208,459	58,369,150

28 Reserves

	30-Jun-20	30-Jun-19
	AUD	AUD
Share based payment reserve	1,397,556	766,969
Foreign currency translation reserve	(140,059)	247,035
	1,257,497	1,014,004
Movement in reserves		
<i>Share based payment reserve</i>		
Opening balance 1 July 2019	766,969	685,224
Fair value of options expense during the period	504,960	81,745
Advisor options issued during the period	125,627	-
Closing balance 30 June 2020	1,397,556	766,969
<i>Foreign currency translation reserve</i>		
Opening balance 1 July 2019	247,035	71,702
Exchange gains/(losses) for the period	(387,094)	175,333
Closing balance 30 June 2020	(140,059)	247,035

Share based payments reserve

The reserve represents the value of options issued under the compensation arrangement that the consolidated entity is required to include in the consolidated financial statements.

This reserve will be reversed against share capital when the underlying options are exercised by the employee or consultant or expire. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

29 Reconciliation of cash flow from operating activities

	30-Jun-20 AUD	30-Jun-19 AUD
Cash flows used in operating activities		
Profit/(loss) for the period	(4,147,411)	(4,075,448)
Adjustments for:		
Depreciation, depletion and amortisation expense	1,670,396	1,041,412
Accretion expense	51,987	170,378
Profit on disposal of assets	(1,324,833)	(1,379,736)
Gain on fair value of financial assets	350,493	(33,573)
Impairment expense	-	1,552,431
Revision of provision for rehabilitation and abandonment - Warro	34,035	13,963
Foreign exchange differences	(128,369)	(59,201)
Equity settled share-based payment expenses	548,960	81,745
Operating profit before changes in working capital and provisions	(2,944,742)	(2,688,029)
(Increase)/Decrease in other receivables and prepayments	241,718	(435,365)
Increase in trade and other payables	801,895	747,474
Net cash used in operating activities	(1,901,129)	(2,375,920)

30 Related Party Transactions

Detailed disclosures relating to Directors and Key Management Personnel are set out in the Directors' Report under the section entitled Remuneration Report.

The totals of remunerations paid to Key Management Personnel of the Company and the consolidated entity during the year are as follows:

	30-Jun-20 AUD	30-Jun-19 AUD
Short-term employee benefits	(632,575)	(702,059)
Post-employment benefits	(25,000)	(25,000)
Share based payments	(438,733)	(72,065)
	<u>(1,096,308)</u>	<u>(799,124)</u>

The aggregate amounts recognised during the year relating to directors' related parties and other related parties were as follows:

	Transactions value year end		Balance outstanding at	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
TB & S Consulting Pty Ltd (i)	154,533	179,200	126,000	70,933
Loan – Charles Morgan (ii)	100,000	-	100,000	-

- i. TB & S Consulting Pty Ltd is a Company associated with Mr Stephen Keenihan. The charges from TB & S Consulting were for directors' fees and consultancy fees.
- ii. Loan – Mr Charles Morgan provided a short term loan during the year, the loan is unsecured with interest at 10% and repayable on or before 31 December 2020. Following the completion of the non-renounceable entitlement offer subsequent to the year end, the amount outstanding was repaid in full.

31 Share –based payments and options issued

Options are granted and approved by the directors and shareholders.

Options are granted to directors, employees, consultants and others. Entitlements to the options are exercisable as soon as they have vested and performance conditions have been met. There are no cash settlement alternatives.

Options granted carry no dividend or voting rights.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of any movements in share options issued during the year:

	No. 2020	WAEP 2020	No. 2019	WAEP 2019
Outstanding at the beginning of the year	723,695,367	0.012	112,675,000	0.016
Granted during the year	127,800,000	0.015	612,715,367	0.01
Forfeited during the year	-	-	-	-
Exercised during the year	(375,000)	0.01	(20,000)	-
Expired during the year	-	-	(1,675,000)	-
	851,120,367	0.012	723,695,367	0.012

The number of options vested and exercisable as at 30 June 2020 was 763,320,367 (2019: 706,362,033).

There were 127,800,000 unlisted options granted during the year ended 30 June 2020; 25,000,000 were issued under the employee incentive plan as part of remuneration; 80,000,000 issued to directors as part of remuneration and 22,800,000 were issued in consideration of corporate advisory and lead manager services by an advisor to the company. The exercise price, expiry dates and vesting periods are detailed in the table below.

The outstanding balance of unlisted options over ordinary shares as at 30 June 2020 represented by:

Unlisted Options

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of options	Value of Share Based Payments AUD
28-Apr-17	28-Apr-17	1-Apr-21	\$0.015	11,000,000	70,191
24-Jul-17	24-Jul-17	31-May-21	\$0.015	100,000,000	633,019
20-Jun-19	20-Jun-19	20-Jun-21	\$0.008	10,000,000	25,688
13-Nov-19 ³	13-Nov-20	13-Nov-22	\$0.012	12,500,000	66,551
13-Nov-19 ³	13-Nov-21	13-Nov-22	\$0.012	12,500,000	66,551
15-Nov-19 ²	15-Nov-19	13-Nov-22	\$0.012	22,800,000	99,938
02-Jan-20 ¹	02-Jan-20	02-Jan-23	\$0.016	40,000,000	294,371
02-Jan-20 ¹	02-Jan-21	02-Jan-23	\$0.016	40,000,000	294,371

- Options were granted as remuneration to key management personnel as detailed in the remuneration report.
- Options granted during the year to advisors
- Options granted during the year to employees under employee incentive plan

The outstanding balance of unlisted options over ordinary shares as at 30 June 2019 represented by:

Grant Date	Vesting Date	Expiry Date	Exercise price	Number of options	Value of Share Based Payments AUD
28-Apr-17	28-Apr-17	1-Apr-21	\$0.0015	11,000,000	70,191
24-Jul-17	24-Jul-17	31-May-21	\$0.0015	100,000,000	633,019
20-Jun-19	20-Jun-19	20-Jun-21	\$0.008	10,000,000	25,688

The weighted average remaining contractual life for the unlisted share options outstanding as at 30 June 2020 is 10 months. The exercise price for options outstanding at the end of the year is 80,000,000 at A\$0.016, 47,800,000 at A\$0.012, 111,000,000 at A\$0.015 and 10,000,000 at A\$0.008 (2019: 111,000,000 at A\$0.015 and 10,000,000 at A\$0.008).

There were 127,800,000 unlisted options granted during the year ended 30 June 2020.

No unlisted options were exercised or cancelled during the period.

Subsequent to the end of the reporting period, there were no movements in unlisted options.

Fair value of options granted

The fair value of unlisted options at grant date is determined using the binomial method of valuing options that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The table below summarises the variables used in determining the value of options

Number of options granted	25,000,000	22,800,000	40,000,000	40,000,000
Grant date	13-Nov-19	15-Nov-19	02-Jan-20	02-Jan-20
Expiry date	13-Nov-22	15-Nov-21	02-Jan-23	02-Jan-23
Vesting period	2 years	1 year	2 years	2 years
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	125%	125%	125%	125%
Risk-free interest rate (%)	0.78%	0.78%	0.78%	0.78%
Expected life	3 years	2 years	3 years	3 years
Exercise price	\$0.012	\$0.012	\$0.016	\$0.016
Grant date share price	\$0.008	\$0.008	\$0.011	\$0.011

An expense of \$504,960 has been recognised in the consolidated statement of profit or loss and other comprehensive income in respect of options vesting during the year (2019: \$81,745). An amount of \$125,627, in relation to advisor options, has been recognised as a capital raising cost in the statement of financial position at 30 June 2020.

Listed Options

	30-Jun-20	30-Jun-19
Options on issue at balance date	602,320,367	602,695,367
Options issued at start of the year	602,695,367	-
Options issued pursuant to non-renounceable entitlement offer	-	602,715,367
Options exercised during the year	(375,000)	(20,000)
	602,320,367	602,695,367

Listed Options are exercisable at 1 cent each and expiring on 31 August 2020. Subsequent to the year end, 909,937 listed options were exercised. The remaining 601,410,430 listed options lapsed unexercised on 31 August 2020.

32 Parent Company disclosures

	30-Jun-20	30-Jun-19
Current Assets	1,136,219	3,447,917
Non-Current Assets	8,243,120	630,774
Total Assets	9,379,339	4,078,691
Current Liabilities	576,094	210,835
Non-Current Liabilities	-	-
Total Liabilities	576,094	210,835
Net Assets	8,803,245	3,867,856
Contributed Equity	67,208,459	58,369,150
Share based payments reserve	1,397,555	766,969
Accumulated losses	(59,802,769)	(55,268,264)
Total Equity	8,803,245	3,867,855
Results of Parent Entity for the year		
Profit / (loss) for the year	(4,534,505)	(3,900,115)
Other Comprehensive income	-	-
Total Comprehensive income	(4,534,505)	(3,900,115)

The Company has no contingent liabilities or commitments and no guarantees due to subsidiaries at 30 June 2020

33 Financial risk management and financial instruments

Financial Risk Management

Overview

The consolidated entity has exposure to the following risks from its use of financial instruments:

- credit risk;
- commodity risk;
- currency risk;
- liquidity risk;
- market risk; and
- climate change risk.

The consolidated entity's management of financial risk is aimed at ensuring net cash flows are sufficient to:

- Meet all its financial commitments; and
- Maintain the capacity to fund the consolidated entity's operating activities.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the consolidated entity through regular reviews of the risks.

Market, liquidity and credit risk (including foreign exchange, commodity price and interest rate risk) arise in the normal course of business. These risks are managed under Board approved directives which underpin treasury practices and processes.

This note presents information about the Company's and consolidated entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the consolidated entity's receivables from customers and deposits with banks.

Trade and other receivables

As at 30 June 2020 there were no significant concentrations of credit risk on the statement of financial position. \$491,162 of current trade receivables and \$581,345 of non-current trade receivables at 30 June 2020 relate to amounts to be received from future operational receipts from the Wizard Lake joint venture.

The consolidated entity monitors receivable balances on an ongoing basis and as a result believes its exposure to bad debts is not significant.

Impairment losses

None of the Company's other receivables are past due (2019: nil). As at 30 June 2020 there is no allowance for impairment in respect to other receivables for the consolidated entity (2019: nil).

Exposure to credit risk

The carrying amount of the consolidated entity's financial assets represents the maximum credit exposure. The consolidated entity's maximum exposure to credit risk at the reporting date was:

Financial Instruments

	30-Jun-20	30-Jun-19
Trade and other receivables	1,448,997	1,289,755
Cash and cash equivalents	1,115,951	2,923,228
	<u>2,564,948</u>	<u>4,212,983</u>

The consolidated entity limits credit risk on its cash deposits by only transaction with high credit-rated financial institutions.

30 June 2020	Trade and other receivables	Current assets Other investments (including derivatives)	Cash and cash equivalents	Total	Level 1
Financial assets measured at fair value					
Assets held for sale	-	269,849	-	269,849	268,849
Financial assets not measured at fair value					
Trade and other receivables	1,448,997	-	-	1,448,997	-
Cash and cash equivalents	-	-	1,115,951	1,115,951	-
	<u>1,448,997</u>	<u>268,849</u>	<u>1,115,951</u>	<u>2,834,797</u>	

30 June 2019	Trade and other receivables	Current assets Other investments (including derivatives)	Cash and cash equivalents	Total	Level 1
Financial assets measured at fair value					
Assets held for sale	-	839,329	-	839,329	839,329
Financial assets not measured at fair value					
Trade and other receivables	1,289,755	-	-	1,289,755	-
Cash and cash equivalents	-	-	2,923,228	2,923,228	-
	1,289,755	839,329	2,923,228	5,052,312	839,329

Commodity Risk

The consolidated entity is exposed to commodity price risk through its revenue from the sale of hydrocarbons – gas, crude oil, condensate and LPG – which are priced against world benchmark commodity prices.

The following table details the impact on revenue a 10% and 20% increase and decrease in oil price would have on current year revenue, using the entities average oil price over this year. The below table shows the increase in profit and equity given and increase in oil price, there would be a negative impact to both profit and equity to the same degree is average oil price decreased by the same percentage.

	Oil Price Impact	
	2020	2019
Profit or loss: 10%	287,614	167,083
Profit or loss: 20%	575,229	334,166

Currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The consolidated entity is exposed to United States dollars (USD) and Canadian dollars (CAD) in its Canadian operations.

The following table details the Consolidated Entity's sensitivity to a 10% and 20% increase and decrease in the USD and CAD against the Australian dollar. The sensitivity analysis is based on 30 June 2020 year end foreign currency denominated monetary items and adjusts their translation at year end for a 10% and 20% strengthening in foreign currency rates. For a 10% and 20% decrease in foreign currency rates, there would be a comparable impact on the profit and equity, and the balances below would be negative.

	2020	2019
Profit or loss: 10% CAD	21,782	28,244
Profit or loss: 10% USD	4,115	182,139
	25,897	210,383
Profit or loss: 20% CAD	43,563	56,489
Profit or loss: 20% USD	8,230	364,278
	51,793	420,767

Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the consolidated entity's reputation.

The consolidated entity manages liquidity risks by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30- Jun-2020	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1-2 years	2-5 years
Financial liabilities measured at fair value	-	-	-	-	-	-
Financial liabilities not measured at fair value						
Trade and other payables	6,100,250	6,100,250	6,100,250	-	-	-
Other loans	200,000	200,000	200,000	-	-	-

30- Jun-2019	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1-2 years	2-5 years
Financial liabilities measured at fair value	-	-	-	-	-	-
Financial liabilities not measured at fair value						
Trade and other payables	-	1,621,848	1,621,848	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

At the reporting date the interest rate profile of the Company's and the consolidated entity's interest-bearing financial instruments was:

	30-Jun-20	30-Jun-19
Variable rate Instruments		
Financial assets	1,115,951	2,923,228

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss		Equity	
	100bp increase AUD	100bp decrease AUD	100bp increase AUD	100bp decrease AUD
30-Jun-2020				
Variable rate instruments	11,160	(11,160)	11,160	(11,160)
Cash flow sensitivity	11,160	(11,160)	11,160	(11,160)
30-Jun-2019				
Variable rate instruments	29,232	(29,232)	29,232	(29,232)
Cash flow sensitivity	29,232	(29,232)	29,232	(29,232)

Climate change risk

Key climate-related risks and opportunities relevant to the Company's operations include:

- The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels, increased uncertainty time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to lower carbon economy also gives rise to opportunity for the Company's gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition.
- Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's production assets and production capability. These events could have a financial impact on the Company through increased operating costs, maintenance costs, revenue generation and sustainability of its production assets.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

Due to the nature of the uncertainties relating to the above risks, the financial impact has not been quantified for the financial year.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

Fair value of financial instruments

The carrying amounts of financial assets and liabilities as disclosed in the statement of financial position equate to their estimated net fair value.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Current receivables, current payables and cash & cash equivalents are not measured at fair value. Due to their short-term nature, the carrying amount of current receivables, current payables and cash and cash equivalents is assumed to approximate their fair value.

The table below summarises financial assets and liabilities at fair value at each level of measurement

At 30 June 2020	Level 1 AUD	Level 2 AUD	Level 3 AUD	Total AUD
Assets held for sale – listed equity securities	269,849	-	-	269,849

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the consolidated entity defines as net operating income divided by total shareholders' equity.

	30-Jun-20	30-Jun-19
Equity attributable to shareholders of the Company	67,208,459	58,369,150
Equity	67,208,459	58,369,150
Total Assets	17,675,506	14,168,763
Equity ration	26%	24%

There were no changes in the consolidated entity's approach to capital management during the year. As at 30 June 2020, neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

34 Consolidated entities

(a) Parent entity

The parent entity of the group is Whitebark Energy Limited, incorporated in Australia.

Registered office: Level 2, 6 Thelma Street, West Perth WA 6005

(b) Subsidiaries

The consolidated financial statements incorporate assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described under 1(a)

Name of Entity	Country of incorporation	30-Jun-20 Equity Holding %	30-Jun-19 Equity Holding %
Subsidiaries of Whitebark Energy Ltd			
Tejon Energy Pty Ltd	Australia	100	100
Tejon Energy Inc (100% subsidiary of Tejon Energy Pty Ltd)	USA	100	100
Latent Petroleum Pty Ltd	Australia	100	100
Calor Energy Pty Ltd	Australia	100	100
Kubla Oil Pty Ltd	Australia	100	100
Salt Bush Energy Ltd	Canada	100	100
Iron Bark Energy Ltd	Canada	100	-

35 Contingent Liabilities

There are no contingent liabilities at 30 June 2020 (2019: nil).

36 Commitments

The Group leases a photocopier/printer under operating leases and is lessee to the premises situated at Level 2, 6 Thelma Street West Perth. The future minimum lease payments are as follows;

	Minimum lease payments due			Total
	Within 1 year	1 to 5 years	After 5 years	
30-Jun-20	8,840	7,020	-	15,860
30-Jun-19	15,775	9,360	-	25,135

Lease expense during the period amounted to \$17,620 (2019: \$74,542) representing the minimum lease payments.

The rental agreement for the photocopier/printer is for a term of 60 months and will expire in June 2024.

The Group as part of the Canadian joint venture has a share of joint venture commitments. The commitments are for mineral lease payments. It should be noted that these commitments may be farmed out or relinquished.

	Share of Joint Venture commitments			Total
	Within 1 year	1 to 5 years	After 5 years	
30-Jun-20	12,690	8,952	-	21,642
30-Jun-19	53,039	267,634	29,488	350,161

37 Subsequent events

The Company launched a 1 for 3 non-renounceable partially underwritten entitlement offer on 30 June 2020. The offer closed on 30 July 2020 and was fully subscribed raising a total of \$3,040,216 (before costs).

On 2 September 2020, the Company announced that it has commenced a formal process to evaluate opportunities to maximise the full potential, and value for shareholders, of its 100% owned Warro gas field in Western Australia. The Company may consider outright sale, farm-in or an alternative transaction structure.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has during the second half of the year significantly depressed energy demand and put pressure on commodity prices, the Company continues to safeguard its staff and business operations while maintaining production from the Wizard Lake oilfield at reduced levels. In this period of heightened uncertainty, it is not practicable to estimate the full extent of the potential impact and recovery from COVID-19 for the period after the reporting date. The Company will continue to monitor any future consequences due to the potential uncertainty in the medium to long term.

Other than the above, no material matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the consolidated entity.

1. In the opinion of the Directors of Whitebark Energy Ltd ("the Company"):
 - a. The financial statements and notes set out on pages 32 to 69, and the remuneration disclosures that are contained in the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - b. the financial report also complies with International Financial Reporting standards as disclosed in note 2(a);
 - c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2020.

Dated at Perth this 25 September 2020.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



David Messina
Managing Director

EXCHANGE LISTING

Whitebark Energy Ltd shares are listed on the Australian Securities Exchange. The Company's ASX code is WBE.

SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 17 September 2020

Rank	Name	Units	% of Units
1.	MR KIM AARON MULLER	267,000,000	6.57%
2.	MR CHARLES WAITE MORGAN	255,284,012	6.28%

CLASS OF SHARES AND VOTING RIGHTS

At 17 September 2020 there were 2,664 holders of 4,063,125,551 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

DISTRIBUTION OF SHAREHOLDERS

Spread of Holdings	No of holders	Ordinary Shares
1 - 1,000	149	20,895
1,001 - 5,000	58	186,653
5,001 - 10,000	84	699,595
10,001 - 100,000	971	48,636,032
100,001 - 9,999,999,999	1,402	4,013,582,376
Total	2,664	4,063,125,551

The number of shareholders holding less than a marketable parcel is 1,463.

UNLISTED OPTIONS

Securities	Number of Securities on issue	Number of Holders
Unlisted Options exercise price of \$0.015 expiring 01/04/2021	11,000,000	4
Unlisted Options exercise price of \$0.015 expiring 31/05/2021	100,000,000	3
Unlisted Options exercise price of \$0.008 expiring 20/06/2021	10,000,000	1
Unlisted Options exercise price of \$0.012 expiring 13/11/2022	25,000,000	3
Unlisted Options exercise price of \$0.012 expiring 15/11/2022	22,800,000	1
Unlisted Options exercise price of \$0.016 expiring 02/01/2023	80,000,000	3

ESCROWED SECURITIES

The Company does not have any securities on issue that are subject to escrow restrictions.

LISTING OF 20 LARGEST SHAREHOLDERS AS AT 17 SEPTEMBER 2020

Rank	Name	Units	% Units
1	MR KIM AARON MULLER	267,000,000	6.57
2	CHARLES WAITE MORGAN	255,284,012	6.28
3	COMMUNICATIONS POWER INCORPORATED (AUST) PTY LTD	143,000,000	3.52
4	ORABANT PTY LTD <C MEULENGRAAF SUPER A/C>	129,000,000	3.17
5	SKYE EQUITY PTY LTD	125,958,557	3.10
6	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	108,666,669	2.67
7	MR STEPHEN LESLIE KEENIHAN + MRS SHERIDAN JAY KEENIHAN <SL & SJ KEENIHAN S/F A/C>	100,083,332	2.46
8	4F INVESTMENTS PTY LTD	87,500,000	2.15
9	J & B SMITH SUPERANNUATION PTY LTD <LOCH M FRASER CU TRA SF A/C>	65,000,000	1.60
10	BART SUPERANNUATION PTY LIMITED <4F INVESTMENTS SUPERFUND A/C>	54,148,339	1.33
11	MR MARK EDWIN ROBERTS	51,200,000	1.26
12	SACHA INVESTMENTS PTY LTD	50,549,487	1.24
13	VILLEMARETTE NOMINEES PTY LTD <VILLAMARETTE FAMILY A/C>	46,856,085	1.15
14	MTANI PTY LTD <THE DAVID MESSINA A/C>	43,945,333	1.08
15	CHESSER NOMINEES PTY LTD	41,926,237	1.03
16	LEEJAMES NOMINEES PTY LTD <THE HEPBURN SUPER FUND A/C>	40,000,000	0.98
17	MR JIAN REN	39,333,333	0.97
18	CUTTING EDGE (WA) PTY LTD <STEPHENSON SUPER FUND A/C>	36,451,538	0.90
19	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY SUPERFUND A/C>	35,547,233	0.87
20	ALBA CAPITAL PTY LTD	34,305,953	0.84
TOTAL		1,755,756,108	43.17

PERMITS

WIZARD LAKE, ALBERTA CANADA			
Block	Gross Acres	WI	Net acres
24-048-28W4	640	100%	640
20-048-27W4	640	60%	384
(03-04) 21-048-27W4	80	60%	48
(01-02) (5-16) 21-048-27W4	560	100%	560
22-048-27W4	640	60%	384
17-048-27W4	640	100%	640
W 16-048-27W4	320	60%	192
8-048-27W4	640	60%	384
9-048-27W4	640	100%	640
5-048-27W4	640	100%	640
N 4-048-27W4	320	60%	192
32-047-27W4	640	100%	640
Total	6400	83.5%	5344

AUSTRALIAN LAND INTERESTS			
Project	Net Acres	WI	Location
Warro JV – RL7	54,360	100%	Western Australia