



Quarterly Activity Report to 30 September 2021
29 October 2021

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

Highlights

- Production for the June Quarter averaged 202 barrels of oil equivalent per day (boepd)
- Whitebark subsidiary, Saltbush Energy, rebranded to Rex Energy Limited and reinstated to full operational status by the Alberta Energy Regulator
- Whitebark is working with the ASX to establish requirements for relisting on the Australian Securities Exchange

Corporate

Wizard Lake Oil Field Operator Status

During the period, Whitebark Energy Limited ('Whitebark' or the 'Company') received full operational status reinstatement for its Canadian subsidiary, Rex Energy Limited (previously Salt Bush Energy Limited) ('Rex Energy'), from the Alberta Energy Regulator ('AER'). Rex Energy now has approval to operate, drill and/or acquire additional acreage in Canada and validates the Rex-1 and Rex-2 license transfer from Point Loma Resources Limited to Rex Energy¹.

Name Change of Saltbush Energy to Rex Energy Limited

Whitebark completed the rebranding of its 100% owned subsidiary, Salt Bush Energy Limited during the September 2021 Quarter. The rebranding process included changing the subsidiary name to "Rex Energy Limited" in Canada, and communicating these changes to clients, contractors, suppliers, the AER and other regulatory bodies. Onsite signage has been replaced to reflect the new subsidiary name and HSE and Environmental Response Manuals are being updated.

Whitebark now considers the Salt Bush Energy Limited restructuring process to be complete and the Company is focused on exiting its voluntary suspension².

ASX Relisting Process

Whitebark is working diligently with the Australian Securities Exchange ('ASX') to establish precise requirements for relisting on the Australian Securities Exchange. The Company expects to provide an update to its investors in the coming weeks.

¹ See ASX Announcement "Quarterly Activities/Appendix 5B Cash Flow Report" released 11 May 2021 for more details

² See ASX Announcement "Voluntary Suspension" released 14 January 2021 for more details

Strategic Review

Whitebark continued its strategic review of the Wizard Lake Oil Field during the period. The Company has identified multiple opportunities to decrease costs, optimise production and increase cashflow in the short-medium term and is currently reviewing them to determine the most appropriate way forward.

The strategic review also included a review of booked 1P and 2P reserves and resources as at 30 June 2021 and the revisions have been audited by an accredited competent person in Canada using May 2021 price assumptions, operational expenditures and decline curves. The Company has provided an update with the release of the FY2021 accounts.

Financials

Receipts from customers during the September 2021 quarter were A\$0.902 million and the Company's cash balance as at 30 September 2021 was A\$0.394 million.

1. Payments to related parties of the entity and their associates totalled \$48,920 during the period. This includes payment of \$16,000 to Adelaide Equity Partners Limited for providing Corporate Advisory services to the Company, \$6,453 to AE Administrative Services Pty Ltd for providing Company Secretarial services to the Company and \$26,468 to Business Initiatives in respect of financial control, administration and accounting services.

Canadian Operations

Wizard Lake – (Whitebark 100% WI)

Production

Whitebark continued to operate the Wizard Lake Oil Field in Alberta, Canada during the September quarter and now receives 100% of all hydrocarbons produced from the Rex-1, Rex-2 and Rex-3 production wells and holds a 100% working interest in all facilities, pipelines and infrastructure at the site.

During the Quarter the Company produced 6,388 barrels of oil and 73,333 mcf gas, averaging 202 barrels of oil equivalent per day. Although Wizard Lake production was impacted by operational downtime to perform necessary workovers on the wells during August and September, higher than expected commodity prices ensured revenue remained above budget.

All Wizard Lake production wells required periods of downtime during the quarter to facilitate operational maintenance and workovers. The following maintenance work was completed successfully and the effect on overall production was minimised via sequential shutdowns:

- Rex-1 - the corroded polished rod was replaced in August 2021.
- Rex-2 – The well was observed to have ceased effective pumping in August 2021 and a service rig was mobilised to the site. Holes were detected in the production tubing and were immediately repaired and the well's sucker rods and well-bore pump were replaced due to normal wear and tear. September production was also impacted by a failure of the rented surface pumping unit (hydraulic pumpjack). A replacement unit has been installed (primarily at the cost of the rental company) and the well has returned to steady-state production.
- Rex-3 - the bottom-hole pump was replaced in August 2021 due to frac sand production wear. September production was also impacted by gas-locking and the bottom-hole pump has been replaced with a new model to resolve this issue. The well has since returned to steady-state production.

Wizard Lake oil and gas production has averaged approximately 233 boepd since the end of the period and the increase can be attributed to the above workover procedures.

During the Quarter, Canadian subsidiary Rex Energy has been returning funds to the Australian parent.

The Company continues to pursue opportunities to optimise the field through minimising overheads and stabilising production and evaluate the preferred projects for capital investment going forward.

Western Australian Operations

Warro Gas Project (Whitebark WI 100%)

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

Planned Activities to 31 December 2021

- Gain approval from the ASX to exit voluntary suspension on Whitebark share trading which was entered during the process to re-acquire Wizard Lake
- Commence full permitting of Rex-4 location including landholder and utility company liaison
- Prepare implementation of low-cost, rapid-payback infrastructure projects designed to increase free cashflow, production levels and reserves

Tenement Schedule

Canada (Net Acres)

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

Australia (Net Acres)

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

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

For further information:

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SUPPORTING INFORMATION

A Note Regarding Forward Looking Information

This announcement includes certain statements related to our future business and financial performance and future events or developments involving Whitebark Energy Limited ('Whitebark' or 'the Company') that may constitute forward-looking statements. All statements, other than statements of historical fact, that refer to any future oil and gas production, resources or reserves, exploration results and events that the Company expects to occur are forward-looking statements. Although the Company believes that the expectations in those forward-looking statements are based upon reasonable assumptions, such statements are not a guarantee of future performance and actual results or developments may differ materially from the outcomes anticipated. This may be due to several factors, including market prices, exploration and exploitation success, and the continued availability of capital and financing, plus general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, and actual results or performance may differ materially from those projected in the forward-looking statements. The Company does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of oil and gas reserves and resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Conversion of gas to Barrels of Oil Equivalent (BOE) is done on the basis of 6mcf = 1 BOE.

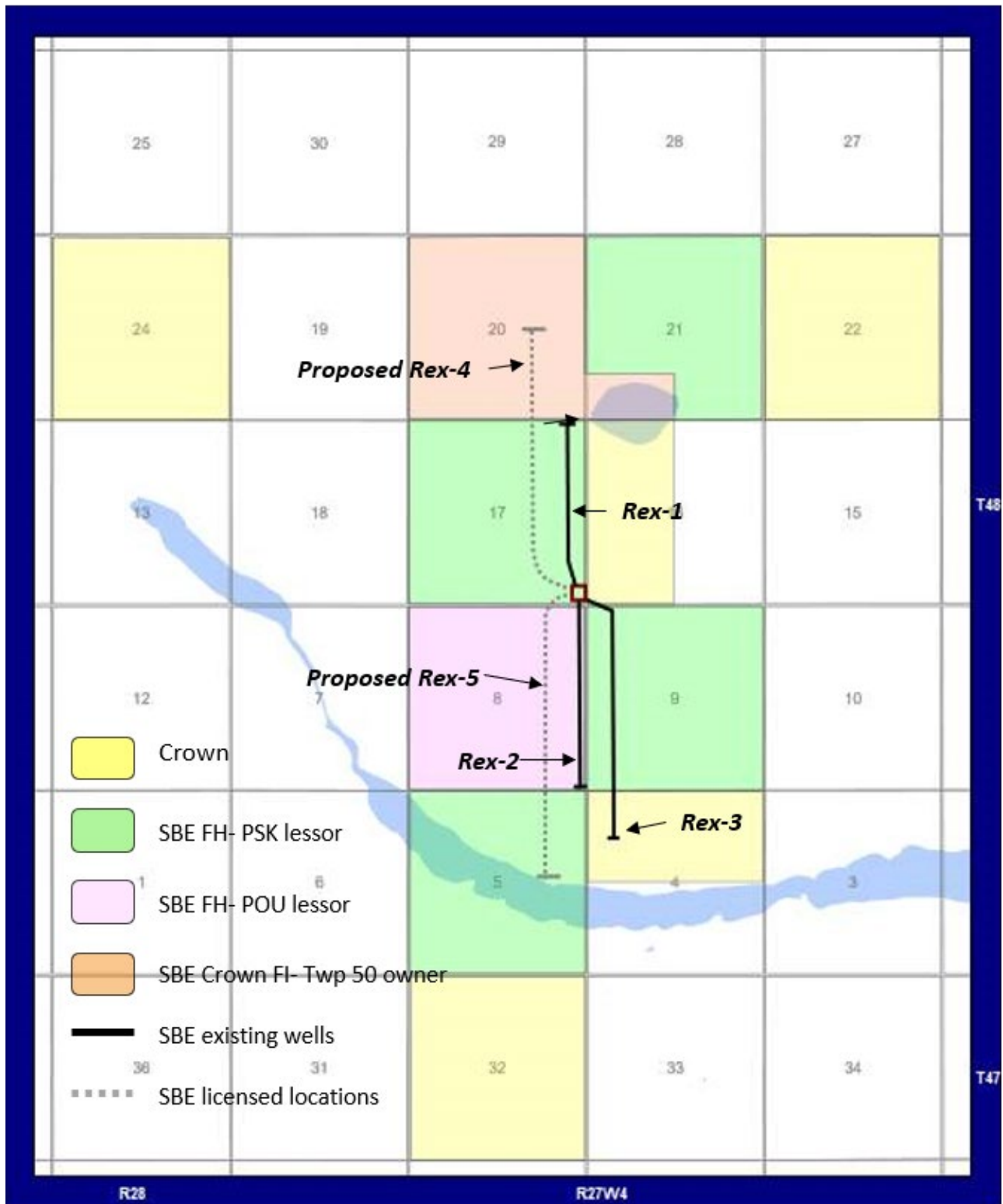


Figure 1 – location of existing and proposed wells and Twp50 Section 20 farm-in agreement

Appendix 5B

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

Name of entity

WHITEBARK ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

30 SEPTEMBER 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	902	902
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(52)	(52)
	(b) development	-	-
	(c) production	(406)	(406)
	(d) staff costs	-	-
	(e) administration and corporate costs ¹	(178)	(178)
	(f) production – royalties	(156)	(156)
	(g) Field maintenance costs	(164)	(164)
	(h) Costs of subsidiary restructure	-	-
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Deposit paid for costs of restructure	-	-
1.9	Net cash from / (used in) operating activities	(54)	(54)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements – Wizard Lake	-	-
	(c) property, plant and equipment	-	-

¹ Includes \$195,000 Aged/Deferred Creditors

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other - non-current development expenditure	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	1	1
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1	1

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	447	447
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(54)	(54)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	1

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	394	394

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	394	394
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	394	394

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

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

**Current quarter
\$A'000**

49

1

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

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

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(54)
8.2	Capitalised development expenditure (Item 2.1(f))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(54)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	394
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	394
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	7

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

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

Answer: N/A

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

Answer: N/A

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

Answer: N/A

Compliance statement

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

Date: 29 October 2021

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.