



Quarterly Activity Report 29 January 2021

Corporate

Trading Halt and Suspension

On 13 January 2021 Whitebark requested a trading halt be placed on its securities pending an announcement to the market regarding the outcome of a review of Whitebark's investment in its wholly owned subsidiary Salt Bush Energy Ltd, which is the owner and operator of the group's Wizard Lake oil and gas project.

Whitebark then requested that a voluntary suspension be applied to the Company's securities.

Whitebark's 100% owned Canadian subsidiary, Salt Bush Energy Ltd (SBE), has proactively filed a Notice of Intention to Make a Proposal ("Notice of Intention") pursuant to Subsection 50.4(1) of the Canadian Bankruptcy and Insolvency Act (R.S.C., 1985, c. B-3) (the "BIA"). SBE has an average 87.5% working interest in and operates the Wizard Lake Oil Field.

A Notice of Intention is the first stage of a restructuring process under the BIA with the objective of permitting SBE to pursue a restructuring of its financial affairs. The filing of the Notice of Intention will have the effect of imposing an automatic stay of proceedings ("Stay") that will protect SBE and its assets from the claims of creditors while the Company pursues this objective. The initial Stay period of 30 days can be extended by court order, during which time SBE will assess its ability to restructure its business, which may include the sale of SBE's going-concern business operations.

Pursuant to the Notice of Intention, Deloitte Restructuring Inc has been appointed as the proposal trustee in SBE's proposal proceedings and will assist SBE in its restructuring efforts. The formal restructuring process may take up to six months but is anticipated to conclude within 90 days.

WBE is the largest SBE creditor with an outstanding debt of A\$17.8 million, representing approximately 85% of the total SBE creditors.

In connection with or following the initiation of a sales process, WBE or another subsidiary can submit a bid under which there are options for satisfying the purchase price, including forgiveness of the proceeds WBE would otherwise receive from the proceeds of any sale.

SBE will continue to operate in the normal course as it takes steps to reorganize its affairs and to assess various options to be a viable operation going forward. The Directors and management of SBE will continue to operate the Company and work closely with its financial and other advisors to successfully conclude the restructuring process.

Annual General Meeting

The Annual General Meeting was held 18 November 2020, with all resolutions passed by the required majority following a poll conducted at the meeting. The results show a 34.95% vote against the remuneration report which meant the Company has recorded its first strike.

Canadian Operations

Wizard Lake – (WBE ~85-100% WI)

Production

Production for the quarter was 12,297 bbls oil and 114,890 mcf gas which averaged 134 bbls of oil per day and 1250 mcf/d gas, which equated to approximately 340 boe/d. Over the last 7 days production averaged 101 bbls oil/d and 1,045 mcf gas/d which equates to 275 boe/d.

The well performance continues to be less than anticipated, with a likely contributor to this being the continued interruptions to production throughout 2020. In addition to this the Company believes the wells have near bore damage as a result of the cleanout operations used during the 2020 workovers to clear sand from the well bores. The Company is currently investigating the remedial work alternatives to rectify the issue.

In relation to Rex-3 the oil rate is presently suppressed by the well's high gas yield which is causing some pump and backpressure difficulties. The company is investigating surface equipment options to address the problem.

However until and unless the issues have been addressed in all the wells, production is expected to follow the normal depletion decline.

Operations

Additional mineral lease at Wizard Lake

On 27 October 2020 Whitebark announced its Canadian subsidiary Salt Bush Energy ("SBE") renewed the mineral lease over one section (256 ha) of its Wizard Lake Oilfield (WLO).

The renewal resulted in an increase in Whitebark's average interest in the WLO oil and gas rights to 87.5% (previously 84%).

SBE now receives 100% of production from Rex-1 until payout, 85% of Rex-2 and 96.6% of Rex-3 until payout.

Western Australian Operations

Warro Gas Project (WBE WI 100%)

Discussions are continuing with a limited number of companies on the potential sale/disposal of the Warro gas project.

Planned Activities to 31 March 2021

- Progress the Salt Bush restructuring process.

Tenement Schedule

Canada (Net Acres)

| | September Quarter | Relinquishments | Acquisitions | December Quarter |
|-------------|-------------------|-----------------|--------------|------------------|
| Wizard Lake | 5,344 | 0 | 316 | 5,660 |

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:

David Messina, Managing Director

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

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

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

Appendix 5B

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

Name of entity

WHITEBARK ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

31 DECEMBER 2020

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 733 | 1,391 |
| 1.2 Payments for | | |
| (a) exploration & evaluation (if expensed) | (61) | (213) |
| (b) development | - | - |
| (c) production | (580) | (1,044) |
| (d) staff costs | (185) | (395) |
| (e) administration and corporate costs ¹ | (168) | (596) |
| (f) production – royalties | (99) | (155) |
| (g) Field maintenance costs | (77) | (387) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | - | 1 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Government grants and tax incentives | 57 | 136 |
| 1.8 Other | | |
| 1.9 Net cash from / (used in) operating activities | (380) | (1,262) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) entities | | |
| (b) tenements – Wizard Lake | - | - |
| (c) property, plant and equipment | | |
| (d) exploration & evaluation (if capitalised) | 3 | - |

¹ Includes ytd \$195,000 Aged/Deferred Creditors

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| (e) | investments | | |
| (f) | other - non-current development expenditure – approx.ytd \$1.4m of this total relates to payment of deferred creditors for capital works programs from prior year | (408) | (1,558) |
| 2.2 | Proceeds from the disposal of: | | |
| (a) | entities | | |
| (b) | tenements | | |
| (c) | property, plant and equipment | | |
| (d) | investments | | |
| (e) | other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| 2.6 | Net cash from / (used in) investing activities | (405) | (1,558) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | 3,040 |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | - | 10 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | (221) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | - | (200) |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| 3.10 | Net cash from / (used in) financing activities | - | 2,629 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,696 | 1,116 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (380) | (1,262) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (405) | (1,558) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 2,629 |
| 4.5 | Effect of movement in exchange rates on cash held | (3) | (17) |
| 4.6 | Cash and cash equivalents at end of period | 908 | 908 |

| 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 | 868 | 1,656 |
| 5.2 | Call deposits | 40 | 40 |
| 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) | 908 | 1,696 |

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 | 107 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

**Current quarter
\$A'000**

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. 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) | (380) |
| 8.2 Capitalised development expenditure (Item 2.1(f)) | (405) |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (785) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 908 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 908 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 1.16 |

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

- 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:

The company has no capital expenditure planned in the next two quarters so the historical expenditure is not relevant looking forward.

Subsequent to the end of the quarter Salt Bush Energy Ltd (SBE) entered into a restructuring process (refer Review of Activities) imposing an automatic stay of creditor claims as at the date of the NOI submission. Included in the cashflows during this quarter is approximately \$310k of expenditure that related to SBE creditors from prior periods that will not be recurring.

The Company continues to implement cost saving measures and its activities are undertaken within the constraints of available financial resources.

- 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: *The Company has not entered into any fundraising arrangements at this stage. Dependent on the outcome of the SBE restructuring process referred to in the Review of Activities and above, further funding may be sought in the near term. Should further fundraising be required, the Company is confident of an acceptable outcome.*

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:
The outcome of the SBE restructuring process is unknown at this stage but may include the Company submitting a bid for the SBE assets as part of the restructuring plan or the sale of SBE's interest in the Wizard Lake Oil Field to others. The Company expects its existing cash resources to meet its short term business objectives and believes that it will be able to raise sufficient funding to meet its business objectives as required.

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 January 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.