

Corporate Update and Board Changes

March 3, 2021

KEY POINTS

- Following the announcement that Whitebark's 100% owned Canadian subsidiary, Salt Bush Energy Ltd (SBE), filed a Notice of Intention to Make a Proposal (refer announcement 14th January 2021) the Alberta (Canada) court has approved key terms of the sale process for Wizard Lake Oil Field
- WBE, via its subsidiary Ironbark Energy (IBE), has bid CAN\$2,000,000 comprising of CAN\$336,000 in cash and CAN\$1,664,000 in forfeit of existing intercompany loan;
- Managing Director, David Messina, and Executive Director Mr Stephen Keenihan have submitted their resignations from WBE and will step down from the Board immediately;
- Mr Matthew White and Mr Duncan Gordon have joined the WBE board;
- The Company will now look to identify and acquire new opportunities.

SALTBUSH ENERGY UPDATE

The Court of the Queen's Bench in Alberta has approved the Sale and Investment Solicitation Procedures (SISP) proposed by SBE, including the Iron Bark Energy (IBE) stalking horse bid and associated Asset Purchase Agreement (APA), established a number of payment priorities from the proceeds including payment of professional fees and repayment of any debtor in possession financing provided by WBE, and several other procedural matters. Full copies of the court application, supporting documents and court order are available upon request. Ironbark Energy Ltd is a wholly owned Canadian subsidiary of WBE, and is thus related to SBE. The stalking horse APA, if ultimately determined to be the winning bid in accordance with the SISP, will constitute a non-arms length transaction. The court approved payment of a C\$50,000 break fee and C\$25,000 expense reimbursement if IBE is not the successful bidder.

The SISP contemplates the following milestone deadlines:

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- Phase 1: Commence marketing asset on the 15th February 2021
 - Phase 1 Bid Deadline; 5.00pm April 16, 2021 (60 days after commencement date)
 - Phase 2: Qualified Bidders (superior bids to stalking horse bid, if any) and the stalking horse bidder (IBE) will be invited to attend an auction on the third business day after the Bid Deadline

The contemplated completion date of any transaction arising from the SISP is May 17, 2021

Key terms of the stalking horse Bid are as follows:

- Pay any cure and administration costs (if any)
 - Deliver a Payment Direction from WBE that any dividends or similar distributions (as a result of the intercompany loan but not the debtor in possession financing) that WBE is entitled to receive under the NOI proceedings are forfeit.
 - Pay cash consideration of CAN\$336,000 (which will be distributed to the non WBE creditors after costs and fees).
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WBE holds approximately 82.5% of the SBE's obligations. The Payment Direction from WBE reduces the amount of cash consideration required at closing so that the IBE bid is equivalent to a cash offer of approximately CAN\$2 million

The cost of the SISF process is estimated to be CAN\$150,000 which WBE has agreed to fund under a Secured interim financing facility (the debtor in possession financing). The facility must be repaid in full on closing of the sale or restructure from a portion of the cash consideration before any further distributions are made.

The outcome of the SISF requires normal AER approvals.

ACQUISITION OF POINT LOMA RESOURCES' ASSETS

At the same time, but independent of the NOI process, SBE has executed an agreement with BDO Canada in its capacity as Receiver of Point Loma Resources Inc (PLX), to acquire all of PLX's assets in the Wizard Lake field for C\$10.00 subject to the following key terms and conditions:

- The Effective Date of the Transfer is June 8, 2020, the date the Receiver was appointed
- SBE makes no further claims against PLX and releases PLX from paying the amount owed to SBE calculated by SBE to be C\$996,481.
- SBE assumes the assets on an "as is, where is" basis

While a Binding Letter Agreement has been executed a more detailed Quit Claim Agreement will be prepared and executed. The transaction is subject to Alberta Energy Regulator (AER) approval. Upon completion, SBE's land position will increase to 6400 acres from 5632 acres prior to the transaction.

RESIGNATION OF DIRECTORS

The Board of WBE has accepted the resignations of Mr David Messina and Mr Stephen Keenihan as Directors of the Company. In accord with his executive's employment contract, Mr Messina has given three months written notice to the Company. Mr Messina will continue to work through a transition period to enable an orderly transition and assist with the handover to his replacement once appointed.

APPOINTMENT OF DIRECTORS

WBE is pleased to announce the appointment , Mr Matthew White and Mr Duncan Gordon to the board.

Mr White has over 27 years' experience as an accountant, business and tax advisor. He has over 12 years' experience as a registered mortgage broker and over three years' experience as a financial planner. Matthew has a degree in Accountancy from the University of South Australia and has completed the Chartered Accountancy qualification with Certificates of Merit in Taxation and Ethics. He is currently a Director of ASX listed, Aerometrex Limited.

Mr Gordon is a founder and co-principal of Adelaide Equity Partners Ltd and has extensive experience in as a corporate and financial advisor to the mining and natural resources sector. Mr Gordon has taken principal roles in advising ASX-listed companies on a range of corporate matters including identification of major corporate acquisition and divestment opportunities; Initial Public Offerings; raising debt and raising equity capital both within and outside Australia.

STRATEGIC REVIEW

It is anticipated that the incoming directors of WBE will conduct a strategic review process around the direction of the Company including:

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- A review of the Company's financial position and current operations;
 - Assess the future of the Company's asset base in conjunction with the existing process in place around Saltbush Energy;
 - Ensuring the Company is capitalised appropriately to meet its future obligations;
 - Identification of further opportunities.
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WBE will update shareholders around this process pursuant to the Listing Rules and aims to be requoted as soon as possible.

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

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