



## Rex-4 Development Well Pre-Spud Notice

28 June 2022

### Highlights

- **Whitebark has contracted the Star Valley Rig 201 to conduct drilling activities at the Wizard Lake Oil and Gas Field and expects rig mobilisation by 4 July 2022 with spud on or around 6 July 2022**
- **The Company has commenced site preparation and expects mobilisation as soon as weather permits**
- **Stage 1 drilling completion expected by 20 July 2022 with stage 2 to commence shortly thereafter**
- **Whitebark expects initial post-clean up production of 300 bopd and 1,400 mscfg/d in Q1 FY23**

Whitebark Energy Limited (ASX:WBE) (“**Whitebark**” or the “**Company**”) is pleased to announce that it has contracted the Star Valley 201 drilling rig to drill the Rex-4 development well at Wizard Lake. The Company has commenced site preparation and expects rig arrival in early July 2022.

Whitebark obtained full permitting from the Alberta Energy Regulator for the Rex-4 and Rex-5 development well locations on 6 April 2022 (Figure 1). Whitebark expects rig mobilisation by 4 July 2022 and spud by 6 July 2022, subject to weather conditions in the region. An initial 2,400-meter extended reach horizontal well is expected to take 14 days to drill, which is anticipated to provide confirmation of oil-saturated reservoir along the Extended Reach horizontal wellbore. Once confirmed, the Company intends to complete 50 hydraulic fracture stimulation stages in the wellbore with initial production expected during Q3 FY23.

The well will target the Rex Sandstone Member of the Lower Cretaceous Mannville Group, the reservoir from which the Rex-1, Rex-2 and Rex-3 horizontal wells are currently producing. The Company has modelled initial post-clean up production rates of approximately 300 barrels of oil and 1,400 mscf gas per day from Rex-4 which will lift total Wizard Lake production to approximately ~750 boepd. The Company expects ultimate recovery of approximately 155,000 barrels of oil and 1.3 Bcf gas from Rex-4.

The drilling of Rex-4 represents the most significant immediate cashflow growth opportunity for Whitebark when ranked against others identified in the strategic review of the field and operations. At the current oil price (US\$100 – US\$120 per barrel WTI), Whitebark could increase its net operating income by C\$5.1 – C\$6.2 million within 12 months from Rex-4 production (Figure 2). The Company aims to self-fund Rex-5 development in early 2023.

### **Whitebark Interim CEO, Dr Simon Brealey, commented:**

*“We are extremely excited to announce the anticipated spud date of the Rex-4 development well, and the achievement which this represents so rapidly after our successful reinstatement onto the ASX. I am confident in the team’s ability to put into effect the lessons learnt from the wellbore management practices of previous wells and apply them not only at Rex-4 but at subsequent wells, as the Wizard Lake asset becomes capable of self-funding two to three new wells per year. I believe that revised production and reserve assumptions adopted in our economic analyses reflect realistic, deliverable outcomes from our development program, and I am proud to be part of this growth period for the Company.”*

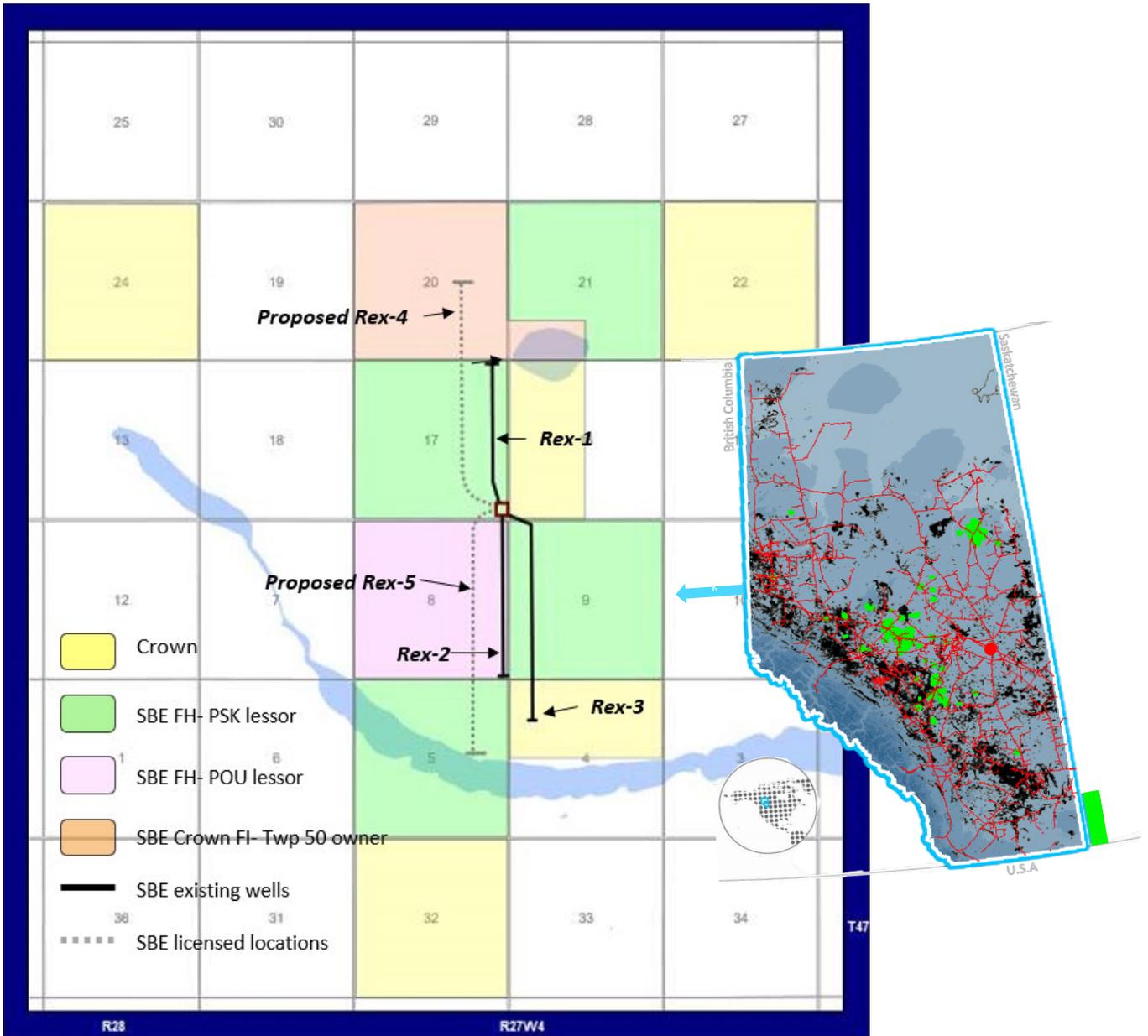


Figure 1 – Wizard Lake oil and gas field - location of existing and proposed wells

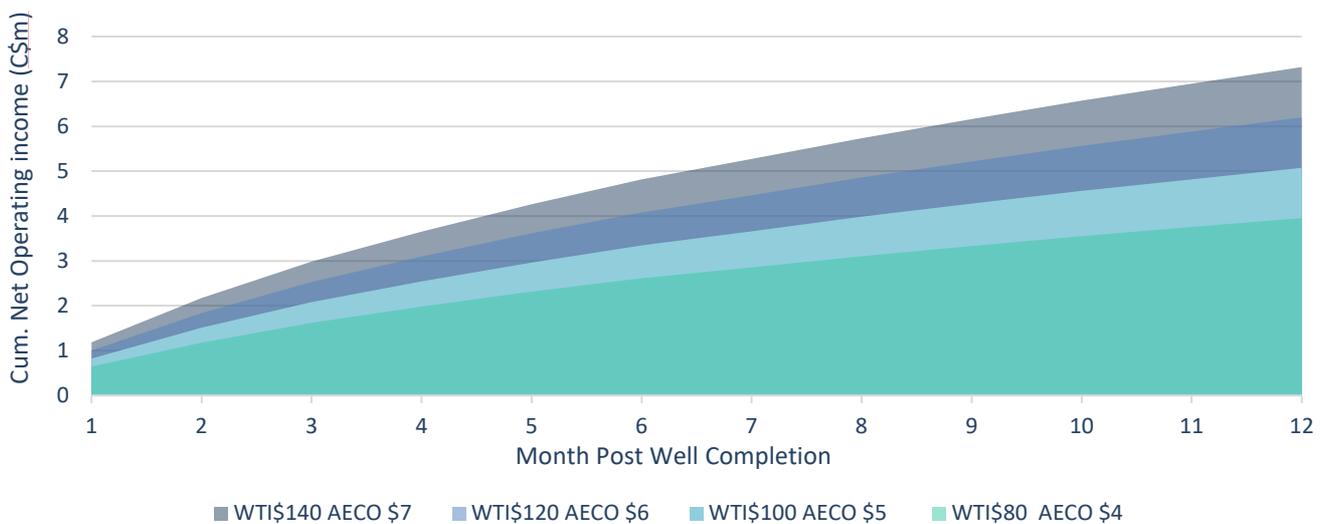


Figure 2 – Rex-4 potential net cashflow scenario analysis

## Wizard Lake Oil and Gas Field – Background

The Rex Sandstone Member producing horizon, interpreted as a channel sandstone facies, is at 1,403m-1,455m True Vertical Depth (TVD) as defined by wells Rex-1 through Rex-3, was first discovered at Wizard Lake by Rex-1 in December 2018. The Rex-1 horizontal section lies at ~1,415m TVD and is 1,200m in length with 27 fracture stages. Rex-2 was drilled in mid-2019, with a horizontal section 1,450m in length at between 1,415 and 1,430m depth, and 35 fracture stages. The Rex-3 (January 2020) lateral section demonstrates the greatest depth variation (1,412-1,450m TVD) without breaching the channel floor or ceiling and demonstrates the reservoir sand thickness. The horizontal section is 2,100m in length and has 46 fracture stages. Top reservoir was encountered at 1,403m TVD and the well demonstrates a 50m oil column with no transition zone observed. All three were successful and are currently on production with total production of approximately 140,000 barrels of oil and 1.0 bcf of gas to date.

## Rex-4 Development Well

The Rex-4 well will target essentially virgin reservoir pressure to the north of the Wizard Lake well pad, adjacent and to the north-west of the Rex-1 well location (Figure 1).

Whitebark plans to drill Rex-4 to a TVD of 1,415m with a 2,400m horizontal section and 50 fracture stimulation stages to obtain estimated ultimate recoverable reserves of approximately 155,000 barrels of oil and 1.43 Bcf gas. The Company has contracted Star Valley to mobilise a rig to site by 4 July 2022 and expects to reach TD within 14 days. This will allow the Company to confirm oil saturation prior to commencing fracture stimulation activities. Well completion is expected in Q3 FY23 and initial (post clean-up) production forecasts are modelled at 300 bopd plus 1,400 mscfg/d in the first month (533 boepd) to allow for natural fracture healing and a longer and more productive well life.

At WTI crude prices of US\$80-US\$140 per barrel, and Alberta gas prices (AECO) of C\$4-C\$8 per mcf, the first 12 months of production from Rex-4 is expected to generate netback operating income of C\$4.0-C\$7.3 million (Figure 2). The Rex-4 well is expected to pay for itself within 6 months at modest commodity pricing assumptions and generate sufficient free cash to drill the Rex-5 well from self-generated funds by Q1 2023 (ie. prior to the spring thaw in Canada).

A nearby analogue exists at Calima Energy Limited's Thorsby Field, the nearest geographic and stratigraphic oil and gas producer. Thorsby is located 15kms north-west of Wizard Lake, and exploits the Sparky Sand Member which immediately overlies the Rex Sand Member and is a reasonable geological analogue in terms of channel sand reservoir facies. Initial production rates (during clean-up) from Calima's Leo-1 to Leo-3 wells are reported as 270-460 boepd<sup>1</sup>. Ultimate recovery for the Leo wells is forecast to be approximately 154,000 barrels of oil equivalent per well compared to Rex forecast of 155,000 barrels of oil plus 1.2 bcf gas (350 boe/well).

## Additional Upside

It is planned for the next five Wizard Lake wells (Rex-4 through Rex-8) to address existing Proved ("1P") Reserves which is calculated to be 2.4 million barrels of oil equivalent<sup>2</sup>. The Company plans to drill and complete all five wells from the existing well pad without further infrastructure investment required. The Company has identified 20 additional development locations which will target the remainder of the Company's 2P reserves (5.0 million barrels of oil equivalent in total)<sup>2</sup>.

Spud of new wells presents the opportunity for the drilling of a vertical exploratory hole (to be plugged back and kicked-off as a horizontal development well into the reservoir). An exploratory hole would allow for the acquisition of a full electronic logging suite (gamma ray, resistivity, sonic), sidewall core reservoir data, and an exploration of deeper potential development targets from which light oil has been successfully produced in the local area (the Glauconitic Sands and Eilerslie Formation). The completion of an exploration well will depend on Company free cash flow and market conditions in the medium term.

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

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<sup>1</sup> As per Calima Energy Limited ASX announcement "Thorsby Leo Wells – Production Commenced", released 17 November 2021

<sup>2</sup> As per Whitebark Energy Limited ASX announcement "2021 Reserves and Contingent Resources Report", released 27 October 2021

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**About Whitebark Energy Limited**

Whitebark Energy Limited (ASX:WBE) (“Whitebark” or the “Company”) is an ASX-listed exploration and production company featuring low cost oil and gas production in Canada, operated by its wholly-owned subsidiary Rex Energy (Rex); 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.

**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.