

Quarterly Activity Statement

30 October 2017

Highlights

Xanadu Oil Discovery

- Xanadu Discovery well drilled and tested in September;
- Oil analysis confirms API oil gravity of 34.7°, no H₂S and extremely low levels of CO₂;
- Key initial findings indicate oil volumes may be present up-dip and down-dip from the discovery well;
- Approvals for Xanadu-1 sidetrack received;
- Tenders for 3D seismic acquisition currently being received;
- JV anticipates active 1H 2018 program.

Canadian Operations – Point Loma JV (20%)

- Gross production for the quarter 63,700 boe;
- 9-18 Sparky drilled and stimulated, tie in planned for early November;
- 5-31 Nordegg well workover completed and tied-in; production has stabilised at 156 boe/day;
- 1-32 Ostracod well drilled and sidetrack planned to increase horizontal lateral section;
- Twelve sections (7,680 acres) of petroleum and natural gas (P&NG) leases and licences acquired which will enable development of significant Mannville, Nordegg and Banff oil targets in 2018;
- Gross production expected to increase to 1250 boe/day in December quarter.

Xanadu Oil Discovery, WA (WBE 15% WI)

Recent Activity

The Xanadu-1 discovery has confirmed the entrapment of oil in sands of the upper Irwin River Coal Measures in the structure, which lies immediately adjacent to the coastline in state waters, 40 km south of the township of Dongara. While analysis of the oil recovered from Xanadu-1 continues, initial results reveal the oil has an API gravity of 34.7° with no H₂S and extremely low levels of CO₂ (0.02%). The Xanadu crude is similar to the crude produced at the Cliff Head oil field and, upon development, is expected to receive similar pricing in the market. The minimal levels of CO₂ and no H₂S detected will enable the use of lower-cost and schedule efficient development options.



Figure 1 -Xanadu-1 oil and oil-cut mud recovered from 1576.9 mMDRT in the Irwin River Coal Measures "A" sand with the Schlumberger Saturn Probe tool. Oil samples from this zone have been sent for analysis in Perth.

All available data are currently being integrated to estimate the oil reserve potential of the Xanadu discovery. The data indicates that in addition to the potential up-dip, there is evidence that "down-dip" volumes may also be present (Refer ASX release dated 25 September 2017).

The JV is implementing a program to determine the best means to appraise the Xanadu discovery and options being considered are the acquisition of 3D seismic and/or the drilling of a sidetrack from the Xanadu-1 well.

The area is already covered by modern aeromagnetic and gravity data, which, when integrated with new 3D seismic data, will provide a detailed understanding of the Xanadu oil field. Acquiring 3D seismic data will allow a new well to be optimally placed, with the expectation of completing this well as a commercial producer, and assist in the positioning of any subsequent development wells. Preliminary feedback has indicated the seismic could be acquired in late Q1 2018.

A preliminary design for the sidetrack well is being advanced as further drilling activity has already been permitted and is now only subject to equipment availability and the final investment decision by the JV partners. Whitebark's commitment to future work will be equivalent to its working interest of 15%.

The JV will be making decisions on the details and order of the final work program once costings have been received and the analysis of the Xanadu-1 discovery well has been completed.

Background

The TP/15 Joint Venture was formalised following execution of the Farmin Agreement and Joint Venture Operating Agreement in May 2017. WBE's 20% share of the drilling costs will be approximately \$1.6m to earn its 15% WI. The 3C Group IC Limited and Triangle Energy (Global) Limited will each contribute 40% of the costs to each earn a 30% working interest, while Operator, Norwest Energy, was free carried for a 25% interest. The carry is limited to 110% of the approved well AFE.

TP/15 is located near Dongara in the offshore northern Perth Basin, Western Australia. The Xanadu Discovery is located at the southern end of TP/15 (see map). Xanadu-1 was successfully drilled using Enerdrill Rig 3 and reached TD on 17 September 2017

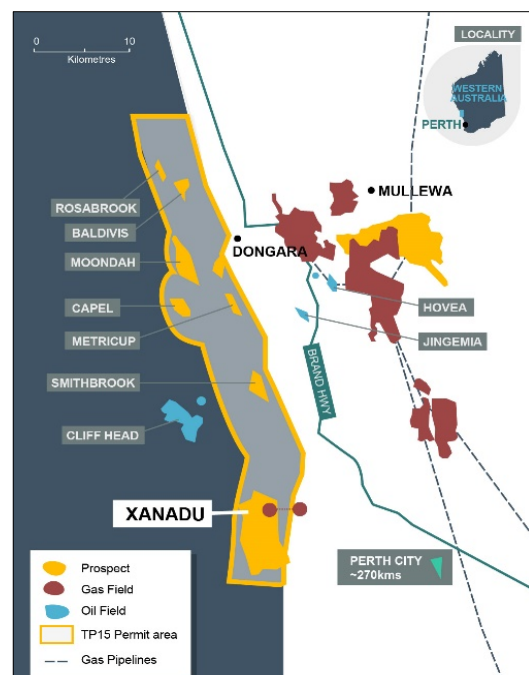


Figure 2- Xanadu-1 Location Map

The Xanadu prospect is an offshore target that was drilled from an adjoining onshore permit (EP413), also operated by Norwest, making access straightforward. The surface location for the well is situated on Crown Land with extinguished Native Title, and is outside the boundaries of any nature reserves.

Xanadu-1 targeted Permian sands at a depth of approximately 800 metres. Near-shore sands of the Dongara Sandstone represent the primary target, with secondary targets in the fluvio-deltaic Irwin River Coal Measures and the regressive marine sands of the High Cliff Sandstone.

The reservoir of interest is the top section of the Irwin River Coal Measures (IRCM). The Dongara Sandstone was not encountered in the well, with the IRCM found directly below the base of the Kockatea Shale at 854mTVDSS. Reservoir quality sands were encountered throughout the IRCM with porosities generally ranging from 15% to 16%.

Three discrete sand intervals (“A”, “B” and “C”) at the top of the IRCM have log-derived hydrocarbon saturations in excess of 40%. Fluorescence in rock cuttings observed while drilling and log-derived hydrocarbon saturations persist for 120m in sands below these upper zones but the lower intervals are water-bearing. MDT pressure sampling has established a high confidence water gradient and water was flowed and sampled via a wireline tool from the “B” sand despite the high oil saturation.

Reservoir Unit	Gross True Vertical Thickness (m)	Net Sand True Vertical Thickness (m)	Oil Saturation	Porosity	Net Pay (m)
“A”	7.7	4.6	66%	15%	4.6
“B”	6.0	2.8	46%	16%	N/A
“C”	4.3	2.7	41%	17%	N/A

Oil was pumped from the “A” sand utilising the Schlumberger Saturn pressure and fluid sampling tool and three downhole samples collected. Based on the log data, pressure points and recovered fluid samples, a lowest known oil depth of 871.8mTVDSS and a highest known water depth of 880.2mTVDSS have been established for the Xanadu Field.

Preliminary results at Xanadu-1 indicate that the assumption of the producing Cliff Head Oil Field being the primary analogue is correct.

Point Loma JV, Canada (WBE 20% WI)

Recent Activity

Recent drilling success in Canada is expected to see gross production increase to 1250 boe/day in the December quarter. This is in line with the strategy of the JV to double gross production over the course of 12 months.

5-31 Nordegg Recompletion – West Cove

The 5-31 Nordegg well was placed on production in early October 2017 and after initial production of between 100-200boe/day it has now stabilised at approximately 160 boe/day. It should be noted that this production is only from a short lateral intersecting the upper Nordegg, and it is expected that longer horizontal laterals would produce higher production rates. The well pad is configured for two additional wells, which would produce through the existing pipeline infrastructure enhancing the economics of future wells. (Refer ASX release dated 18 September 2017).

Below the Nordegg pool is the Banff oil target. 3D seismic is being considered to further delineate the pool and assist in evaluating the oil target. 5,760 acres of leases were recently acquired to secure the surrounding acreage on the Banff prospect.

9-18 Sparky Well - Thorsby

The recently drilled 9-18 horizontal Sparky well is currently undergoing stimulation prior to it being connected to the pipeline on the same surface lease as the previously drilled and tested Glauconite well. The two wells will flow to an area operator’s facility along a combined emulsion line. These wells are expected to provide a base for an additional four to six horizontal development drilling opportunities on existing P&NG leases. Production is still anticipated to commence in early November 2017. (Refer ASX release dated 18 September 2017).



Figure 3 - Thorsby

1-32 Ostracod Well - Paddle River

The 1-32 horizontal development well was drilled into the Ostracod A pool. As expected, the well encountered oil shows. The JV is planning to sidetrack the identified oil pay zone in November. (Refer ASX release dated 11 October 2017).

In addition, the previously announced, acquired horizontal oil well (drilled in 2014), is being transferred and expected to be placed on production in November. As noted previously, the JV is also exploring the re-activation or re-entry of the second well purchased in the transaction for the addition of further production. Two additional potential horizontal drilling opportunities are also supported on the acquired land.

Thornbury Development

A development plan has been filed to undertake construction of short connector pipelines to tie-in a number of stranded wells in the Thornbury area. Construction work is expected to occur during the first quarter of 2018. Capital investment of approximately CAD\$360,000 (gross) is required to reconnect approximately 2.0 mmcf/d of natural gas into JV operated facilities.

Background

On 23 May, 2017, Whitebark (as Transerv Energy) announced that it had executed the final documentation to acquire a 20% working interest in Point Loma Resources’ (TSXV:PLX) in Alberta and paid the final instalment of AUD\$2.69 million (CAD\$2.67 million).

Point Loma had captured a significant land position with over 228,000 net acres in a highly productive and prospective portion of West Central Alberta which has multiple oil and gas zones ranging in age from the Cretaceous Mannville to Mississippian Banff.

The acquisition includes land, property, equipment and production facilities including:

- Circa 65 producing wells and approximately 70MMcf/d in gas plant capacity (50MMcf/d spare capacity), compressors, tank farms, production facilities, pipelines and associated infrastructure.



Figure 4 - Canada Location Map

- Work done by Point Loma has identified over 300 drilling and completion opportunities on the existing lands.

Modest drilling depths throughout, and technological advancements associated with horizontal drilling, lead to strong economic returns due to low-cost wells (AFE \$1.5m to drill and frac typical well in the region) and close proximity to production facilities and easy access to market.

Point Loma has identified numerous production acquisition opportunities which will complement its existing holdings and result in, not only, increased production and reserves but will also drive down operating costs due to additional throughput and operating synergies.

Warro Gas Project

In September 2017, the West Australian State Government implemented a moratorium on fracking onshore in the state. An independent scientific inquiry has been implemented and is projected to take 12 months. During this time, the Warro Project is in a shut in and suspended state under an approved environmental management plan.

Warro Project Background

The Warro field lies 200km north of Perth in the Perth Basin and is one of the largest undeveloped onshore gas fields in Australia. The Warro reservoir section is about 3,750m below surface and has a thickness of approximately 500m. The gas is held within low porosity and low permeability Jurassic sandstones. The field is located 31km east of both the Dampier-to-Bunbury Natural Gas Pipeline and the Dongara-to-Perth Parmelia Pipeline.

The interest holders in the permits are currently Whitebark Energy (57%) and Alcoa Australia (43%).

Whitebark Energy's Planned Activities for the December Quarter

- Drill sidetrack from 1-32 Sparky well – Canada.
- Production to be brought on line in Canada from recent wells and acquisitions.
- Ongoing review of Canadian acquisition opportunities.
- Petrophysics, geomechanics and reservoir engineering studies on the Xanadu Discovery.
- Planning and permit submission for a proposed 3D seismic survey to map the Xanadu structure. Feedback from seismic contractors, environmental consultants and the Regulator indicate a possible acquisition window of late Q1 2018.
- Planning for a proposed sidetrack well from the Xanadu-1 location.
- Ongoing studies over the Xanadu structure and other TP/15 prospects.

Tenement Schedule

Canada

Area of Interest	WBE (Net Acres)	Location	Change during the quarter
Whitecourt	3,350.13	Alberta, Canada	No Change
Leaman	4,092.79	Alberta, Canada	No Change
Paddle River	12,904.22	Alberta, Canada	Acquired 1012.142 net acres during quarter.
Wildwood	6,831.77	Alberta, Canada	Acquired 442.812 net acres during quarter.
Thornbury	12,836.32	Alberta, Canada	No Change
Thorsby	2,399.54	Alberta, Canada	No Change
Other	3,381.67	Alberta, Canada	No Change
Totals	45,796.44		

Australia

Project	WBE (Net Acres)	Location	Change during the quarter
Warro JV – EP321	93,552	Western Australia	No change
Warro JV – RL6	36,480	Western Australia	No change
Warro JV – RL6	36,480	Western Australia	No change
Norwest JV – TP15	19,991	Western Australia	No change

Reserves & Resources Statement – Alberta, Canada

The table below is taken from Point Loma Resources Limited's year end reserve update released to the market on 27 February 2017. The update was carried out by independent Canadian Oil and Gas Consultant McDaniel and Associates Limited. The table was then extrapolated to reflect Net Reserves to Whitebark post Transaction. (Refer ASX release 11 April 2017).

Gross Reserves and Net Reserves to WBE post transaction

Reserve Category	Gross Barrels of Oil Equivalent ¹ (mboe)	WBE Net (mboe)
Proved		
Producing	1,866	373.2
Non-Producing	1,723	344.6
Undeveloped	335	67
Total proved	3,923	784.8
Probable	1,048	209.6
Total proved plus probable²	4,976	994.4

¹ Barrels of Oil Equivalent based on 6:1 for Natural Gas, 1:1 for Condensate and C5+, 1:1 for Ethane, 1:1 for Propane, 1:1 for Butanes.

² Pro-forma reserves - The above table is a summary of the combined estimated reserves as at December 31, 2016, based on the McDaniel reserve estimates of Point Loma, the Judy Creek properties and Ascent

The Qualified Reserves and Resources Evaluator Statement

The information in this report that relates to the oil and gas reserves of Point Loma Resources Ltd was compiled by technical employees of McDaniel and Associates Ltd, a leading independent Canadian Petroleum Consulting Firm, and subsequently reviewed by Mr Stephen Keenihan BSc (Hons) Geology/Geophysics, who have consented to the inclusion of such information in this report in the form and context in which it appears. Mr Keenihan is consulting to the Company and has more than 40 years' relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). The reserves included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE) / World Petroleum Council (WPC) / American Association of Petroleum Geologists (AAPG) / Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The sources of information included in this report are based on, and fairly represent, information and supporting documentation reviewed by Mr Keenihan. Mr Keenihan is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears. Mr Keenihan holds shares and options in, and is a Director of, Whitebark Energy Ltd.

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 that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

WHITEBARK ENERGY LIMITED

ABN

68 079 432 796

Quarter ended ("current quarter")

30 September 2017

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	-	-
1.2 Payments for		
(a) exploration & evaluation	(855)	(855)
(b) development	-	-
(c) production	-	-
(d) staff costs	(207)	(207)
(e) administration and corporate costs	(524)	(524)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	57	57
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – Carnaby receivable settlement	69	69
1.9 Net cash from / (used in) operating activities	(1,460)	(1,460)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	4	4
(b) tenements (see item 10)	-	-
(c) investments	247	247
(d) 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	251	251

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	7	7
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	7	7

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,858	4,858
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,460)	(1,460)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	251	251
4.4 Net cash from / (used in) financing activities (item 3.10 above)	7	7
4.5 Effect of movement in exchange rates on cash held	4	4
4.6 Cash and cash equivalents at end of period	3,660	3,660

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	1,594	818
5.2 Call deposits	2,066	4,040
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)	3,660	4,858

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
246
-

Directors fees and consultant fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	820
9.2 Development	1,100
9.3 Production (net of cost)	(340)
9.4 Staff costs	200
9.5 Administration and corporate costs	370
9.6 Other	-
9.7 Total estimated cash outflows	2,150

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Alberta, Canada: -Paddle River	Net acres acquired 1,012.14	0%	100%
	-Wildwood	442.81	0%	100%

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.

Sign here:



Date: 30 October 2017

Company Secretary

Print name: Kevin Hart

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.