



Quarterly Activity Statement

30th January 2018

Summary

Whitebark Energy Ltd is pleased to report a robust second quarter with the average daily production for December of approximately 275 boe/d from its Canadian JV (up from 150boe/d), confirmation of its Xanadu oil discovery in the Perth Basin and \$3m cash to fund its active work program and acquisition strategy.

Highlights

Canadian Operations – Point Loma JV (20% WI)

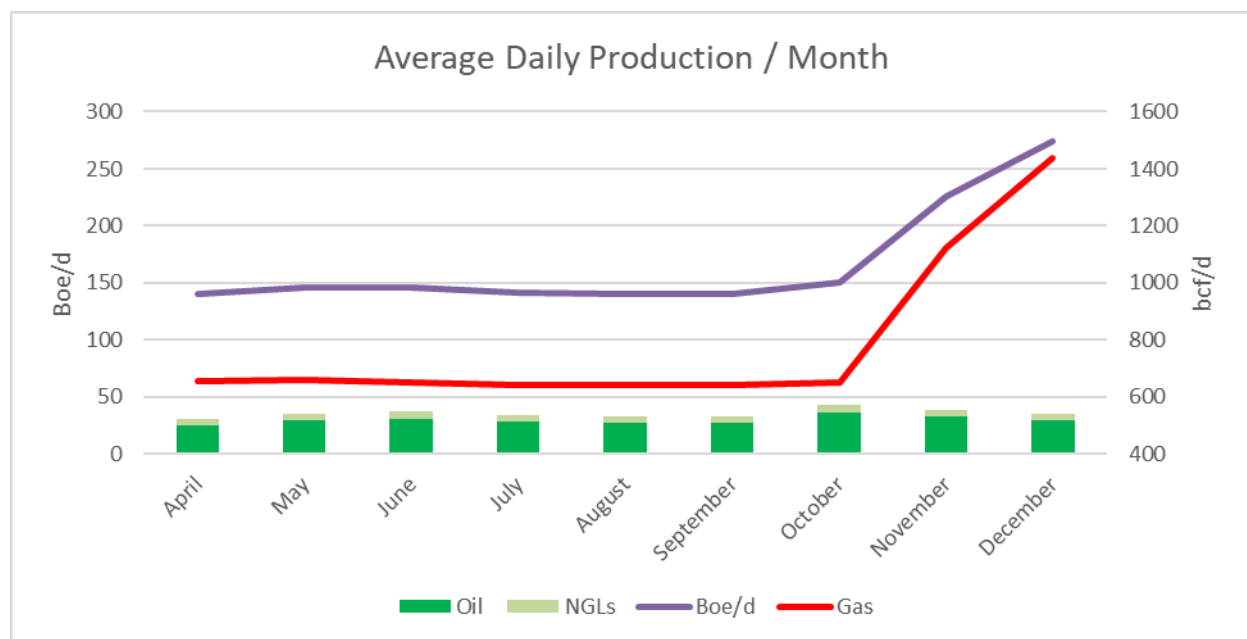
- WBE Net production from Point Loma JV (“PLJV”) peaked at 300 boe/d during December finishing the month with an average daily production of 275 boe/d.
- Paddle River Area
 - 5-31 well recompletion placed on production in October with initial production between 100 and 160 boe/d with the average daily production for the quarter of 70 boe/d.
 - Acquired 12-4 well placed on production in the second half of October with current production rate of approximately 100boe/d (constrained).
 - 1-32 Ostracod well drilled with strong shows: over 2000 gas units and visible oil staining. Well sidetrack is planned to increase horizontal lateral section.
 - JV secures 100% of Ostracod oil pool via acquisitions.
- Thorsby Area
 - Pipeline completed to tie in 11-18 Glaucinite well to facilities with production commenced at over 1mmcf/d (167boe/d).
 - 9-18 Sparky well drilled and stimulated with cleanup testing through 18-59 pipeline.
- Thornbury Area
 - Gas well reactivation project commenced in December to unlock approximately gross 1.7 mmcf/d from previously producing wells.
- Leaman Area
 - LOI executed with Tidewater Paddle River Gas Plant to process gas through its 60mmcf/d deep cut facility. As wells are brought back on line over 6-9 months an increase in gross production of approximately 2mmcf/d is expected.
- Twelve sections (7,680 acres) of petroleum and natural gas (P&NG) leases and licences acquired adding significant Mannville, Nordegg and Banff oil targets in 2018
- 18 additional drilling opportunities added to inventory as a result of current drilling programs and land acquisitions
- Data review has identified the Duvernay Oil Shale play in 16,524 acres of JV land

Xanadu Oil Discovery – Norwest JV (15%)

- Xanadu Discovery Report lodged with DMIRS on 20 December 2017
- Oil analysis results confirms API oil gravity of 34.7°, no H₂S and extremely low levels of CO₂
- Approvals for Xanadu-1 sidetrack received
- Approvals documentation for proposed 3D seismic survey submitted

Production Summary

Net Average Daily Production by Month



Recent Activity

Canadian Operations – Point Loma JV (20% WI)

Paddle River Area

Acquisitions

Over the third and fourth quarter, the PLJV made three acquisitions in the core Paddle River area, which is now 100% owned by the PLJV (refer to Figure 1). This enables the PLJV to add significantly to production by reactivating stranded wells, drilling and bringing on new wells and undertaking well workovers. This will allow the PLJV to optimise field performance without the requirement to seek third party approvals (Refer ASX release dated 9 November 2017).

The first acquisition included two horizontal wells and the associated 640 acre section and was finalised prior to year end allowing field operations to commence. The JV re-entered the 12-4 well which intersected the Ostracod pool in an updip position but had never been produced. The well is currently yielding approximately 100boe/d. The JV is also exploring the re-activation or re-entry of the second well purchased in the same transaction to add additional production. Two additional opportunities for horizontal drilling on the land acquired are also being considered.

Agreements were signed to acquire associated residual interests for C\$325,000 (gross), adding 100,000 barrels of oil to reserves as well as control of surface facilities and an adjacent section (640 acres) for C\$50,000.

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

5-31 Nordegg Recompletion

The 5-31 Nordegg well in the Paddle River area was placed on production in October 2017 with initial production between 100-160boe/d. 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 a higher result. 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 24 October 2017).

In addition to the Nordegg pool, the area also has an underlying Banff oil target. 3D seismic is to be acquired to further delineate the Nordegg pool and assist in evaluating the deeper oil targets. A further 5,760 acres of leases over surrounding acreage were recently acquired to secure the Nordegg and Banff potential.

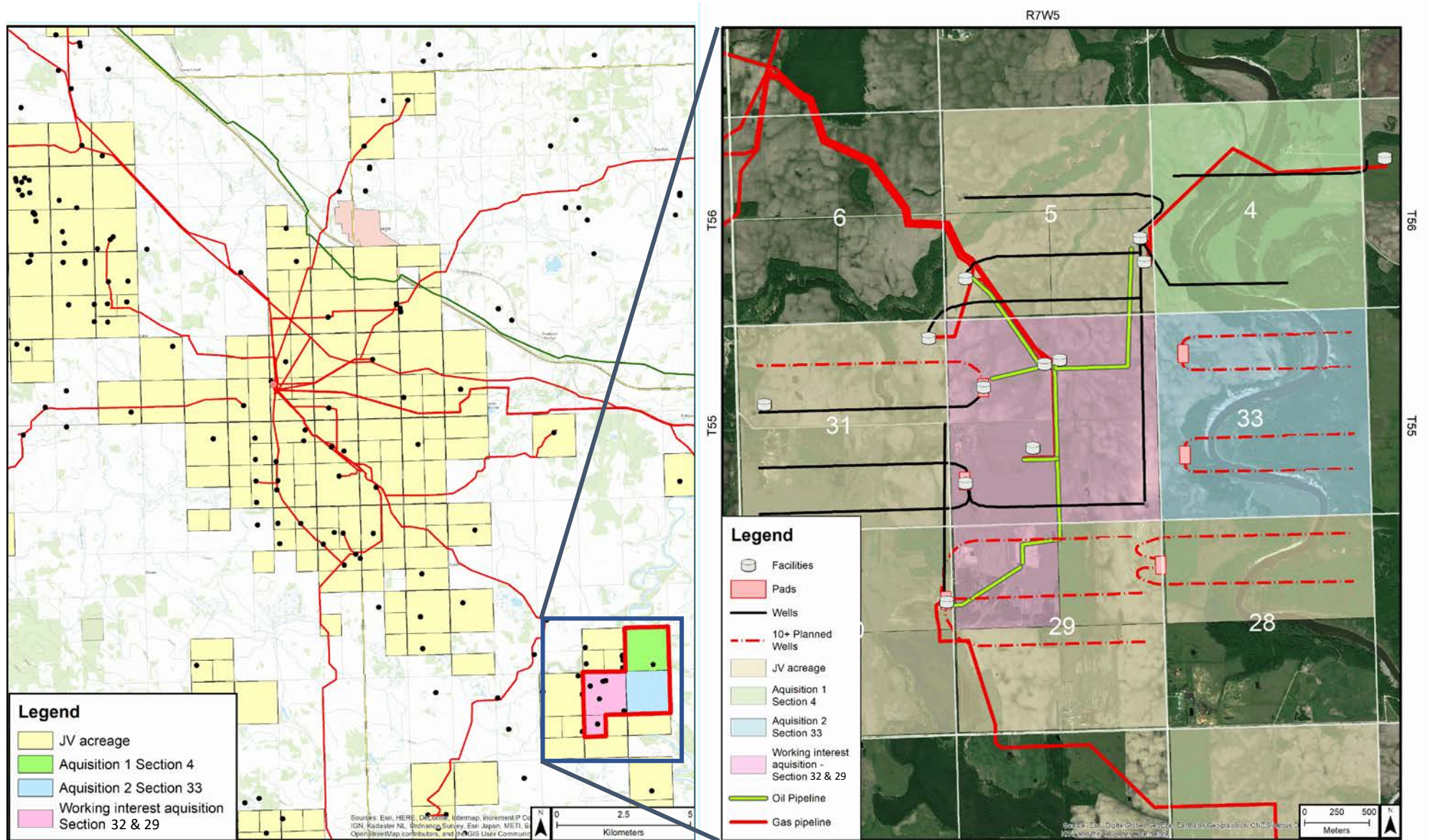


Figure 1 - Point Loma JV Acreage and Details of Recent Paddle River Project Area Acquisition

Thorsby Area

11-18 Glauconite and 9-18 Sparky Wells

A pipeline to connect these wells to a nearby facility, as a combined emulsion line, was finished by year end allowing production from 11-18 well to commence at approximately 1mmcf/d (167 boe/d). WBE have an 80% interest in this well until payout of the associated pipeline cost. The 9-18 horizontal Sparky well was drilled and stimulated in the quarter. This well is currently on an extended flow test and WBE holds no interest in this well until the full results are known.



Figure 2 - Thorsby

Thornbury Area

Well reactivation

A development plan was filed to undertake construction of short connector pipelines to tie-in approximately 15 stranded wells in the Thornbury area. Construction work is underway after earthworks commenced in December 2017. Capital investment of approximately CAD\$700,000 (gross) is required to reconnect approximately 1.7 mmcf/d of natural gas into JV operated facilities.

Leaman Area

Well Reactivation

The PLJV recently executed a Letter of Intent (“LOI”) with Tidewater Midstream and Infrastructure Ltd to process gas through its deep cut Paddle River Gas Plant. The arrangement includes the recommissioning of a series of key pipelines which will enable the reactivation of 15-20 existing wells by the PLJV. The program will be rolled out in four stages, unlocking key areas in the PLJV. In addition to bringing on stranded wells, the facility’s ability to strip valuable liquids from the gas increases the level of liquids production of the PLJV and improves well economics.

Once all the wells are reactivated the PLJV expects up to 4mmcf/d of gas and 150bbbls/d of liquids (816 boe/d) of its production to be processed through the facility (this includes existing production being redirected as well as new production).

In addition, the PLJV has identified four recompletion opportunities that have the potential to increase production and add to the horizontal drilling inventory in the area.

West Shale Basin Duvernay Land Position

The PLJV has established a 16,524 acre land position within the oil rich, Duvernay west shale basin that has been the focus of recent Alberta Crown land sale activity. The JV will continue to evaluate offset activity in the Duvernay as it relates to JV lands.

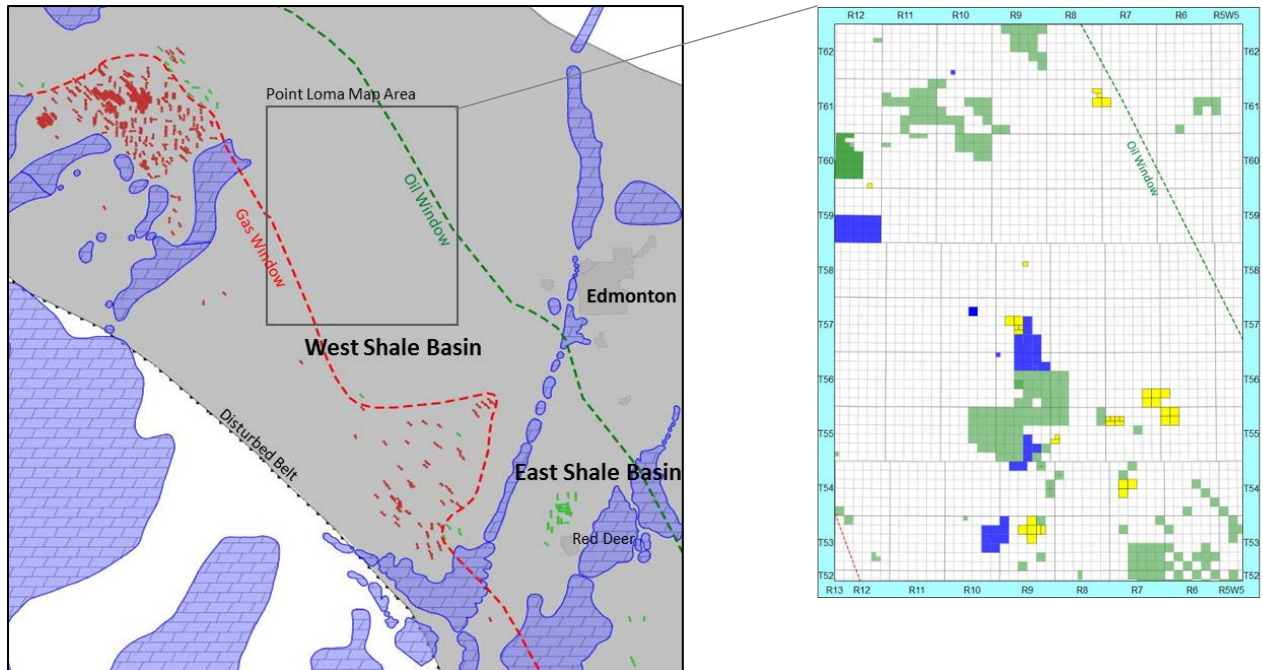


Figure 3 - JV Assets in Duvernay Shale Basin

Future Work Program

Following successful fundraising programs by both WBE and Point Loma Resources in Q4 2017, the PLJV has confirmed its work program for the first half of 2018.

The program has been developed with the objective of increasing and optimising production by a combination of drilling wells, well workovers and well reactivations. The acquisition of a 3D seismic program at West Cove is expected to not only provide additional Nordegg development well locations but also provide new well locations in a high potential Banff oil play.

Production Outlook

The H1 2018 work program is expected to increase gross production by approximately 900 boe/d to between 1800 and 2000 boe/d by June 2018 (circa 400-450 boe/d net).

Xanadu Oil Discovery, WA (WBE 15% WI)

Recent Activity

Norwest Energy Ltd (Operator) lodged the Xanadu Discovery Report with the DMIRS on 20th December 2017.

The approvals documentation for the proposed 3D seismic survey is currently being completed. The timing of this seismic survey will be dependent upon Joint Venture and regulatory approvals, however the Operator believes it may be possible to achieve this milestone before the end of the first quarter of Calendar Year 2018.

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.

The Xanadu crude is similar to the crude produced at the adjacent Cliff Head offshore oil field which provides processing options at the onshore refinery 12km to the north of the discovery.

All available data is currently being integrated to estimate the range of total crude-oil in the Xanadu structure. The data indicates that in addition to the potential of the up-dip structure previously announced, there is now evidence that “down” structure volumes are also present within the currently mapped Xanadu prospect.

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 the 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 to maximize production, with the expectation of completing this well as a commercial producer and assisting in the positioning of any subsequent development wells.

Whitebark’s commitment to future work will be equivalent to its working interest of 15%.

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 during the fourth quarter of 2017, the expected conclusion date was amended from 2018 to 2020. During this time, the Warro Project is in a shut in and suspended state under an approved environmental management plan.

In early November, Whitebark Energy noted the announcement by the Federal Minister for the Environment and Energy, the Hon Josh Frydenberg MP, regarding the appointment of ACIL Allen, in conjunction with GHD, to undertake a pre-feasibility study (PFS) on the economic potential of a West-East Gas Pipeline.

The PFS is assessing the viability of constructing a natural gas pipeline to provide additional gas supplies and increase competition in the east coast gas market.

Whitebark Energy supports the PFS and the potential for the West-East Gas Pipeline as a catalyst to opening up demand for gas from its 57% owned Warro Project. The Warro Project, located northeast

of Perth, has 8-10 trillion cubic feet (Tcf) in place and potentially 1.7 – 3.6 Tcf of recoverable gas (Refer ASX announcement 19 November 2015).

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%).

Planned Activities for the March 2018 Quarter

- Thornbury Reactivation Project Commenced – should increase production by 1.7mmcf/d.
- Drilling program confirmed for H1
- Well workovers in existing producing areas during H1
- LOI executed with Tidewater Paddle River Gas Plant to process gas through their 60mmcf/d deep cut facility.
- Up to 15-20 wells to be brought back on stream over a six-month period as pipelines are recommissioned - gross production is expected to increase by around 2 mmcf/d and 100 bbl/d of liquids.
- 3D Seismic Acquisition Program confirmed over Banff play.
- 3D Seismic Acquisition over the Xanadu field oil discovery.

Corporate

Share Placement Raised \$1,850,000

Whitebark Energy Limited (“Whitebark” or “the Company”) announced on 15 November 2017 that firm placement commitments have been received from professional and sophisticated investors to raise approximately A\$1,850,000 before costs.

The placement of circa 154 million ordinary fully paid shares at A\$0.012 (1.2 cents) was completed pursuant to the Company’s 15% placement capacity under ASX Listing Rule 7.1 (70,640,234 shares) and the additional 10% placement capacity under Listing Rule 7.1A (83,526,433 shares).

Funds raised pursuant to the share placement will be used to fund the Company’s acquisition and drilling plans and for general working capital. DJ Carmichael Pty Limited acted as Lead Manager to the issue.

AGM – 16 November 2017

The Whitebark Energy Ltd Annual General Meeting was held on 16 November 2017. The results of the meeting were lodged with the ASX later the same day.

Tenement Schedule

Canada (Net Acres)

Area	December Quarter	September Quarter	Acquired	Relinquished	Reallocated*
Whitecourt	4,950	3,350	0	282	1,881
Leaman	10,766	4,092	525	2,269	8,417
Paddle River	7,202	12,904	381	0	-6,082
Niton	640	6,831	0	2,048	-4,142
Thornbury	12,800	12,836	71	0	-106
Thorsby	126	2,399	0	2,015	-257
Other	2,016	3,381	0	1,656	290
Totals	38,500	45,793	977	8,270	

*During the quarter area boundaries have been changed within the existing portfolio

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

Project background information

PLJV, Canada

On 23 May, 2017, Whitebark (as Transerv Energy) announced that it had completed the acquisition of a 20% working interest in Point Loma Resources' (TSXV:PLX) assets 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.
- Work done by Point Loma has identified over 300 drilling and completion opportunities on the existing lands.



Figure 4 - Canada Location Map

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 frack a 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 also drive down operating costs due to additional throughput and operating synergies.

Xanadu Oil Discovery, WA

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 and testing costs were approximately \$1.6m to earn its 15% WI. The 3C Group IC Limited and Triangle Energy (Global) Limited each contributed 40% of the costs to each earn a 30% working interest, while Operator, Norwest Energy, was free carried for a 25% interest. The carry was 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

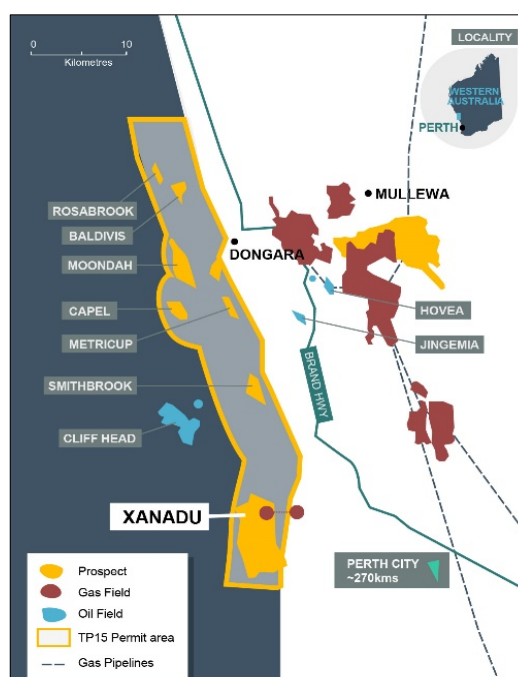


Figure 5- Xanadu-1 Location Map

The Xanadu prospect is an offshore target that was drilled from an adjoining onshore permit (EP413), also operated by Norwest, making access straight-forward. 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%. (Refer ASX release dated 25 September 2017)

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.

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.

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.

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")

31 December 2017

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	370	370
1.2 Payments for		
(a) exploration & evaluation	(625)	(1,480)
(b) development	(1,041)	(1,041)
(c) production	(320)	(320)
(d) staff costs	(222)	(429)
(e) administration and corporate costs	(506)	(1,030)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	73
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	(7)	62
1.9 Net cash from / (used in) operating activities	(2,335)	(3,795)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(21)	(21)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	10	14
	(b) tenements (see item 10)	-	-
	(c) investments	-	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	(11)	240

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,862	1,862
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	(126)	(126)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	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	1,736	1,743

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,660	4,858
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,335)	(3,795)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	240
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,736	1,743
4.5	Effect of movement in exchange rates on cash held	6	10
4.6	Cash and cash equivalents at end of period	3,056	3,056

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	1,997	1,594
5.2 Call deposits	1,059	2,066
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)	3,056	3,660

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
175
-

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	30
9.2 Development	890
9.3 Production (net of cost)	(310)
9.4 Staff costs	200
9.5 Administration and corporate costs	770
9.6 Other	-
9.7 Total estimated cash outflows	1,580

Mining exploration entity and oil and gas exploration entity quarterly report

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 -Leaman -Thornbury -Whitecourt -Leaman -Niton -Thorsby -Other	Net acres acquired 381 525 70.6 Net acres relinquished 281.2 2269 2048 2015 1655.8	0% 0% 0% 100% 100% 100% 100% 100%	100% 100% 100% 0% 0% 0% 0% 0%

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 January 2018

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

Mining exploration entity and oil and gas exploration entity quarterly report

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.