



**ABN 68 079 432 796**

Condensed consolidated interim financial report  
for the six months ended

31 December 2020

[Directors' report](#)

The Directors present their report together with the consolidated financial report for the half-year ended 31 December 2020 and the review report thereon.

**Directors**

The Directors of the Consolidated Entity at any time during or since the end of the half-year to the date of this report are:

Charles Morgan	Chairman
David Messina	Managing Director – Resigned 3 <sup>rd</sup> March 2021
Stephen Keenihan	Executive Director – Resigned 3 <sup>rd</sup> March 2021
Duncan Gordan	Director – Appointed 3 <sup>rd</sup> March 2021
Matthew White	Director – Appointed 3 <sup>rd</sup> March 2021

**Company Secretary**

Kevin Hart – ceased 10<sup>th</sup> June 2021

Kaitlin Smith – appointed 10<sup>th</sup> June 2021

**Company Overview**

Production revenue (net of royalties) for the half year was \$1,343,517 (31 December 2019 restated: \$1,085,348). The total comprehensive loss for the half year was \$13,473,013, including an impairment charge of \$10,312,562 on its property, plant and equipment (31 December 2019 restated: Loss \$1,542,883).

Refer to note 24 for the detailed discussion on transactions subsequent to 31 December 2020.

At the end of the half-year the Company had \$908,136 (30 June 2020: \$1,115,951) in cash and at call deposits. Capitalised exploration and evaluation expenditure was \$21,159 (30 June 2020: \$22,232) and developed and producing plant and equipment was \$3,227,744 (30 June 2020: \$14,723,988).

Refer to note 2(a) for the detailed discussion on going concern.

As at 31 December 2020, 4,063,125,551 ordinary shares (30 June 2020: 3,040,215,371), no listed options (30 June 2020: 602,320,367) and 236,300,000 unlisted options (30 June 2020: 248,800,000) were on issue.

Subsequent to the period end, 153,500,000 unlisted options lapsed.

Refer to note 7 for the detailed discussion on the restatement of half-year ended 31 December 2019's consolidated statement of profit or loss and comprehensive income.

## Review of Operations

### Canadian Operations

#### H1 2020/2021

#### Wizard Lake Rex Oil Field (WBE 100% WI AT 31 DECEMBER 2020)

##### Production

Production for the half year ended 31 December 2020 was 67,192 bbls oil and 229,463 mcf gas which averaged 163 bbls of oil per day and 1,257 mcf/d gas, equating to approximately 365 boe/d. Over the final month of the half, production averaged 111 bbls oil/d and 1,321 mcf/d which equates to 332 boe/d.

##### Operations

**Rex-3:** In July the insert pump and rods were run into the well, with the pump being landed at a 70% tangent at ~1400mSS. The pump was subsequently moved up-hole to 1200mSS after high draw-down resulted in sand influx to the well bore.

**Rex-2:** In September a workover was conducted to address a rod failure (broken scrapers). The pump and the lower part of the rods were replaced. A clean-out of the toe of the well was conducted and ~8.5m<sup>3</sup> of frac. sand was recovered from the toe-half of the well. No evidence was seen of corrosion.

**Rex-1:** In November a workover was conducted following a pump tubing failure. The pump and lower portion of the tubing were replaced. A casing gas compressor was installed in late December.

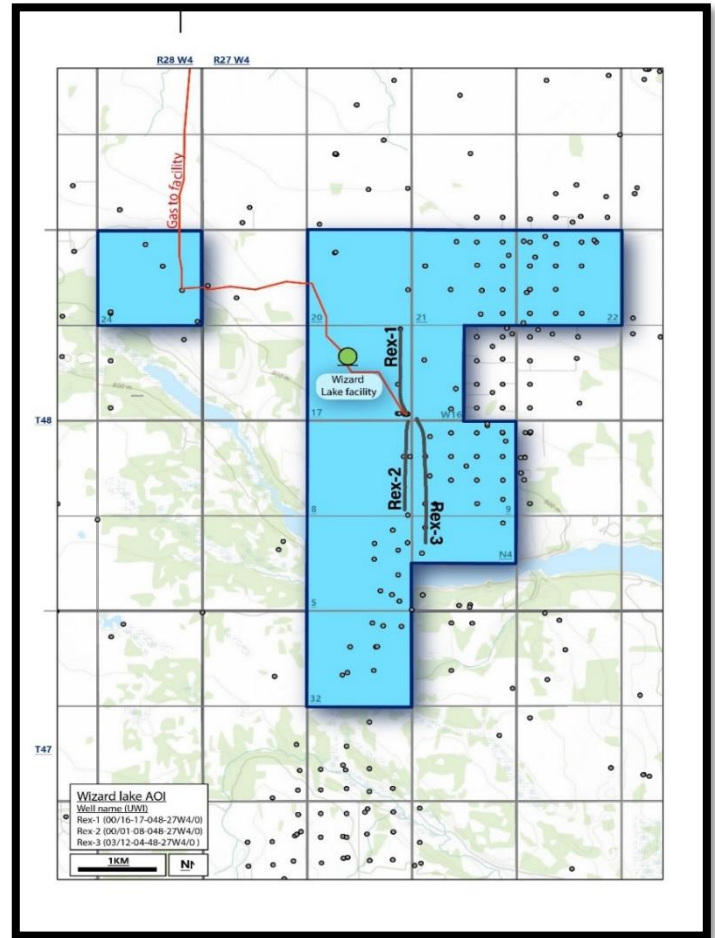


Figure 1 - Wizard Lake wells, pipeline and land map

## Western Australian Operations – Warro Gas Project (WBE 100% WI)

The Company commenced a formal divestment process for its Warro Gas Project during September 2020. The decision to divest is a culmination of a strategic review of the asset over the previous 12 months together with increased interest in the project in the current WA gas market.

Recent activity in the Perth Basin presents opportunities to further investigate this massive gas field as an onshore option to shore up domestic gas supplies. Successful outcomes from this process may include farm-in, outright sale or an alternative transaction structure and discussions continue with a limited number of companies.

The Warro gas field is located in Retention Lease 7, 200 kilometres north of Perth and is 100% owned by Whitebark. The project is ideally located just north of the large ~650 Terajoule per day Perth market and is 30km east of both the Dampier-Bunbury Natural Gas Pipeline and the Dongara-Perth Parmelia Pipeline which gives full access to the 1,200 Terajoule per day Western Australian gas market.

The Warro project continues to be in care and maintenance, awaiting Government guidance on the regulatory changes to be made to implement the recommendations of the Fracking Inquiry.

## Climate Change

The Company recognises climate-related risks and the need for these to be managed effectively particularly across the energy industry.

Key climate-related risks and opportunities relevant to the Company's operations include:

- The transition to a low carbon economy through technological improvements and innovations that support a lower carbon energy efficient system with decreased demand and changing community sentiment for fossil fuels. In addition, there is increased time and cost associated with regulatory bodies granting approvals or licences on fossil fuel intensive projects. Transition to a lower carbon economy also gives rise to opportunity for the Company's gas production assets. Natural gas is viewed as a key element to supporting a sustainable energy transition.
- Physical changes caused by climate change include increased severe weather events and chronic changes to weather patterns which may impact demand for energy and the Company's production assets and production capability. These events could have a financial impact on the Company through increased operating costs, maintenance costs, revenue generation and sustainability of its production assets.
- Policy changes by governments which may result in increasing regulation and costs which could have a material impact on the Company's operations.

The Company is committed to continually improve climate change related disclosures as processes and understanding of climate change related matters improve alongside the Company's activities and operations.

## Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and the Company continues to safeguard its staff and business operations while maintaining production from the Wizard Lake oilfield.

In this period of heightened uncertainty, it is not practicable to estimate the full extent of the potential impact and recovery from COVID-19 for the period after the reporting date. The Company will continue to monitor any future consequences due to the potential uncertainty in the medium to long term.

## Corporate

### Capital Raisings

The Company completed a 1 for 3 non-renounceable entitlement offer on 17 August 2020. The offer was partially underwritten to c\$1.7m by Baker Young Ltd, a third party based in Adelaide and fully subscribed after placement of the shortfall, raising \$3.04m (before costs).

## Events Subsequent to 31st December 2020

### Trading Halt, Suspension and Wizard Lake Oil Field

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.

On 13 January 2021, Whitebark's wholly owned Canadian subsidiary, Salt Bush Energy Ltd (SBE) 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"). 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 had the effect of imposing an automatic stay of proceedings ("Stay") that protected SBE and its assets from the claims of creditors while the Company pursued this objective. The initial Stay period of 30 days was extended by court order, during which time SBE assessed its ability to restructure its business.

Pursuant to the Notice of Intention, Deloitte Restructuring Inc was appointed as the proposal trustee in SBE's proposal proceedings and assisted SBE in its restructuring efforts. The Wizard Lake oil and gas project was offered for sale by Deloitte Restructuring Inc. via a competitive bid process. During this process, SBE continued to operate the asset in the normal course of business.

WBE was the largest SBE creditor, representing approximately 83.5% of the total SBE creditors. WBE via a Canadian subsidiary "Iron Bark Energy" (IBE) submitted a bid for the Wizard Lake asset which, in effect, offered a net purchase price of C\$0.3 million (\$AU 341,563) after a waiver of SBE's outstanding debt with WBE of C\$1.7 million (\$AU 1,808,975). This effectively valued the Wizard Lake asset at a purchase consideration of C\$2 million (\$AU 2,150,538).

The bid was successful and WBE gained effective control of the Wizard Lake oil and gas project via SBE using a reverse vesting order mechanism ("RVO") on 19 May 2021. The RVO process meant that IBE was not used to purchase the asset and it stayed resident in SBE. As part of this process, all SBE creditors, with a total amount of C\$19.6 million as at 19 May 2021 (C\$20.2 million as at 31 December 2020 before repayment subsequent to reporting date) were transferred to a third-party residual company along with any residual SBE cash resulting in SBE no longer having any obligation to settle these creditors. Oversight of the Trustee was withdrawn as part of the transaction effective, 19 May 2021, SBE is now back under the full and effective control of WBE.

### Capital Raisings

The company has raised \$AU 310,000 before costs via a share placement which was completed on 26 May 2021. The company has issued 310,000,000 Ordinary Shares (the "Ordinary Shares") to investors at a price of \$0.001 per ordinary share.

Under the Placement, shareholders received one free attaching Option for every two shares subscribed for, which will be exercisable at \$0.002 per share with a two-year expiry. A total of 155,000,000 options were issued to participating shareholders. The placement was completed pursuant to the company's 15 % placement capacity under Listing Rule 7.1.

Placement proceeds have been used as follows:

- Repurchase the Wizard Lake Oil Field via WBE subsidiary, Saltbush Energy – Royal court of Alberta has approved on 19 May 2021 Whitebark's bid for CAN\$2m including CAN\$1.7m worth of debt relinquishment and CAN\$0.3m worth of cash, and therefore have retained the asset
- Fund working capital requirements whilst the Company seeks to exit its ASX suspension and completes its review of its forward strategy

### 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 (A\$1,102,935). This amount was recognised as "Impairment expense on trade receivables" in the

[Directors' report](#)

consolidated statement of profit or loss and other comprehensive income. In addition, part of the terms and conditions was to release SBE from all its outstanding liabilities to Point Loma. As at 31 December 2020, \$346,108 of the SBE's trade payables to Point Loma was waived and recorded as "Gain on waiver of trade payables" in the consolidated statement of profit or loss and other comprehensive income.

- SBE assumes the assets on an "as is, where is" basis.

The definitive Quit Claim Agreement for the Point Loma assets has now been finalised and executed. The transaction has closed but the well license transfers for the Rex 1 and Rex 2 wells are subject to the Alberta Energy Regulator (AER) approval. SBE's land position has increased to 6400 acres from 5632 acres prior to the transaction. The transaction also supports that WBE now holds 100% interest over Wizard Lake field.

### Resignation and Appointment of Directors

Mr David Messina and Mr Stephen Keenihan resigned as Directors of the Company on 3 March 2021.

Mr Matthew White and Mr Duncan Gordon were appointed to the board on 3 March 2021.

Mr White has over 27 years' experience as a Chartered accountant, business and tax advisor. He has over 12 years' experience as a registered mortgage broker and over four 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.

### Sustainability Reporting

The company has experienced many changes in a short period of time since balance date and, moving forward, the directors are mindful of the need to develop a sustainability report that will provide transparency in respect of the company's contribution to sustainable development.

### No Other Matters

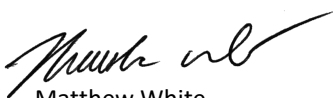
Other than as reported elsewhere in this report, there are no other matters, that have not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

### The Auditor's Independence Declaration under section 307C of the Corporations Act 2001

The Auditor's Independence Declaration is set out on page 7 and forms part of the Directors' report for the half-year ended 31 December 2020.

Dated at Adelaide this 30th day of June 2021

Signed in accordance with a resolution of the directors:



Matthew White  
Director



Duncan Gordon  
Director



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Whitebark Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Whitebark Energy Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

GL + 177

Graham Hogg

*Partner*

Perth

1 July 2021



# Independent Auditor's Review Report

To the shareholders of Whitebark Energy Limited

## Report on the Condensed Consolidated Interim Financial Report

### Conclusion

We have reviewed the accompanying **Condensed Consolidated Interim Financial Report** of Whitebark Energy Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report of Whitebark Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Consolidated Entity's** financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Consolidated Interim Financial Report** comprises the:

- Condensed consolidated statement of financial position as at 31 December 2020.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date.
- Notes comprising a summary of significant accounting policies and other explanatory information.
- Directors' Declaration.

The **Consolidated Entity** comprises Whitebark Energy Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

### Material uncertainty related to going concern

We draw attention to Note 2(a), "Going concern" in the Condensed Consolidated Interim Financial Report. The conditions disclosed in Note 2(a), indicate a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Condensed Consolidated Interim Financial Report. Our conclusion is not modified in respect of this matter.

### Restatement of comparative balances – emphasis of matter

We draw attention to Note 7 to the Condensed Consolidated Interim Financial Report which states that the amounts reported in the previously issued Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2019 have been restated and disclosed as comparatives in this Condensed Consolidated Interim Financial Report. Our conclusion is not modified in respect of this matter.





## Responsibilities of the Directors for the Condensed Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- For such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Financial Report that is free from material misstatement, whether due to fraud or error.

## Auditor's responsibility for the review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year that ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Whitebark Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Graham Hogg

Partner

Perth

1 July 2021

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 Restated* \$
Revenue		1,627,346	1,243,915
Royalties		(283,829)	(158,567)
Cost of goods sold		(908,587)	(754,980)
<b>Gross Profit</b>		<b>434,930</b>	330,368
Other income	12	531,371	13,846
Finance (costs) / income	9	(6,604)	58,545
Profit on disposal of assets	10	-	1,324,833
Change in fair value of financial assets		(73,152)	(114,843)
<b>Expenses</b>			
Administrative expenses	11	(844,576)	(1,446,410)
Finance costs		(17,767)	(256)
Impairment expense on property, plant and equipment.	14	(10,312,562)	-
Impairment expense on trade receivables		(1,123,008)	-
Share based payments expense		(181,647)	(19,083)
Depletion, depreciation and amortisation		(627,577)	(901,228)
Other operating expenses	12	(785,160)	(683,667)
Loss before income tax expense from continuing operations		(13,005,752)	(1,437,895)
Income tax benefit		-	-
Loss after income tax expense for the period		(13,005,752)	(1,437,895)
<b>Other comprehensive loss, net of tax</b>			
Items reclassified through profit and loss:			
Foreign currency translation		(467,261)	(104,988)
<b>Total comprehensive loss for the period</b>		<b>(13,473,013)</b>	(1,542,883)
<b>Loss per share</b>		<b>cents</b>	cents
Basic and diluted loss per share		(0.0032)	(0.0630)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the condensed consolidated interim financial report.

\*The condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2019 has been restated for the correction of error during that period (refer Note 7).

*Condensed consolidated statement of financial position**As at 31 December 2020*

	Note	31 December 2020 \$	30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents		908,136	1,115,951
Trade and other receivables	13	468,908	867,652
Other current assets		19,446	83,210
Other investments		196,697	269,849
Total current assets		1,593,187	2,336,662
<b>Non-current assets</b>			
Property, plant and equipment	14	3,236,984	14,735,267
Exploration and evaluation assets	15	21,159	22,232
Other receivables	13	-	581,345
Total non-current assets		3,258,143	15,338,844
<b>Total assets</b>		<b>4,851,330</b>	<b>17,675,506</b>
<b>Current liabilities</b>			
Trade and other payables	16	3,844,884	6,100,250
Borrowings		-	200,000
Provisions	17	109,922	147,832
Total current liabilities		3,954,806	6,448,082
<b>Non-current liabilities</b>			
Provisions	17	20,826	13,773
Decommissioning liabilities	18	2,490,359	2,410,404
Total non-current liabilities		2,511,185	2,424,177
<b>Total liabilities</b>		<b>6,465,991</b>	<b>8,872,259</b>
<b>Net Assets</b>		<b>(1,614,661)</b>	<b>8,803,247</b>
<b>Equity</b>			
Issued capital	19	70,081,917	67,208,459
Reserves	20	844,135	1,257,497
Accumulated losses		(72,540,713)	(59,662,709)
<b>Total equity</b>		<b>(1,614,661)</b>	<b>8,803,247</b>

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial report.

Condensed consolidated statement of changes in equity

For the six months ended 31 December 2020

	Share capital \$	Foreign currency translation reserve \$	Share based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2020	67,208,459	(140,059)	1,397,556	(59,662,709)	8,803,247
Loss for the period	-	-	-	(13,005,752)	(13,005,752)
Other comprehensive loss for the period net of income tax					
- Foreign currency translation	-	(467,261)	-	-	(467,261)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(467,261)</b>	<b>-</b>	<b>(13,005,752)</b>	<b>(13,473,013)</b>
Net proceeds from share issue, net of cost	2,873,458	-	-	-	2,873,458
Options lapsed/expired	-	-	(127,748)	127,748	-
Share option expense	-	-	181,647	-	181,647
<b>Balance at 31 December 2020</b>	<b>70,081,917</b>	<b>(607,320)</b>	<b>1,451,455</b>	<b>(72,540,713)</b>	<b>(1,614,661)</b>
Balance at 1 July 2019	58,369,150	247,035	766,969	(55,515,295)	3,867,859
Loss for the period (restated)	-	-	-	(1,437,895)	(1,437,895)
Other comprehensive income for the period net of income tax					
- Foreign currency translation	-	(104,988)	-	-	(104,988)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(104,988)</b>	<b>-</b>	<b>(1,437,895)</b>	<b>(1,542,883)</b>
Net proceeds from share issue	8,644,280	-	-	-	8,644,280
Share option expense	-	-	187,866	-	187,866
<b>Balance at 31 December 2019 (restated*)</b>	<b>67,013,430</b>	<b>142,047</b>	<b>954,835</b>	<b>(56,953,190)</b>	<b>11,157,122</b>

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated interim financial report.

\*The condensed consolidated statement of changes in equity for the six months ended 31 December 2019 has been restated for the correction of error during that period (refer Note 7).

Condensed consolidated statement of cash flow

For the six months ended 31 December 2020

	<b>31 December 2020</b>	31 December 2019
	<b>\$</b>	<b>Restated*</b>
		<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	<b>1,761,895</b>	1,189,704
Payment for royalties on production revenue	<b>(372,065)</b>	
Government grants received	<b>135,900</b>	-
Interest received	<b>1,316</b>	5,972
Payment for production, suppliers and employees	<b>(2,750,368)</b>	(3,060,432)
Net cash flows used in operating activities	<b>(1,223,322)</b>	(1,864,756)
<b>Cash flows from investing activities</b>		
Proceeds from sale of securities	-	235,124
Payment for 10% interest in Wizard Lake	-	(1,312,336)
Payment for tenements	-	(142,730)
Payment for development	<b>(1,596,453)</b>	(3,415,744)
Payments for exploration assets	-	(151,587)
Net cash flows used in investing activities	<b>(1,596,453)</b>	(4,787,273)
<b>Cash flows from financing activities</b>		
Proceeds from share issue (net of costs)	<b>2,828,458</b>	8,812,313
Repayments of loans	<b>(200,000)</b>	-
Net cash flows from financing activities	<b>2,628,458</b>	8,812,313
Net (decrease) / increase in cash and cash equivalents	<b>(191,317)</b>	2,160,284
Cash at the beginning of the financial period	<b>1,115,951</b>	2,923,228
Effect of movement in exchange rates on cash held	<b>(16,498)</b>	(9,063)
<b>Cash and cash equivalents at 31 December 2020</b>	<b>908,136</b>	5,074,449

The condensed consolidated statement of cash flow is to be read in conjunction with the notes to the condensed consolidated interim financial report.

\*The condensed consolidated statement of cash flow for the six months ended 31 December 2019 has been restated for the correction of error during that period (refer Note 7).

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

## 1. Reporting entity

Whitebark Energy Limited (the 'Company') is a for profit company domiciled in Australia. The address of the Company's registered office is 20d William Street, Norwood SA 5067. The condensed consolidated interim financial report of the Consolidated Entity for the six months ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the Consolidated Entity). The Consolidated Entity is primarily involved in oil and gas exploration and production in Australia and Canada.

## 2. Statement of compliance

The condensed consolidated interim financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporation Act 2001, Australian Accounting Standards AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Standards Board. Compliance with the Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The consolidated interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2020.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the annual financial report of the Consolidated Entity as at and for the year ended 30 June 2020.

### 2(a) Going Concern

The accounts have been prepared on a going concern basis, which contemplates continuity by the Consolidated entity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Consolidated entity has incurred a loss after tax of \$13,005,752, including an impairment charge of \$10,312,562 for the half year ended 31 December 2020 (31 December 2019: loss \$1,437,895). The net cash outflows during the half year from operations and investing activities were \$1,226,323 and \$1,596,457 respectively. As at 31 December 2020 the Consolidated entity's current liabilities exceeded current assets by \$2,361,619 (30 June 2020: \$4,111,420) and the consolidated entity has a deficiency in net assets of \$1,614,661 (30 June 2020: positive net assets of \$8,803,247) including cash of \$908,136.

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.

On 13 January 2021, Whitebark's wholly owned Canadian subsidiary, Salt Bush Energy Ltd (SBE) 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"). 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.

Pursuant to the Notice of Intention, Deloitte Restructuring Inc was appointed as the proposal trustee in SBE's proposal proceedings and assisted SBE in its restructuring efforts. The Wizard Lake oil and gas project was offered for sale by Deloitte Restructuring Inc. via a competitive bid process. During this process, SBE continued to operate the asset in the normal course of business.

WBE via a Canadian subsidiary "Iron Bark Energy" (IBE) submitted a bid for the Wizard Lake oil and gas project for a net cash consideration of \$AU 341,563 and total consideration of \$AU 2,150,538. (C\$2,000,000) including related party creditors forgiven.

The bid was successful and WBE gained full ownership and control of the Wizard Lake oil and gas project via SBE using a reverse vesting order mechanism ("RVO") on 19 May 2021. The RVO process meant that IBE was not used to purchase the asset and it stayed resident in SBE. As part of this restructure process the outstanding third-party creditors of SBE as at 31 December 2020 amounting to \$3,360,421 were transferred to a third party residual company along with any residual SBE cash, resulting in SBE no longer having any obligation to settle these creditors.

Notes to the condensed consolidated interim financial statements*For the six months ended 31 December 2020*

In May 2021, Whitebark raised \$310,000 through share placements (refer note 24). These share placements and the financial effect of the restructure of SBE as noted above, has allowed the Consolidated entity to return to a positive working capital and positive net asset position.

The Consolidated entity has prepared a cash flow forecast for period to 30 June 2022 which demonstrates that the Consolidated entity will have sufficient cash to continue as a going concern, subject to it achieving certain critical assumptions which underpin the cashflow forecast. These critical assumptions include stable oil and gas prices per management's forecast based on market views, administration and capital expenditure costs in line with forecast, including expected cost reductions in field and administrative costs and achieving certain minimum production volumes. The achievement of the assumptions used in the forecast is uncertain given the past performance of the Wizard Lake oil and gas project operations brought by unsteady production volumes, volatility of oil and gas prices and inability to achieve forecast production and administration costs and efficiencies.

Should operations not perform as expected, cost reduction strategies not be achieved or a deterioration in the global oil and gas market occurs, the Consolidated entity may become dependent on further fundraising activities to enable it to fund its operating and capital expenditure requirements through the forecast period. Whilst Directors are confident, based on demonstrated past successes in raising equity, that the Consolidated entity will be able to secure sufficient funding through equity and/or debt to continue as a going concern, at the date of this report there are no arrangements in place with respect to future fund raising activities.

Based on the above, the Directors reasonably believe that the Consolidated entity will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for these interim financial statements. However, should the Consolidated entity be unable to achieve its cash forecast and/or be unable to raise sufficient funding through fundraising activities, there is a material uncertainty that may cast significant doubt as to the ability of the Consolidated entity to continue as a going concern and to realise its assets and extinguish its liabilities in the ordinary course of business and at amounts stated in the financial report.

### 3. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Company. The functional currency of the Company's subsidiaries based in the United States and Canada are United States dollars and Canadian dollars, respectively. All other subsidiaries which are based in Australia have a functional currency in Australian dollars.

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates.

### 4. Significant accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended to 30 June 2020.

The accounting policies have been applied consistently throughout the Consolidated Entity for the purposes of preparation of these condensed consolidated interim financial statements.

The Consolidated Entity has adopted the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

### 5. Adoption of new and revised accounting standards

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

## 6. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2020.

## 7. Restatement

The condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2019 was restated to account for the following items:

- a) Correction to accounting treatment of operating costs and revenue from production for the working interest % (before payout) held by the Group in during the period to 31 December 2019 as compared with previously reported results using working interest % (after payout). The Group previously recorded the revenue and the corresponding royalty and cost of sales based on the working interest after payout and have not adjusted for the changes in working interest over the intervening period after May 2019 (based on before payout working interest). The net impact of the correction to revenue, royalties and cost of goods sold is summarised below:

	<b>31 December 2019</b>
	<b>\$</b>
Revenue – as previously reported	1,016,135
Correction for increase in working interest % Before pay-out (BPO)	227,780
Revenue restated at 31 December 2019	<u>1,243,915</u>
Royalties – as previously reported	(135,294)
Correction for increase in working interest % BPO	(23,273)
Royalties restated at 31 December 2019	<u>(158,567)</u>
Cost of goods sold – as previously reported	(717,627)
Correction for increase in working interest % BPO	(37,353)
Cost of goods sold restated at 31 December 2019	<u>(754,980)</u>
Impact of gross profit of the above	
Gross profit – as previously reported	163,214
Corrections above for revenue, royalties and cost of goods sold	167,154
Gross profit restated at 31 December 2019	<u>330,368</u>

- b) Correction to profit on disposal of assets.

In the previously reported period, the Group increased its interests in the Wizard Lake Oilfield assets from 50% to 60%. Part consideration for the additional 10% interest was an asset swap where the Group's interest in the Point Loma Joint Venture assets were transferred to Point Loma Resources Limited. Prior to the disposal, these assets were revalued to fair value. Profit on disposal of the assets was calculated with reference to difference between the consideration received from the assets disposed of and the net book value of assets disposed. However, the previously reported profit was calculated with reference to net book value of assets disposed that were understated by \$607,154 due to an error in calculation of the costs allocation with reference to the assets disposed of. The allocation was corrected in the annual financial statement to 30 June 2020 and the restatement was reflected in the 31 December 2020 half-year financial statements as follows:



Notes to the condensed consolidated interim financial statements*For the six months ended 31 December 2020*

Profit / loss on disposal of assets – as previously reported	1,931,987
Correction to net book value of the assets disposed of	<u>(607,154)</u>
Profit / (loss) on disposal of asset restated at 31 December 2019	<u>1,324,833</u>

The above restatements have not given rise to any adjustments to tax expense and current and deferred tax balances for the half -year ended 31 December 2019. These adjustments gave rise to an increase in unrecognised deferred tax assets as at 31 December 2019 of \$117,000.

The combination of the above adjustments has:

- increased the loss after income tax expense for the period by \$440,000 to \$1,437,895
- increased total comprehensive loss for the period by \$440,000 to \$1,437,895
- increased to basic and diluted loss per share from a loss of 0.0445 cents to 0.0630 cents.

*Cash flows*

The condensed consolidated statement of cashflow for the period ended 31 December 2019 was restated due to the above restatements to the condensed consolidated statement of profit or loss and other comprehensive income.

The combination of the above adjustments has:

- increased the operating cash flows – receipts from customers for the period by \$204,507 to \$1,189,704
- increased the operating cash flows – payment for production, suppliers and employees for the period by \$37,353 to \$3,060,432
- increased the net cash flows used in operating activities for the period by \$167,154 to (\$1,864,756)
- increased the investing cash flows – payment for development for the period by \$167,154 to \$3,415,744
- decreased the net cash flows used in investment activities for the period by \$167,154 to (\$4,787,273).

The net impact of the above cash flow impacts did not change the net increase in cash and cash equivalents for the period ended 31 December 2019.

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

**8. Segment reporting**

During the period the Consolidated Entity operated in two business segments (two geographical areas) exploration, development and production of oil and gas – Australia and Canada.

The Consolidated Entity has identified its operating segment based on the internal report that is reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

<b>December 2020</b>	<b>Australia</b>	<b>Canada</b>	<b>Total Segment</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total sales revenue (net of royalties)	-	1,343,517	1,343,517	-	1,343,517
Financial (costs) / income	(6,622)	18	(6,604)	-	(6,604)
Other income	135,900	395,471	531,371	-	531,371
<b>Total revenue</b>	<b>129,278</b>	<b>1,739,006</b>	<b>1,868,284</b>	<b>-</b>	<b>1,868,284</b>
Segment result	(1,059,560)	120,636	(938,924)	(3,681)	(942,605)
Impairment of property, plant & equipment	-	(10,312,562)	(10,312,562)	-	(10,312,562)
Impairment of trade receivables	-	(1,123,008)	(1,123,008)	-	(1,123,008)
Depletion, depreciation & amortisation	(2,039)	(625,538)	(627,577)	-	(627,577)
<b>Loss before income tax expense</b>	<b>(1,061,599)</b>	<b>(11,940,472)</b>	<b>(13,002,071)</b>	<b>(3,681)</b>	<b>(13,005,752)</b>
<b>Assets</b>					
Total current assets	960,778	632,409	1,593,187	-	1,593,187
Total non-current assets	8,601	3,249,542	3,258,143	-	3,258,143
<b>Total assets</b>	<b>969,379</b>	<b>3,881,951</b>	<b>4,851,330</b>	<b>-</b>	<b>4,851,330</b>
<b>Liabilities</b>					
Total current liabilities	(626,787)	(3,328,019)	(3,954,806)	-	(3,954,806)
Total non-current liabilities	(1,473,566)	(1,037,619)	(2,511,185)	-	(2,511,185)
<b>Total liabilities</b>	<b>(2,100,353)</b>	<b>(4,365,638)</b>	<b>(6,465,991)</b>	<b>-</b>	<b>(6,465,991)</b>
<b>December 2019 - Restated</b>	<b>Australia</b>	<b>Canada</b>	<b>Total Segment</b>	<b>Unallocated</b>	<b>Consolidated</b>
	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>
Total sales revenue (net of royalties)	-	1,085,348	1,085,348	-	1,085,348
Financial income	58,500	45	58,545	-	58,545
Other income	13,846	-	13,846	-	13,846
<b>Total revenue</b>	<b>72,346</b>	<b>1,085,393</b>	<b>1,157,739</b>	<b>-</b>	<b>1,157,739</b>
Segment result	(1,287,138)	(570,539)	(1,857,677)	(3,823)	(1,861,500)
Profit on disposal of assets	-	1,324,833	1,324,833	-	1,324,833
Depletion, depreciation & amortisation	(1,296)	(899,932)	(901,228)	-	(901,228)
<b>Loss before income tax expense</b>	<b>(1,288,434)</b>	<b>(145,638)</b>	<b>(1,434,072)</b>	<b>(3,823)</b>	<b>(1,437,895)</b>
<b>30 June 2020</b>					
<b>Assets</b>					
Total current assets	1,265,914	1,070,748	2,336,662	-	2,336,662
Total non-current assets	10,396	15,328,448	15,338,844	-	15,338,844
<b>Total assets</b>	<b>1,276,310</b>	<b>16,399,196</b>	<b>17,675,506</b>	<b>-</b>	<b>17,675,506</b>
<b>Liabilities</b>					
Total current liabilities	(938,414)	(5,509,668)	(6,448,082)	-	(6,448,082)
Total non-current liabilities	(1,355,230)	(1,068,947)	(2,424,177)	-	(2,424,177)
<b>Total liabilities</b>	<b>(2,293,644)</b>	<b>(6,578,615)</b>	<b>(8,872,259)</b>	<b>-</b>	<b>(8,872,259)</b>

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

**9. Finance (Costs) / Income**

	<b>31 December 2020</b>	31 December 2019
	\$	\$
Interest income	<b>1,316</b>	5,972
Foreign currency (losses) / gains	<b>(7,920)</b>	52,573
	<b>(6,604)</b>	58,545

**10. Profit on disposal of assets**

	<b>31 December 2020</b>	31 December 2019 Restated
	\$	\$
Gain on disposal of developed and producing land – Canada (note 14)	-	1,310,321
Gain on disposal of financial assets – Triangle Energy Limited	-	14,512
	-	1,324,833

**11. Administrative expenses**

	<b>31 December 2020</b>	31 December 2019
	\$	\$
Directors' fees	<b>(37,125)</b>	(73,500)
Administration and finance support	<b>(295,016)</b>	(459,076)
General and administration	<b>(512,435)</b>	(913,834)
	<b>(844,576)</b>	(1,446,410)

**12. Other income / (operating) expenses**

	<b>31 December 2020</b>	31 December 2019
	\$	\$
<b>Other operating expenses</b>		
Project costs	<b>(166,509)</b>	(126,638)
Legal fees	-	(2,060)
Tax advisory services	<b>(23,626)</b>	(4,504)
Consultancy fees	<b>(120,720)</b>	(87,251)
Revision of Rehab and Abandonment provision	<b>(111,283)</b>	(115,657)
Business development expense	-	(161,167)
Workover expense	<b>(363,022)</b>	(186,390)
	<b>(785,160)</b>	(683,667)
<b>Other income</b>		
Gain on waiver of trade payables (note 24)	<b>352,136</b>	-
JobKeeper subsidy	<b>68,400</b>	-
Cash flow boost	<b>50,000</b>	-
Other	<b>60,835</b>	13,846
	<b>531,371</b>	13,846

The Company received government's subsidies (i.e. JobKeeper and cash flow boost) during the half-year ended 31 December 2020 which were associated with the government's support to help businesses to keep paying their employees and help people retain their jobs and, government economic stimulus measure in boosting cash flow for employees.

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

**13. Trade and other receivables**

	<b>31 December 2020</b>	30 June 2020
	\$	\$
<b>Current</b>		
Trade and other receivables*	<b>468,908</b>	867,652
<b>Non-current</b>		
Other receivables	-	581,345
	<b>468,908</b>	<b>1,448,997</b>

\*(Refer to Note 24 for the amounts written-off for the half-year ended 31 December 2020.)

**14. Property plant and equipment**

	<b>31 December 2020</b>	30 June 2020
	\$	\$
Property, plant and equipment, at cost	<b>20,322,489</b>	20,946,967
Accumulated depletion and depreciation	<b>(1,887,928)</b>	(1,326,685)
Accumulated impairment	<b>(15,197,577)</b>	(4,885,015)
	<b>3,236,984</b>	14,735,267
<b>Reconciliation of carrying amounts</b>		
<i>Developed and Producing</i>		
Opening balance	<b>14,723,988</b>	8,034,267
Increase in asset retirement obligation asset	<b>2,241</b>	991,104
Additions	<b>74,543</b>	10,831,319
Acquisition of additional 10% Wizard Lake interest <sup>1</sup>	-	2,492,061
Revaluation of Thornbury/Manville to fair value <sup>2</sup>	-	1,213,697
Transfer from exploration and evaluation assets	-	258,845
Foreign exchange	<b>(646,396)</b>	(171,178)
Disposals <sup>2</sup>	-	(7,325,028)
Impairment	<b>(10,312,562)</b>	-
Depletion	<b>(614,070)</b>	(1,601,099)
	<b>3,227,744</b>	14,723,988
<i>Furniture and fixtures</i>		
Opening balance	<b>1,035</b>	1,295
Depreciation expense	<b>(104)</b>	(260)
	<b>931</b>	1,035
<i>Office equipment</i>		
Opening balance	<b>10,244</b>	5,562
Additions	-	7,708
Depreciation expense	<b>(1,935)</b>	(3,026)
	<b>8,309</b>	10,244
<b>Total property, plant and equipment</b>	<b>3,236,984</b>	<b>14,735,267</b>

<sup>1</sup> In the prior year the Company increased its interest in the Wizard Lake Oilfield asset from 50% to 60%. The amount of \$2,492,061 represents the fair value of the extra 10% interest acquired.

<sup>2</sup> In the prior year part consideration for the additional 10% interest in the Wizard Lake Oilfield was an asset swap where the Company's interest in the Point Loma Joint Venture assets were transferred to Point Loma Resources Limited. Prior to disposal, these assets were revalued to fair value. In

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

accordance with accounting standards, consideration in the form of the Company's assets should be measured at the fair value of the assets given up. The revaluation to fair value given as consideration was \$1,213,697.

#### *Impairment test of property, plant and equipment*

The recoverable amount of property, plant and equipment is determined as FVLCOS using the discounted cash flow method and is assessed at the CGU level. Key input estimates used in the determination of cash flows from oil and gas reserves include estimates regarding recoverable reserves, forward price estimates of crude oil and natural gas prices, royalties forward price estimates of production costs and required capital expenditures and discount rate.

In determining the fair value, the Company used a discount rate of 10% (30 June 2020: 12%) for the Wizard Lake CGU's to value its assets based on proved developed reserves. The Company has based its impairment on the value of its proved developed reserves, as it believes this is what a market participant would be valuing the asset, given the significant uncertainty in developing future fields and accessing capital. Similarly, the timing of the evaluation of these valued reserves is more certain and the timing of production beyond this is not quantified and valued. The following table outlines the forecast benchmark commodity prices used in the impairment calculation of property, plant and equipment at 31 December 2020. Forecast benchmark commodity price assumptions tend to be stable because short-term increases or decreases in prices are not considered indicative of long-term price levels but are nonetheless subject to change.

	2021 (6 months)	2022	2023	2024	2025
WTI Crude Oil (\$US/bbl)	30.00	41.18	49.88	55.87	57.98
Edmonton Light Crude Oil (\$Cdn/bbl)	29.72	47.20	59.66	67.00	71.33
Western Canadian Select (\$Cdn/bbl)	20.12	34.77	45.91	52.70	55.26
Natural Gas Alberta AECO Spot (\$Cdn/MMBtu)	1.78	2.22	2.42	2.54	2.61

The impairment test of property, plant and equipment at 31 December 2020 concluded that the estimated recoverable amount was lower than the carrying amount by \$10,312,562. As such, property, plant and equipment existed at the Wizard Lake CGU.

In determining the impairment position of the CGU for the half-year ended 31 December 2020, the Company evaluated its developed and producing Wizard Lake CGU and its exploration and evaluation assets for indicators of impairment. The developed and producing Wizard Lake CGU consists of production facilities, wells, land and associated reserves. The recoverable amount of Wizard Lake CGU has been established by reference to an independently prepared reserve report based on proved reserved (1P). An impairment amount of \$10,312,562 has been charged in relation to the Wizard Lake assets. This amount was also compared with the successful bid made by WBE through its Canadian Subsidiary, Iron Bark Energy on 19 May 2021 where WBE gained an effective control of the Wizard Lake assets using the reverse vesting order (RVO) mechanism which was discussed in detail in note 24. The assumptions used to determine recoverable amount as at 31 December 2020 would not materially differ from the recoverable amount of Wizard Lake CGU as at 19 May 2021's RVO, as operations in the Wizard Lake Oil Field during the intervening period from 1 January 2021 to 19 May 2021 remained the same; no wells were shut nor newly constructed.

The model contained in the Reserves Report reflects the Proved Developed Producing (PDP) reserves and demonstrates that the existing three wells declining at 2% per month until the field becomes uneconomic in 22.67 years generating a net present value of C\$3.1 million. The Company considers this to be the fair value as it approximates the purchase price of C\$2 million (\$AU 2,150,138).

To consider any other part of reserves in determining the fair value, for instance the Proven Undeveloped (PUD), this assumes the successful capital raising and conducting of future drilling campaigns. Whilst these possibilities have all been considered the Company has determined that to include any other part of the reserves as part of the asset's current fair valuation is not appropriate.

The modelled life of the field in the PDP Reserves Report as it exists today is 22.67 years. The Company does not consider that the field life itself has a material impact as this is only an estimate of how long it could take to exploit the reserves.

The fair value less costs of disposal values used to determine the recoverable amounts of the property, plant and equipment assets are categorized as Level 3 on the fair value hierarchy as the key assumptions are not based on observable market data.

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

The impairment tests completed during the half year ended 31 December 2020 are sensitive to changes in any of the key judgements such as a revision in reserves, a change in forecast benchmark commodity prices, changes in expected royalties, change in operating costs, changes in production or production profile which could increase or decrease the recoverable amount of the assets and result in additional impairment expense or recovery of the impairment expense.

## 15. Exploration and evaluation assets

	31 December 2020 \$	30 June 2020 \$
Exploration and evaluation assets	<b>21,159</b>	22,232
<b>Movement in exploration and evaluation assets</b>		
Opening balance	<b>22,232</b>	919,584
Additions – Canada	-	288,091
Disposals <sup>1</sup>	-	(907,003)
Transfer to property, plant and equipment	-	(258,845)
Foreign currency movement	<b>(1,052)</b>	(19,595)
	<b>21,159</b>	22,232

<sup>1</sup>The disposal of exploration and evaluation expenditure related to the assets transferred to Point Loma Resources Limited to close Step 1 of the Asset Exchange Agreement as part consideration for the acquisition of 10% of Wizard Lake in the prior year.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

Where activities in the area of interest have, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves the exploration and evaluation assets are assessed for impairment. Impairment will occur if sufficient data exists to determine technical feasibility and commercial viability and the facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Following review, no impairment was booked to exploration and evaluation assets for the 6 months ended 31 December 2020 (31 December 2019: \$Nil).

## 16. Trade and other payables

	31 December 2020 \$	30 June 2020 \$
<b>Current:</b>		
Trade creditors*	<b>3,770,046</b>	5,873,527
Other payables	<b>74,838</b>	226,723
	<b>3,844,884</b>	6,100,250

\* Refer to Note 24 for an update on creditors' accounts.

## 17. Provisions

	31 December 2020 \$	30 June 2020 \$
<b>Current:</b>		
Provision for employees annual and long service leave	<b>109,922</b>	147,832
<b>Non-current:</b>		
Provision for employees annual and long service leave	<b>20,826</b>	13,773

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

**18. Decommissioning liabilities**

	<b>31 December 2020</b>	30 June 2020
	\$	\$
Balance at the beginning of the period	<b>2,410,404</b>	8,568,740
Liabilities acquired – Canada <sup>1</sup>	-	849,086
Change in inflation rate of liabilities	-	(14,946)
Movement in Warro Project liability	<b>111,283</b>	34,035
Change in discount rate of liabilities	<b>(34,775)</b>	65,344
Revision of estimates	<b>37,015</b>	91,621
Disposal of assets <sup>2</sup>	-	(7,077,877)
Accretion expense	<b>10,609</b>	51,987
Expenditure	<b>2,749</b>	(2,875)
Foreign currency movement	<b>(46,926)</b>	(154,711)
Balance at the end of the period	<b>2,490,359</b>	2,410,404

<sup>1</sup> Liabilities acquired in Canada comprise of the decommissioning liability on the additional 10% interest in Wizard Lake, together with decommissioning liabilities on two new wells drilled during the prior year.

<sup>2</sup> In the prior year the Company increased its interest in the Wizard Lake Oilfield asset from 50% to 60%. Part consideration for the additional 10% interest was an asset exchange where the Company's interest in the Point Loma Joint Venture assets were transferred to Point Loma Resources Limited. The amount of \$7,077,877 represents the Company's decommissioning obligations in relation to the Point Loma Joint Venture assets.

The Company's decommissioning obligations result from its ownership interest in oil and natural gas well sites and facilities. The total decommissioning obligation is estimated based on the estimated costs to reclaim and abandon these wells and facilities and the estimated timing of costs to be incurred in future years.

**19. Issued capital**

The Consolidated Entity recorded the following amounts within shareholder's equity as a result of the issuance of ordinary shares:

	<b>31 December 2020</b>	30 June 2020	<b>31 December 2020</b>	30 June 2020
	#	#	\$	\$
<b>Issued capital – Shares</b>				
<i>Share capital</i>				
Issued ordinary shares	<b>4,063,125,551</b>	3,040,216,371	<b>70,081,917</b>	67,208,459
<i>Movements in issued capital</i>				
Issued capital				
Opening balance	<b>3,040,216,371</b>	1,963,166,371	<b>69,511,300</b>	59,900,550
Issue of shares for cash	<b>1,013,406,339</b>	1,072,675,000	<b>3,040,219</b>	9,563,000
Shares issued on exercise of options	<b>909,937</b>	375,000	<b>9,099</b>	3,750
Share based payments	<b>8,592,904</b>	4,000,000	<b>45,000</b>	44,000
			<b>72,605,618</b>	69,511,300
Less share issue costs				
Opening balance	-	-	<b>(2,302,841)</b>	(1,531,400)
Current period costs	-	-	<b>(220,860)</b>	(771,441)
Closing balance share issue costs	-	-	<b>(2,523,701)</b>	(2,302,841)
	<b>4,063,125,551</b>	3,040,216,371	<b>70,081,917</b>	67,208,459

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

## 20. Reserves

	<b>31 December 2020</b>	30 June 2020
	\$	\$
Share based payment reserve	<b>1,451,455</b>	1,397,556
Foreign currency translation reserve	<b>(607,320)</b>	(140,059)
	<b>844,135</b>	1,257,497

### Movement in reserves

	Period ended 31 December 2020
<i>Share based payment reserve</i>	
Opening balance 1 July 2020	1,397,556
Fair value of options vesting during the period	181,647
Options issued during the period	(127,748)
Closing balance 31 December 2020	<u>1,451,455</u>

The share based payment reserve represents the value of options issued under the compensation arrangement that the Consolidated Entity is required to include in the consolidated financial statements.

This reserve will be reversed against share capital when the underlying options are exercised by the employee or consultant or expire. No gain or loss is recognised in the consolidated statement of profit or loss and other comprehensive income on the purchase, sale, issue or cancellation of the Consolidated Entity's own equity instruments.

	Period ended 31 December 2020
<i>Foreign currency translation reserve</i>	
Opening balance 1 July 2020	(140,059)
Exchange gains/(losses) for the period	(467,261)
Closing balance 31 December 2020	<u>(607,320)</u>

The foreign currency translation reserve comprises all foreign exchange differences from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

## 21. Options

### Unlisted Options

During the period, no unlisted options were granted or issued and 12,500,000 unlisted options lapsed on vesting conditions no longer being met.

An expense of \$181,647 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2020 in respect of options vesting during the period.

No other unlisted options were granted, exercised or cancelled during the period.



Notes to the condensed consolidated interim financial statements*For the six months ended 31 December 2020*

The number of unlisted options outstanding over unissued ordinary shares at 31 December 2020 is 236,300,000 as follows:

Grant Date	Number of options granted	Vesting Date	Expiry date	Exercise price
28 Apr 2017	3,500,000	28 Apr 2017	1 Apr 2021	\$0.015
24 Jul 2017	100,000,000	24 Jul 2017	31 May 2021	\$0.015
20 Jun 2019	10,000,000	20 Jun 2019	20 June 2021	\$0.080
13 Nov 2019	10,000,000	13 Nov 2020	13 Nov 2022	\$ 0.012
13 Nov 2019	10,000,000	13 Nov 2021	13 Nov 2022	\$ 0.012
13 Nov 2019	22,800,000	13 Nov 2019	13 Nov 2022	\$ 0.012
02 Jan 2020	40,000,000	02 Jan 2020	02 Jan 2023	\$0.016
02 Jan 2020	40,000,000	02 Jan 2021	02 Jan 2023	\$0.016
<b>Total</b>	<b>236,300,000</b>			

Subsequent to the end of the reporting period, the following unlisted options lapsed unexercised:

- 30,000,000 unlisted options vesting on 2 January 2021 with exercise price of \$0.016 expiring 2<sup>nd</sup> January 2023 lapsed on vesting conditions no longer being met.
- 30,000,000 unlisted options vested on 2 January 2020 with exercise price of \$0.016 expiring 2<sup>nd</sup> January 2023 lapsed as per the terms and conditions of options remaining unexercised 30 days after date of resignation of directors David Messina and Stephen Keenihan.
- 80,000,000 unlisted options vested on 24 July 2017 with exercise price of \$0.015 expiring 31<sup>st</sup> May 2021 lapsed as per the terms and conditions of options remaining unexercised 30 days after date of resignation of directors David Messina and Stephen Keenihan.
- 5,000,000 unlisted options vested on 13 November 2020 with exercise price of \$0.012 expiring 13<sup>th</sup> November 2022 lapsed as per the terms and conditions of options remaining unexercised 30 days after date of resignation of employees.
- 5,000,000 unlisted options vesting on 13 November 2021 with exercise price of \$0.012 expiring 13<sup>th</sup> November 2022 lapsed on vesting conditions no longer being met.
- 3,500,000 unlisted employee options vested on 2 January 2020 with exercise price of \$0.015 expired on 1 April 2021

### Listed Options

During the period, 909,937 options were exercised and 601,410,430 options lapsed unexercised on the expiry date of 31 August 2020.

No other listed options were granted, exercised or cancelled during the period.

At 31 December 2020, there were no listed options outstanding (30 June 2020: 602,320,367).

## 22. Commitments

There has been no material change in operational or capital commitments since the signing of the audited 30 June 2019 financial statements.

## 23. Contingencies

There has been no material change in contingent assets or liabilities since the signing of the audited 30 June 2019 financial statements.

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

## 24. Subsequent events

Other than the following matters, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods;

### Trading Halt, Suspension and Wizard Lake Oil Field

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.

On 13 January 2021, Whitebark's wholly owned Canadian subsidiary, Salt Bush Energy Ltd (SBE) 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"). 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 had the effect of imposing an automatic stay of proceedings ("Stay") that protected SBE and its assets from the claims of creditors while the Company pursued this objective. The initial Stay period of 30 days was extended by court order, during which time SBE assessed its ability to restructure its business.

Pursuant to the Notice of Intention, Deloitte Restructuring Inc was appointed as the proposal trustee in SBE's proposal proceedings and assisted SBE in its restructuring efforts. The Wizard Lake oil and gas project was offered for sale by Deloitte Restructuring Inc. via a competitive bid process. During this process, SBE continued to operate the asset in the normal course of business.

WBE was the largest SBE creditor, representing approximately 83.5% of the total SBE creditors. WBE via a Canadian subsidiary "Iron Bark Energy" (IBE) submitted a bid for the Wizard Lake asset which, in effect, offered a net purchase price of C\$0.3 million (\$AU 341,563) after a waiver of SBE's outstanding debt with WBE of C\$1.7 million (\$AU 1,808,975). This effectively valued the Wizard Lake asset at a purchase consideration of C\$2 million (\$AU 2,150,538).

The bid was successful and WBE gained effective control of the Wizard Lake oil and gas project via SBE using a reverse vesting order mechanism ("RVO") on 19 May 2021. The RVO process meant that IBE was not used to purchase the asset and it stayed resident in SBE. As part of this process, all SBE creditors, with a total amount of C\$19.6 million as at 19 May 2021 (C\$20.2 million as at 31 December 2020 before repayment subsequent to reporting date) were transferred to a third-party residual company along with any residual SBE cash resulting in SBE no longer having any obligation to settle these creditors. Oversight of the Trustee was withdrawn as part of the transaction effective, 19 May 2021, SBE is now back under the full and effective control of WBE.

### Share Placement

The Company has raised \$AU 310,000 before costs via a share placement which was completed 26 May 2021.

The Company has issued 310,000,000 Ordinary Shares (the "Ordinary Shares") to sophisticated and institutional investors at a price of \$0.001 per ordinary share.

Under the Placement, shareholders received one free attaching Option for every two shares subscribed for, which will be exercisable at \$0.002 per share with a two-year expiry. A total of 155,000,000 options were issued to participating shareholders. The placement was completed pursuant to the company's 15 % placement capacity under Listing Rule 7.1.

Placement proceeds were utilised to:

- Repurchase the Wizard Lake Oil Field via WBE subsidiary, Saltbush Energy – Royal court of Alberta has approved Whitebark's bid for CAN\$2m including CAN\$1.66m worth of debt relinquishment and CAN\$0.34m worth of cash, and therefore have retained the asset
- Fund working capital requirements whilst the Company seeks to exit its ASX suspension and completes its review of its forward strategy

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

The Placement price represents a discount of:

- 75% to the Company's last close (12 January 2021) of \$0.004;
- 74% to the Company's 5-day VWAP since last traded of \$0.0038;

All New Shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the New Shares. Subject to the Company satisfying the requirements of the ASX Listing Rules, the Company intends to also seek quotation for the Options on the ASX.

### 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 (A\$1,102,935). This amount was recognised as "Impairment expense on trade receivables" in the consolidated statement of profit or loss and other comprehensive income. In addition, part of the terms and conditions was to release SBE from all its outstanding liabilities to Point Loma. As at 31 December 2020, \$346,108 of the SBE's trade payables to Point Loma was waived and recorded as "Gain on waiver of trade payables" in the consolidated statement of profit or loss and other comprehensive income.
- SBE assumes the assets on an "as is, where is" basis.

The definitive Quit Claim Agreement for the Point Loma assets has now been finalised and executed. The transaction has closed but the well license transfers for the Rex 1 and Rex 2 wells are subject to the Alberta Energy Regulator (AER) approval. SBE's land position has increased to 6400 acres from 5632 acres prior to the transaction. The transaction also supports that WBE now holds 100% interest over Wizard Lake field.

### Resignation and Appointment of Directors and Interim CEO

Mr David Messina and Mr Stephen Keenihan resigned 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.

Mr Matthew White and Mr Duncan Gordon were appointed 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.

The Company has appointed Dr. Simon Brealey as interim Chief Executive Officer to progress the acquisition of Wizard Lake via Saltbush Energy, to plan for the future of Wizard Lake and to seek further opportunities for the Company.

[Notes to the condensed consolidated interim financial statements](#)

*For the six months ended 31 December 2020*

Dr Brealey has over 30 year of experience in onshore and unconventional oil and gas asset exploration and development with companies including Amoco Limited, Santos Limited, Beach Energy Limited and Cooper Energy Limited in Australia, Europe, Asia and Africa. He was most recently Head of New Ventures at Bass Oil Limited and holds a Ph.D. in oil field geology from the University College, University of London.

[Directors' Declaration](#)

In the opinion of the Directors of Whitebark Energy Limited and its subsidiaries ("Consolidated Entity"):

1. the financial statements and notes set out on pages 10 to 28, are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.

Dated in Adelaide this 30th day of June 2021.

Signed in accordance with a resolution of Directors:



Matthew White  
Director



Duncan Gordon  
Director