

Second Quarter Activities Report FY2018



Pathfinder C11 -12 #1 HZ Well – Fremont County, Colorado

For the period ended 31 December 2017
With additional information on subsequently completed activities

QUARTERLY HIGHLIGHTS

- **Fremont in advanced discussions with a local industrial Company to sell large amounts of gas being produced from several wells in Fremont’s Pathfinder oil and gas field**
- **The Company is working towards a binding Gas Purchase Agreement to be finalised in the first quarter of calendar 2018 with first gas sales targeted for mid-2018**
- **A sales channel for the Pathfinder project combined with rising energy prices makes the prolific Niobrara oil and gas formation highly economic**
- **Independent estimates calculate a 90% probability that the Niobrara formation contains 220 Billion cubic feet of gas and 18 million barrels of oil**
- **Fremont focused on maximising existing production which is expected to reach 100 Bopd in the next few weeks. Current production is approximately 90 Bopd**
- **Company targeting to reach a cash flow positive position in February based on US\$60 oil**

REVIEW OF QUARTERLY OPERATIONS AND ACTIVITIES

Fremont Petroleum Corporation Ltd is an oil and gas Production and Development Company that is the operator of its 100%-owned 16,798-acre Pathfinder project in the oil and gas rich region of Fremont County, Colorado, USA.

Fremont’s Pathfinder project is large enough to accommodate 500+ wells. Currently, the Company operates 26 oil and gas wells in this field.

Fremont also has an interest in non-core oil and gas producing properties in Kentucky and Texas.

Fremont places the safety of its people and the responsible management of the environment in which it operates at the forefront of all operations. In the Company’s 10 years of operations, the Fremont has experienced only one lost-time accident and zero environmental incidents.

The past quarter was a progressive period for the Company with crude oil discovered in the Western Flank of the Fremont’s Pathfinder property, including in the unexplored deeper Greenhorn formation which may have opened up an entirely new productive oil and gas formation in Fremont County.

These discoveries confirmed that the Petroleum system that has been responsible for producing 16 million barrels extends over Fremont's 17,000 acre property, with the majority of original oil and gas reserves remaining in virgin territory.

Significant progress has also been made with the Company's pursuit to secure a sales channel for large amounts of gas that is being produced from Fremont's wells and the sizeable gas reserves that are present in the Pathfinder project. Due to the lack of a gathering system and sales channel in the Florence Field, the Company has not yet been able to monetize its gas which has caused the Company to halt the drilling of wells into the prolific Niobrara formation in this field.

The Company is working towards supplying gas directly to local industry and is confident of securing a material and long-term agreement in the first calendar quarter of 2018.

The Company has been working diligently over the past quarter to maximise current oil production and revenues from the Company's North American assets. The Company has increased its daily production capacity to 80 – 90 Bopd. The extreme North American winter caused a series of wells to be shut in. However current milder weather conditions are allowing the Companies engineers to bring these back into production and the Company is targeting 100 Bopd production within the coming weeks.

At US\$60.00/bbl of oil, this equates to US\$105,000 per month of revenue net to FPL.

In December, Fremont implemented austerity measures to ensure that monthly operating costs will be covered by revenues generated by oil sales. In total US\$46,216 per month in costs were stripped out of the Company.

This program is in-line with Fremont's focus of returning the Company to a cash flow positive position in the short term and, ensuring it is well positioned to return to profitability on the back of increasing energy prices.

Drilling was completed on the Bird #13-18 well. An under-pressured fracture zone created a vacuum effect within the well bore which has prohibited flow testing operations from occurring.

As significant oil shows were evidenced during drilling, the Company has shut the well in over the North American winter months to allow time for the well to build up pressure to attempt to bring the well to its initial equilibrium state.

Further attempts to produce from the well will recommence in April and the Company will provide updates at that time.

Fremont was pleased to reach an agreement with Capillary Energy Services LLC of Colorado to re-enter the C11-12 Pathfinder well and to test a yet to be explored formation, the Greenhorn Formation.

Under the agreement, Capillary Energy Services is funding 100% of the costs of re-entering the C11-12 Pathfinder vertical well, and in the event of a commercially productive well, Capillary Energy will receive a 5% net revenue interest.

In an encouraging development, post the perforation of the Greenhorn, the formation is liberating crude oil and gas in to the well bore.

The Company engaged Digital Formation Inc, an independent Denver-based geological and petrophysical firm, to conduct a petrophysical analysis of the C11-12 Pathfinder vertical well that was drilled in 2012.

Digital Formation's analysis infers the Greenhorn Formation over the Pathfinder Project may contain 9.53 million barrels of oil in place per square mile. The Pathfinder Property is 26.25 square miles in total.

The section that this well is on lies within an Elk conservation area that prohibits drilling operations until April 2018. As such, operations have been halted and are expected to recommence in Q2.

As was announced to the market in December, the Company has commenced the process to sell its Kentucky properties. The Company is the operator of this 2,000 acre property in Western Kentucky and owns 50% of this asset.

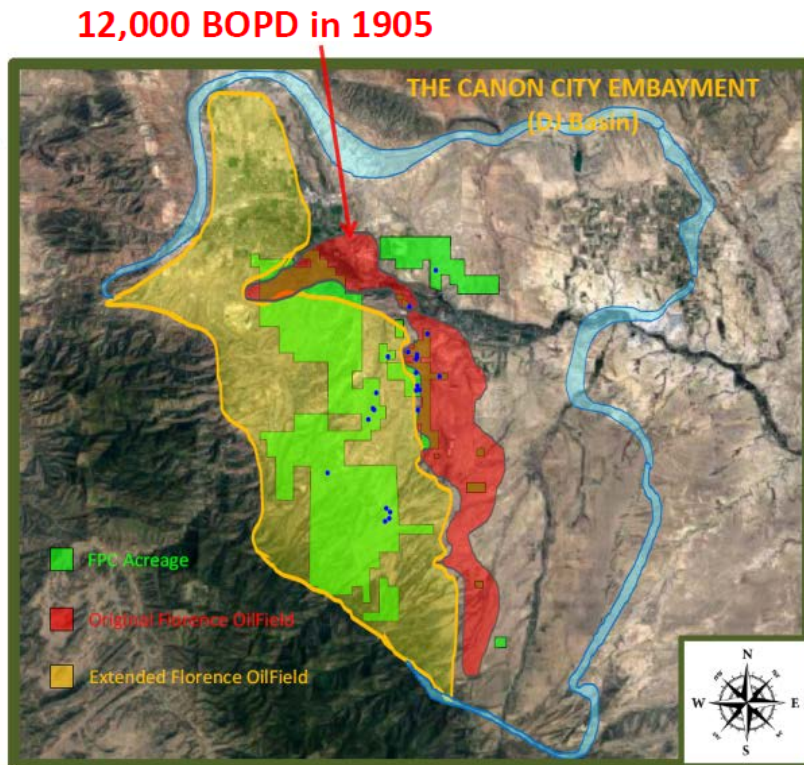
Fremont is ideally positioned to capitalise on increasing energy prices and its Pathfinder Project lies on top of one of the most rich oil and gas basins in North America.

The Board and Management are as committed as ever to seeing the successful execution of the development of its Pathfinder project, returning value to its loyal shareholders and a successful 2018.

REVIEW OF OPERATIONS AND ACTIVITIES

Pathfinder Project:

- 100% 16,798-acre Oil and Gas Property, Denver Julesburg Basin.
- FPL is the Operator of this project.
- 26 oil and gas wells.
- Primary Objectives: Niobrara & Pierre Shale Formation.
- Secondary Objectives: Greenhorn, Codell and Grenaros formations.



Green Section (FPL Current Acreage Position) – 16,798 acres

- NPV10 Proved & Probable (1P + 2P) = US\$14,397,000 (not a market valuation).
- 26 producing oil wells – shown in blue.
- Approx. US\$70,000/mo production revenue @ US\$45/barrel WTI.

Red section – Discovered late 1800's – 15,000 acres

- Has produced 16 Million+ barrels.
- Max. Production 12,000 BOPD – early 1900s.
- From 2008-2011 technology was applied -> 1,400 BOPD.

Yellow section (field extension target) – 40,000 acres

- Very little development.

- Property reserved for gold and coal mining for 150 years.
- FPL – first to secure oil and gas rights.
- Testing proves that larger oil reserves in place as the filed moves East to West.

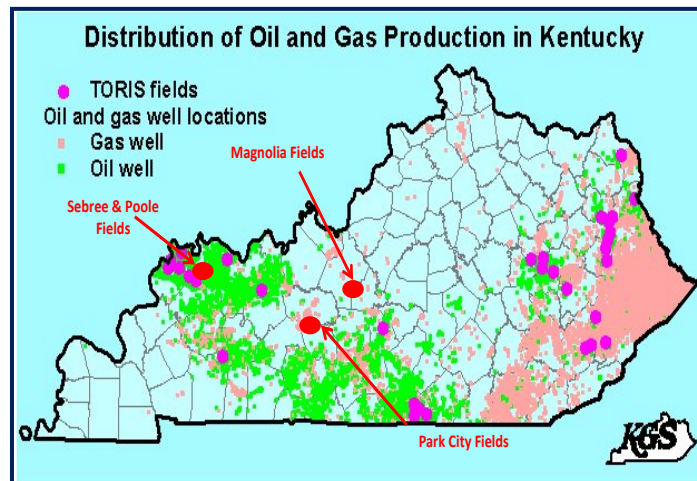
Kentucky Oil and Gas Property

Kentucky Exploration LLC is a 50/50 Joint Venture with a private Australian Investment Company

- Primary Hydrocarbon targets: Jackson Formation, Cyprus Formation, Niagara Sand, and McCloskey Formation.

Current Operations:

- Leases with high operational expenses and high-water haulage, electricity and chemical programs have been put on idle until the price of oil recovers.
- Low-cost, shallow, high-impact drilling program in Kentucky provides an excellent source of low-risk and long-life production, and cash flow, for the Company.



The above map illustrates Fremont Petroleum Corporation's leases in Kentucky.

WORKPLACE AND ENVIRONMENTAL SAFETY

The Company places significant emphasis on the safety of all of its people, from its own employees to external contractors at its well sites. It is mandatory that the Company's staff attend quarterly safety sessions at its headquarters in Florence Colorado as well as several OSHA safety programs that are held throughout the year.

The Company is proud that it maintains an impeccable safety record with only one Lost Time Accident occurring in its 10 years of operations, and an unblemished environmental record with no phase-1 incidents ever having been recorded.

INDEPENDENT CONSULTANT'S ANALYSIS

Gustavson Associates

Gustavson Associates LLC (the Consultant) was retained by Fremont Petroleum Corporation Limited to prepare a Report regarding the reserves and resources underlying acreage positions owned by Austin in the states of Colorado and Kentucky. This Report is limited to a report on these properties' oil and gas reserves and resources underlying the acreage position. This Report does not attempt to place a Market Value thereon. The effective date of this Report was February 1, 2017. Estimates in this report have been prepared according to the VALMIN standards, which rely on the definitions found in the Petroleum Resources Management System.

Summary of Colorado Oil and Gas Reserves and Economics:

The Summary tables of the analysis are as follows (M = 1,000, MM = 1,000,000, BCF = Billion Cubic Feet, P = Probability, P90 = 90% probability):

Summary of All Reserves and Resources

Summary of Reserves and Projected Cash Flow

Reserves Category	Net Oil, Mbl	Net Gas, MMCF	Net Present Value, thousands of US\$	
			0%	10%
Original Austin Acreage				
Proved Developed Producing	33.28	0.00	574.14	440.91
Proved Developed Non-Producing	5.87	0.00	143.16	128.76
Total Proved (1P)	39.15	0.00	717.30	569.67
Probable Developed Non-Producing	24.54	464.01	1,820.13	985.71
Probable Undeveloped	1,152.84	0.00	23,278.44	9,685.07
Total Probable	1,177.38	464.01	25,098.57	10,670.78
Total Proved + Probable (2P)	1,216.53	464.01	25,815.87	11,240.45
Possible Developed Non-Producing	55.57	0.00	1,969.52	1,450.93
Total Proved + Probable + Possible (3P)	1,272.10	464.01	27,785.39	12,691.38
Incremental Acquisition				
Proved Developed Producing	119.19	0.00	2,891.28	1,773.95
Proved Undeveloped	168.93	0.00	3,433.40	1,382.56
Total Proved	288.12	0.00	6,324.68	3,156.51
Combined Acreage				
Proved Developed Producing	152.47	0.00	3,465.42	2,214.86
Proved Developed Non-Producing	5.87	0.00	143.16	128.76
Proved Undeveloped	168.93	0.00	3,433.40	1,382.56
Total Proved (1P)	327.27	0.00	7,041.98	3,726.18
Probable Developed Non-Producing	24.54	464.01	1,820.13	985.71
Probable Undeveloped	1,152.84	0.00	23,278.44	9,685.07
Total Probable	1,177.38	464.01	25,098.57	10,670.78
Total Proved + Probable (2P)	1,504.65	464.01	32,140.55	14,396.96
Possible Developed Non-Producing	55.57	0.00	1,969.52	1,450.93
Total Proved + Probable + Possible (3P)	1,560.22	464.01	34,110.07	15,847.89

Summary of Kentucky Oil and Gas Reserves and Economics

Reserves Category	Net Oil, MBbl	Net Gas, MMCF	Net Present Value, thousands of US\$ Discounted at	
			0%	10%
Proved Developed Producing	31.69	0.00	745.01	529.58

Summary of Colorado & Kentucky Oil and Gas Contingent Resources

The summary tables of the analysis are as follows (M = 1,000, MM = 1,000,000, BCF = Billion Cubic Feet, P = Probability, P90 = 90% probability):

Summary of Gross Contingent Resources

	P ₉₀ (1C)	P ₅₀ (2C)	P ₁₀ (3C)
Original Austin Acreage			
Niobrara			
Contingent Oil Resources, MMBbl	15.5	22.4	27.1
Contingent Gas Resources, BCF	187.4	246.6	291.6
Pierre			
Contingent Oil Resources, MMBbl	15.0	19.1	23.7
Kentucky			
Contingent Oil Resources, MMBbl	0.3	0.5	0.7
Contingent Gas Resources, BCF	0.1	0.1	0.2
Total Contingent Oil Resources, MMBbl	30.8	42.0	51.5
Total Contingent Gas Resources, BCF	187.5	246.7	291.8
Incremental Acquisition			
Niobrara			
Contingent Oil Resources, MMBbl	2.7	3.3	4.0
Contingent Gas Resources, BCF	33.2	38.5	44.8
Pierre			
Contingent Oil Resources, MMBbl	1.4	1.7	2.1
Total Contingent Oil Resources, MMBbl	4.1	5.0	6.1
Total Contingent Gas Resources, BCF	33.2	38.5	44.8
Combined Acreage			
Total Contingent Oil Resources, MMBbl	34.9	47.0	57.6
Total Contingent Gas Resources, BCF	220.7	285.2	336.6