

## Farm-out to Test Deep Oil & Gas Greenhorn Formation on C11-12 Pathfinder Well

- Fremont to be 100% carried on Radial Jet drilling costs of the C11-12 Pathfinder well for a 5% interest
- Independent Petrophysical analysis estimates the Greenhorn Formation over the Pathfinder Property contains 9.53 million barrels of oil per square mile – the Pathfinder Property is 26.25 square miles in total
- Re-entry and testing to commence this month
- Considerable value-add can be delivered via farm-out as opposed to sole risk using shareholder equity
- Fremont confirms drilling the Bird #13-18 will commence this week

**Fremont Petroleum Corporation Ltd (ASX: FPL) (“Fremont” or “the Company”)** advises that it has reached an agreement with Capillary Energy Services LLC (“Capillary Energy”), 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 will fund the 100% of the costs of re-entering the C11-12 Pathfinder well, and in the event of a commercially productive well, Capillary Energy will receive a 5% net revenue interest. Works will commence in August and all approvals from the State of Colorado have been granted.

Fremont is pleased to be partnering up with Capillary Energy which is applying a new drilling technology, Radial Jet Drilling, a first to be used in Colorado. This technology is in testing phase and has been successful in varying oil and gas formations across North America.

Under the agreement, Capillary Energy will drill eight, 500ft horizontal legs in to the Greenhorn Formation to test for the presence of oil. Each horizontal leg will be equally spaced around the circumference of the well, thus accessing approximately 4,000 horizontal feet of the Greenhorn formation.

The Company engaged Digital Formation Inc, an independent Denver-based geological and petrophysical firm, to conduct a petrophysical analysis of the extensive electronic logging data that was obtained during the drilling of the C11-12 Pathfinder well in 2012.

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

The Greenhorn Formation consists of thin limestones and dark-gray to black organic-rich shales and is from 200 feet to 250 feet thick and is located at a depth of approximately 5,700 ft.

In 2012, the Pathfinder C11-12 vertical test well was drilled to a total depth of approximately 6,000 ft. The well was drilled to gain a clear understanding of depths of the different formations and the potential of each individual formation to be able to produce oil and gas.

Fremont have long held the view that significant quantities of oil are contained within the deeper formations at the Pathfinder Property. However, due to lower oil prices, the Company halted drilling of horizontal wells that are uneconomic to drill in a sub-\$60 oil price environment.

Fremont is encouraged by the potential of the Greenhorn formation and production could lead to an entirely new productive oil and gas formation within the Pathfinder Project. The recent Gustavson Associates Engineering evaluation that was completed in May of 2017, did not include the Greenhorn Formation in the reserve and resource assessment.

This study estimated that at a 90% probability, the Pathfinder project contains contingent resource of 34.9 million barrels of oil and 220.7 billion cubic feet of gas within the Pierre and Niobrara formations.

The Company will provide regular updates on the well re-entry works and any meaningful results. As well, Fremont advises that drilling of the Bird #13-18 well will commence this week.

Fremont maintains its focus of drilling out its 400+ well inventory of the Pierre oil production wells which can return a NPV per well of greater than \$1 million per well. The Company will pursue the prospective deeper formations if it is able to do so via farm-out to share the risk and reward given the current oil-price environment.

### **About Radial Jet Drilling Technology:**

Radial Jet Drilling is a technology that was initially developed to enhance production in marginally economic existing wells. As the price of oil has declined, it is being utilized on newly drilled wells because it is far less expensive than current horizontal drilling techniques.

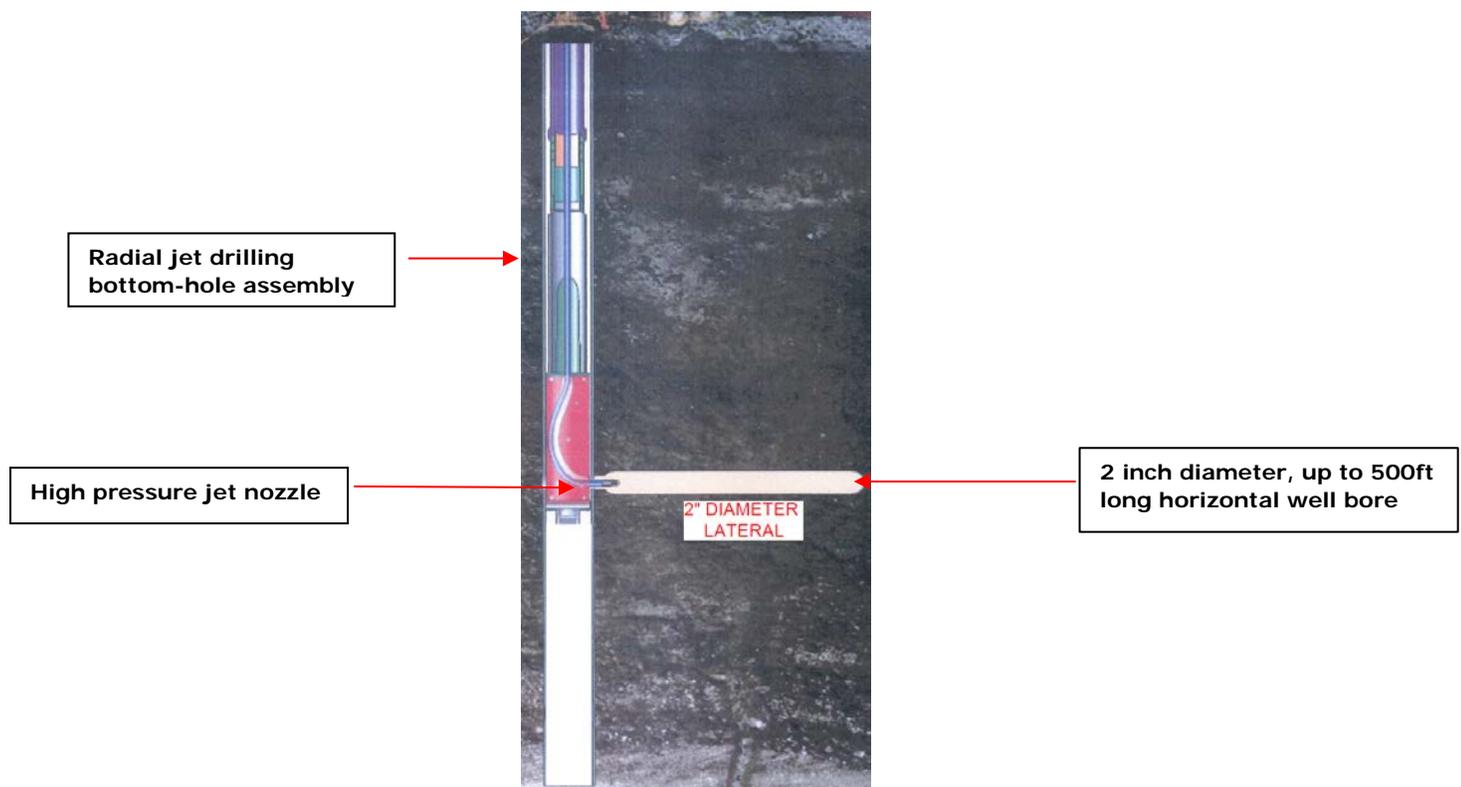
The process is a relatively simple design that utilizes high pressure water to "jet" laterals from a vertical wellbore. Surface equipment consists of a truck mounted coiled tubing unit, a high pressure, low volume pump and the water tanks.

Below the surface, production tubing is used during all phases of the process. A whipstock shoe is installed on the end of the production tubing and set at the desired depth. The shoe is designed with a small diameter hole that changes the direction of all operations from vertical to horizontal. Once the shoe is in place, a small fluid driven motor, a flexible shaft and a mill are attached to small diameter coiled tubing and lowered down the production tubing and into the shoe. This assembly is used to mill a hole in the casing. After the milling procedure is completed, the milling equipment is replaced with the jetting assembly, which consists of a high pressure hydraulic hose and a specialized nozzle. This equipment is attached to the coiled tubing and is lowered into the shoe. Fluid is then pumped at pressures from 5,000

to 10,000 psi and flow rates varying from 4 to 10 gallons per minute to jet the lateral. Radial jet drilling is designed to create laterals that are approximately 2 inches in diameter and up to 500 feet in length.

Lateral jet drilling is an environmentally friendly technique with all procedures conducted inside strings of casing and tubing and there are no downhole moving parts to damage the casing. The jetting fluid consists of small volumes of fresh water, eliminating the need for surface “mud pits” and the concern that large volumes of fresh water are being wasted.

The procedure allows evaluation of potential reservoirs in the vertical hole, unlike traditional horizontal drilling, and with the use of the open hole logs, provides precise positioning of the laterals. It provides a low-cost method of recovering additional reserves by creating a radial pattern of laterals in the reservoir and allows multiple horizons to be completed in a single vertical wellbore. It also provides directional control for subsequent formation treatments and reduces the need for infill drilling.



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### **ABOUT FREMONT PETROLEUM CORPORATION LTD**

Fremont Petroleum Corporation (FPC) is an Oil & Gas Production and Development company. The company was founded in 2006 and is headquartered in Florence Colorado USA with its Australian office located in Sydney Australia. The company has operations in Colorado and Kentucky and interests in two wells Texas.

Driven by a world-class team, the primary focus area is the 2nd oldest oilfield in the US located in Fremont County Colorado. The Florence Oil field was discovered in 1881 with the likes of Standard Oil & Continental Oil (Conoco) at the helm of production. With the advent of new technology, the Florence Oil field is one of the most economic fields in the US, and is much larger and even more prolific than originally understood.

The company's wholly-owned US Subsidiary, AusCo Petroleum Inc. is headquartered in Florence Colorado and operates a Business Unit in Kentucky. FPC is listed on the Australian Securities Exchange (ASX code: FPL).

### **DISCLAIMER:**

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Oil production rates fluctuate over time due to reservoir pressures, depletion or down time for maintenance. The Company does not represent that quoted production rates will continue indefinitely.