ASX ANNOUNCEMENT **1 OCTOBER 2020**

FREMONT COMPLETES TREY ACQUISITION TO GROW OIL PRODUCTION

- **FPL's ownership of Trey commences today – current production is stable at ~71 barrels of oil per day**
- **Leases have tremendous upside with ~115 conventional oil wells ripe for production enhancements**
- **Kentucky and Colorado production (excluding Trey) is up to ~45 barrels of oil per day with workovers ongoing**
- **Further acquisitions being actively reviewed**

Fremont Petroleum Corporation Ltd (ASX: FPL) ('Fremont' 'the Company') confirms that it has executed the Asset Purchase Agreement with Indiana-based Trey Exploration, Inc. ('Trey') to acquire its portfolio of oil leases. FPL will assume ownership as of today with Trey's team continuing to operate the leases for the foreseeable future with favourable operating terms agreed.

As advised, Trey is currently producing ~71 barrels of oil per day and revenue from oil sales will be used to enhance production above current levels. The leases in Indiana, Kentucky and Illinois collectively hold 115 conventional oil wells. Many of these wells are currently inactive and can be brought back on line, and those that are producing can be worked over cost effectively to deliver greater production flows.

The recoverable barrels of oil across all leases is very significant and definitive numbers will be published following further assessment of all third party reserve reports. Fremont's focus this month is to ensure production levels from the Trey portfolio are maintained prior to commencing work overs.

Key Terms of the Agreement

- Purchase price – US$1.9m, with US$1m payable on execution of the agreement and balance of US$900,000 payable on close – 2 April 2021.
- All assigned leases to have at least a 95% Working Interest and 80% Net revenue Interest.
- Trey will receive a 5% working interest after FPL has recovered its purchase price plus any capital expenditure and a further 5% working interest after FPL has recovered twice its purchase price plus capital expenditure.
- FPL has an option to purchase all the shares in Trey's operations business which can deliver further synergies.

<u>Work over programs in Kentucky and Colorado delivering production gains</u>

As previously reported, Fremont is undertaking a 26-well work over program in Kentucky and Colorado with daily oil production now at ~45 barrels of oil per day (previously ~30 barrels on 18 August). Four of the 12 work overs have been completed in Colorado and 3 of the 14 have been completed in Kentucky. Oil inventory in the tanks is at ~2,000 barrels valued at ~US$78,000[1] with 1,752 barrels of oil sold since the last production update.

Completion of work overs has been slower than anticipated due to mechanical challenges with one well in Colorado and crew availability in Kentucky. These issues have been resolved and completion of work overs will pick up from here. Beyond these 26 wells, there are a further 10 wells that are candidates for work overs and more complex re-completions that could deliver further production gains.

[1] Calculated using WTI price as at 30 September circa US$39.00/barrel

Comment

CEO Tim Hart commented: *"Trey's leases deliver lots of value to Fremont and we have secured quality assets very cost effectively. Growing production from the existing wells is our immediate priority, as is unlocking the true potential of the broader asset package. One lease in Kentucky, the North Hanson unit which is a former Exxon field, has excellent upside. As well, the value of Trey's leases in Knox County Indiana have favourable development potential with first work overs planned here to increase oil recoveries.*

"Work overs in Kentucky and Colorado are delivering promising gains and we anticipate daily production will grow beyond the current 45 barrels of oil per day. For transparency we will continue to report on these production gains separately.

"We are also closely assessing more conventional long life, low-cost oil & gas assets onshore USA that complement our portfolio and have established sales channels. We look forward to reporting back on all these initiatives later this month."

This announcement has been authorised by the Board of Fremont Petroleum Corporation Ltd.

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ABOUT FREMONT PETROLEUM CORPORATION LTD

Fremont Petroleum Corporation Ltd (ASX: FPL) is an oil & gas production and development company with operations in Colorado and Kentucky. The Company's focus is to aggressively grow daily production by improving current asset performance and opportunistically acquiring onshore USA oil & gas assets with the following characteristics: producing conventional oil & gas wells; production can be enhanced through low-cost field operations and workovers; leases are held by production and do not require ongoing drilling commitments; and, economies of scale can be achieved by acquiring and enhancing similar assets nearby.