

## ASX ANNOUNCEMENT

31 July 2020

# Quarterly Activities Report

Fremont Petroleum Corporation Ltd (ASX: FPL) ('Fremont' 'the Company') provides this report for the quarter ended 30 June 2020.

### Production, operations and corporate update

There were no changes in tenements held and no substantive development activities undertaken in the quarter.

**Colorado & Kentucky:** As in the prior quarter, the majority of the Company's wells in Colorado and Kentucky has been temporarily shut-in due to depressed prices for West Texas intermediate (WTI) crude oil. As the prices began to recover in late May/early June, limited production in Colorado and Kentucky has resumed with some wells coming back on-line.

In late July, a low-cost workover program commenced across all of the Company's leases in order to bring the vast majority of wells back on-line and substantially increase production. An update on the progress and the resultant production will be reported shortly, as will details on how the Company is reducing drilling commitments, particularly in Colorado.

Discussions have resumed with a potential off-taker that has been assessing Fremont's Pathfinder field as a potential source of gas. As the field comes back into full production, the Company will continue to negotiate on terms that are acceptable to the potential off-taker and Fremont. This potential gas contract remains an important opportunity.

**New acquisitions:** In late June, the Company signed a non-binding letter of intent ('LOI') with Indiana-based Trey Exploration, Inc. ('Trey') to acquire a portfolio of producing oil and gas leases located in the Illinois Basin where the Company already holds production leases. Trey has a portfolio of conventional wells that are currently producing ~71 barrels of oil per day. The Trey asset package is attractive to Fremont as the wells are currently in production, their performance can be enhanced through low-cost workovers and other field activities, and they add scale to the Company's Kentucky operations.

As reported at the time, Fremont is intent on aggressively growing production by not only enhancing the performance of its existing fields, which it is doing, but by also 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; the leases are held by production and do not require ongoing drilling commitments; and, economies of scales can be achieved by acquiring and enhancing similar assets nearby.

Fremont's team is also diligently assessing a pipeline of other potential oil & gas acquisition opportunities that have the above characteristics.

**Funding:** As previously reported, in April Fremont reported that it has secured AU\$3m of funding commitments from three Australian family offices through a direct placement of new shares at \$0.003 per share with a one-for-one attaching option exercisable at \$0.003 expiring 12 months from the date of issue. As well, agreement has been reached with the existing convertible note holders to convert their total debt into equity at \$0.003 per share.

The Company looks forward to keeping shareholders more regularly informed of progress. The next two quarters are expected to be an active time as activities ramp up.

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

**Further information:**

**Peter Crown, Non-Executive Chairman: +61 (0) 416 351 010**

**Sam Jarvis, Non-Executive Director: +61 (0) 418 165 686**

**ABOUT FREMONT PETROLEUM CORPORATION LTD**

**Fremont Petroleum Corporation Limited (ASX: FPL) is an Oil & Gas production and development company founded in 2006 and headquartered in Florence Colorado USA with its Australian office in Sydney, Australia. The company has operations in Colorado and Kentucky. The primary focus is the Florence Oil field in Colorado which hosts FPL's 26,000-acre Pathfinder project discovered in 1881. Standard Oil & Continental Oil (Conoco) were producers.**

**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.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Fremont Petroleum Corporation Ltd

ABN

98 114 198 471

Quarter ended ("current quarter")

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	56	663
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(15)	(3,157)
(b) development	-	-
(c) production	(29)	(281)
(d) staff costs	(31)	(280)
(e) administration and corporate costs	(149)	(742)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(25)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	(351)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(168)</b>	<b>(4,173)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation (if capitalised)		
(e) investments		
(f) other non-current assets		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(4)	(20)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(20)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,250	1,250
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(200)	(342)
3.5	Proceeds from borrowings	-	3,025
3.6	Repayment of borrowings	-	(360)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (share applications in advance)	417	417
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,467</b>	<b>3,990</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5	1,559
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(168)	(4,173)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,467	3,990

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(5)	(62)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,294</b>	<b>1,294</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,294	5
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,294</b>	<b>5</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
26
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	3,025	3,025
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	<b>3,025</b>	<b>3,025</b>
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>The Company secured in November 2019 a Convertible Note facility of up to \$6M to fund ongoing development, exploration and drilling program. Trustee is Resilient Investment Group Pty Ltd. Interest rate is 1.5% for first four months and 2.5% for following eight months.</p> <p>As announced 29 April 2020 the balance of the Convertible Note will not be drawn on and FPL has raised \$3m in additional equity in 2 tranches. Tranche 1 of \$1.25m has been received and Tranche 2 of \$1.75m is subject to shareholder approval at a shareholder meeting to be held 31 August 2020.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(168)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(168)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,294
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,294
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>7.7</b>
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: n/a	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: n/a	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: n/a	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: ..31 July 2020.....

Authorised by: .By the Board.....  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.