

## Third Quarter Activities Report FY2018



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

For the period ended 31 March 2018  
With additional information on subsequently completed activities

## **REVIEW OF QUARTERLY OPERATIONS AND ACTIVITIES**

- **Well workover program commenced in the quarter to achieve a steady production rate of +100 BOPD**
- **Negotiations continue to develop a gas sales channel**
- **Successful SPP & Placement raises AUD\$2.6 mil and significantly strengthens balance sheet**
- **Non-Executive Director appointed adding strength to Fremont's Board**

**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 with the Company currently operating 26 oil and gas wells in the field. Independent estimates calculate a 90% probability that Pathfinder contains 35 million barrels of oil and 220 Billion cubic feet of gas.

Fremont also has an interest in producing oil and gas properties in Kentucky.

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

### **Field work in the quarter**

A work-over program at the Pathfinder project commenced in the quarter to increase production to a stabilised rate of +100 BOPD. At 100 Bopd at \$60/bbl, FPL becomes cash flow positive.

During the quarter a series of well clean out and stimulation techniques designed to increase production and maximise oil recovery were undertaken. These low-cost operations are proceeding to plan, on budget and are being managed internally by Fremont's operations team. Well work-overs are ongoing across the Pathfinder project with additional wells identified to potentially increase production.

Following extended flooding in Kentucky, well work-overs have now commenced and are expected to provide a further boost to production and cash flows for the Company in the near term.

### **Negotiations for gas sales channels**

The Company is making good progress securing gas supply channels directly to local industries in Fremont County. Gas will be supplied from existing wells within Fremont's Pathfinder Project.

The Company drilled the Pathfinder C11-12#1Hz horizontal well in 2012 into the Niobrara Formation. Five years after being drilled, this well can produce clean natural gas at approximately 500,000 cubic feet per day. Fremont has also drilled several gas wells in the Pierre Formation that have been shut in to avoid uneconomic flaring of gas.

Negotiations with respect to FPL's first long term gas sales agreement are advancing and the Company is also assessing other channels to monetise Pathfinder's large contingent gas resource.

### **Non-Executive Director Appointment**

In February, Fremont announced the appointment oil & gas executive Mr. Sam Jarvis as a Non-Executive Director. Sam's experience in commercial management and oil & gas development drilling is proving valuable to Fremont.

### **Balance sheet strengthened**

The Company completed a \$2.6m capital raise via a \$2m Placement and a \$600,000 Share Purchase Plan (SPP funds received April 2018). This funding has reduced the Company's total debt to USD\$250,000 and has significantly strengthened its balance sheet. Current cash reserves, growing cash flow from production and FPL's continued focus on maintaining a very low overhead cost structure means the Company is sufficiently funded to meet its current works program.

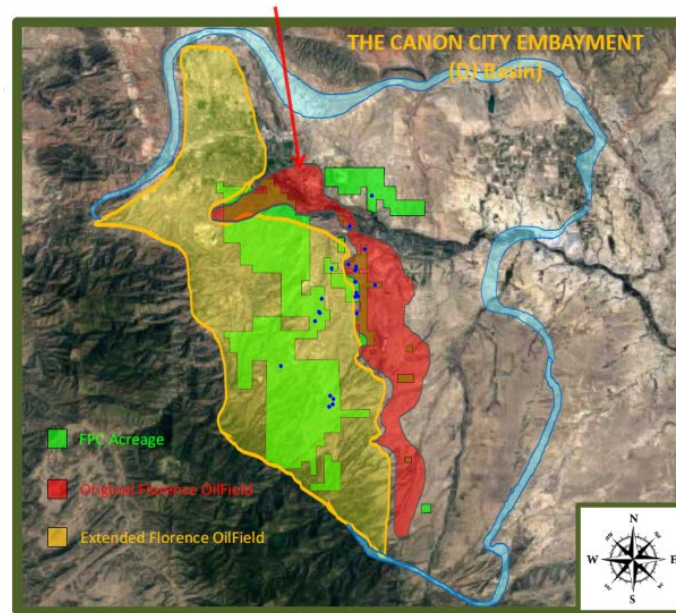
The Board thanks shareholders for their support and welcomes new shareholders to the register.

### **Outlook**

Fremont's Board is very satisfied with the well work-over progress to date and will provide a detailed update on production rates and forward well work-over activities once a 30-day production rate is recorded in the next week.

## PATHFINDER PROJECT – FREMONT COUNTY COLORADO

- 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 field moves East to West.

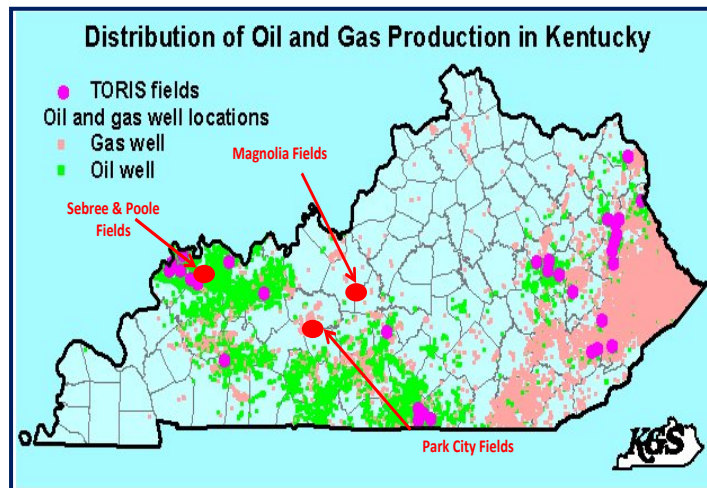
## KENTUCKY OIL AND GAS PROPERTY

**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 is pleased to report that no lost time safety accidents or phase 1 environmental incidents occurred over the past quarter.

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%
<b>Original Austin Acreage</b>				
Proved Developed Producing	33.28	0.00	574.14	440.91
Proved Developed Non-Producing	5.87	0.00	143.16	128.76
<b>Total Proved (1P)</b>	<b>39.15</b>	<b>0.00</b>	<b>717.30</b>	<b>569.67</b>
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
<b>Total Probable</b>	<b>1,177.38</b>	<b>464.01</b>	<b>25,098.57</b>	<b>10,670.78</b>
<b>Total Proved + Probable (2P)</b>	<b>1,216.53</b>	<b>464.01</b>	<b>25,815.87</b>	<b>11,240.45</b>
Possible Developed Non-Producing	55.57	0.00	1,969.52	1,450.93
<b>Total Proved + Probable + Possible (3P)</b>	<b>1,272.10</b>	<b>464.01</b>	<b>27,785.39</b>	<b>12,691.38</b>
<b>Incremental Acquisition</b>				
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
<b>Total Proved</b>	<b>288.12</b>	<b>0.00</b>	<b>6,324.68</b>	<b>3,156.51</b>
<b>Combined Acreage</b>				
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
<b>Total Proved (1P)</b>	<b>327.27</b>	<b>0.00</b>	<b>7,041.98</b>	<b>3,726.18</b>
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
<b>Total Probable</b>	<b>1,177.38</b>	<b>464.01</b>	<b>25,098.57</b>	<b>10,670.78</b>
<b>Total Proved + Probable (2P)</b>	<b>1,504.65</b>	<b>464.01</b>	<b>32,140.55</b>	<b>14,396.96</b>
Possible Developed Non-Producing	55.57	0.00	1,969.52	1,450.93
<b>Total Proved + Probable + Possible (3P)</b>	<b>1,560.22</b>	<b>464.01</b>	<b>34,110.07</b>	<b>15,847.89</b>

**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 <sub>90</sub> (1C)	P <sub>50</sub> (2C)	P <sub>10</sub> (3C)
<b>Original Austin Acreage</b>			
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
<b>Total Contingent Oil Resources, MMBbl</b>	<b>30.8</b>	<b>42.0</b>	<b>51.5</b>
<b>Total Contingent Gas Resources, BCF</b>	<b>187.5</b>	<b>246.7</b>	<b>291.8</b>
<b>Incremental Acquisition</b>			
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
<b>Total Contingent Oil Resources, MMBbl</b>	<b>4.1</b>	<b>5.0</b>	<b>6.1</b>
<b>Total Contingent Gas Resources, BCF</b>	<b>33.2</b>	<b>38.5</b>	<b>44.8</b>
<b>Combined Acreage</b>			
<b>Total Contingent Oil Resources, MMBbl</b>	<b>34.9</b>	<b>47.0</b>	<b>57.6</b>
<b>Total Contingent Gas Resources, BCF</b>	<b>220.7</b>	<b>285.2</b>	<b>336.6</b>