

3 August 2018

Andrew Kabega
Adviser
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

By email: Andrew.Kabega@asx.com.au

FREMONT PETROLEUM CORPORATION LIMITED – APPENDIX 5B QUERY

Fremont Petroleum Corporation Limited ACN 114 198 471 (**Company**) provides the following information in response to your query dated 31 July 2018 regarding the Appendix 5B for the period ended 30 June 2018.

1. The Company expects similar revenue and costs for the September 30, 2018 quarter.

The Company notes that an amended Appendix 5B was released to ASX earlier today. This amended Appendix 5B, cash receipts/revenue for the quarter totalled \$343,839. General and Administrative costs (production, staff costs, administrative & corporate costs) totalled \$317,198. Therefore, revenue covered the running costs/overheads of the business by \$26,641.

Exploration and evaluation covered one off capital expenditures that totalled \$366,851. The majority of these expenditures were for well work-overs of 21 of the Company's wells in Colorado and 17 wells in Kentucky. The well work-over program included a series of well clean outs, downhole equipment repairs, and stimulation techniques that were designed to maximise oil production. This program was successful and resulted in a 47% quarter-on-quarter increase in production.

As of June 30, the Company held unsold inventory of 3,555 barrels of oil in the storage tanks. The Company estimates this will yield approximately \$200,000 in net sales.

The Company anticipates development expenses (capital expenses) of \$250k for the current quarter. If these are taken into account, the Company expects to have negative cash flows for the quarter.

2. The Board reviews its cash position along with its expenditure commitments and funding requirements on an ongoing basis.

In conjunction with the revenue generated from oil sales in Colorado and Kentucky, if deemed necessary by the Board of Directors (Board), the Company could seek to raise further capital to fund its operations. This may be via debt, equity, or a farm-out or a combination of these.

The Company is in discussions with North American financial institutions with regards to financing drilling and infrastructure projects.

The Pathfinder Field is situated in a rural area of Colorado that meets the requirements for loan guarantees provided by the U.S. Department of Agriculture (the **USDA**). These

cover up to 80% of the loan amount for establishing a project valued under US\$5 million and max out at a guarantee of 60% for a valuation of US\$25 million.

The Company is working directly with the USDA on a potential financing program and progress is positive.

The Company also has a long-standing relationship with capital providers in Australia who the Board believes can continue raise capital to fund ongoing operations of the Company.

The Company notes the significant improvement in the oil and gas sector with the price of oil trading between US\$60 – \$70/bbl. The Company was successful in raising capital to continue its operations during one of the most sever and prolonged downturns in the industry from 2014 to 2016 with the price of oil dropping as low as \$26/bbl in 2015.

Based on the above and the ongoing support of the Company's shareholders, the Company is confident that if additional funding is required, the Company will be successful in securing capital for the ongoing development of its North American oil and gas operations.

3. Yes, the Company expects to be able to continue operations to meet its business objectives on the basis that the Company is earning approximately \$100,000 to \$150,000 per month in revenue from oil sales.
4. The Company considers it continues to comply with Listing Rule 12.2 and is confident that the Company's financial position warrants continued quotation of its securities on the ASX.
5. The Company can confirm that it is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market. However, the Company is regularly negotiating material transactions that may, if executed, require disclosure under Listing Rule 3.1. Until such time as these transactions are complete and no longer confidential, the Company relies on Listing Rule 3.1A in order to not make any disclosure to ASX.
6. The Company confirms that the responses to the questions above have been authorised and approved by its board.

Yours faithfully,



Guy Goudy
Executive Chairman



31 July 2018

Mr Robert Lees

Company Secretary
Fremont Petroleum Corporation Limited
Level 3, Suite 302
Castlereagh Street
Sydney NSW 2000

By email: robert@coysec.com.au

Dear Mr Lees,

Fremont Petroleum Corporation Limited (the "Entity"): Appendix 5B Query

I refer to Entity's Appendix 5B quarterly report for the period ended 30 June 2018 lodged with ASX Market Announcements Platform on 30 July 2018 (the "Appendix 5B").

ASX notes that Entity has reported:

- negative net operating cash flows for the quarter of \$388,000;
- cash at the end of the quarter of \$514,000; and
- estimated cash outflows for the next quarter of \$650,000.

It is possible to conclude, based on the information in the Appendix 5B that if the Entity were to continue to expend cash at the rate indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Entity to respond separately to each of the following questions and requests for information:

1. Does the Entity expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
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?
3. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that the Entity is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that the Entity's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

Sydney NSW 2000
20 Bridge Street

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Customer service 13 12 79
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When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 09:30am AEST on Friday, 3 August 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Entity's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

For personal use only

Andrew Kabega

Senior Adviser, Listings Compliance (Sydney)