



FREMONT

PETROLEUM CORPORATION

Second Quarter Activities Report FY2019



Drilling Operations on the Powell #23-25 Well

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

REVIEW OF QUARTERLY OPERATIONS AND ACTIVITIES

- **8,003 barrels of oil produced in the quarter (7,920 barrels in prior quarter)**
- **CY2018 production was up 33% to 31,628 BO (CY2017: 23,700 BO)**
- **Q2 revenue of AUD\$279,676 not including AUD\$81,908 from Kentucky JV (A decrease of \$91,209 due to weaker WTI Oil prices)**
- **CY2018 Net revenue from oil sales totals US\$1,195,589.94 – an 88% year-on-year increase (CY2017: US\$638,789)**
- **Production increases come off the back of successful and on-going well work-over program**
- **JW Powell #23-25 Well successfully drilled to target depth of 6,072 ft**
- **Primary Objective Niobrara Formation is 537 ft thick. Oil & Gas shows evidenced whilst drilling through the Niobrara Formation**
- **Drilling of Amerigo Vespucci #1 well halted at a depth of 4,800 feet to perform flow tests due to hydrocarbon shows in the Pierre Formation**
- **2018 drilling obligations met to maintain 100% of 21,500-acre property**
- **Cash at bank \$1,330,490**

Fremont Petroleum Corporation Ltd is an oil and gas Production and Development Company that is the operator of its 100%-owned 21,500-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 with two additional wells in the development phase.

Independent estimates calculate a 90% probability that Pathfinder contains a resource of 54 million barrels of oil and 540 Billion cubic feet of gas. This independent assessment was completed in August 2018 over a total of 19,500 acres, not the Company's total 21,500 acres.

Fremont also has a 50/50 JV in producing oil and gas properties in Kentucky. Fremont receives 100% of the revenue until its capital contribution is repaid through oil sales.

The Company's focus for the past quarter was to the drilling of the wells, the Vespucci #1 and the J.W. Powell #23-15 wells.

The primary objectives of these two wells is to test and produce the Niobrara formation. Success in this program should add further production, boost cash flows, increase in-ground reserves and confirm independent engineering assessments that have pointed at the Pathfinder Field being analogous to the prolific Wattenberg oil and gas field in Colorado.

Drilling Operations

The Company's primary focus for the December quarter was the drilling of the Amerigo Vespucci # 1 Well and the J.W. Powell #23-25 wells at the Company's 21,500-acre Pathfinder property in Colorado.

These wells are being drilled as vertical wells and are targeting production from a multi-stage fracture stimulation in the B and C Benches of the Niobrara Formation (Primary Objective).

Importantly, all lease obligations that are required to retain 100% of the Pathfinder property have been met.

Amerigo Vespucci # 1 Well:

The Amerigo Vespucci #1 well safely spudded on Friday 9 November.

Whilst drilling through the Pierre formation, a secondary objective on this well, drill cuttings were observed to have abundant mineral fluorescence and thus strong evidence of gas and oil. The hole also intersected several sections in the formation where extensive natural fractures are evident.

As such, the Company made the decision suspend drilling at 4,800 feet and complete an oil and gas production test on the Pierre Formation of the well. Steel casing has being run into the well including 200 feet of slotted production casing.

If the production test delivers commercial quantities of oil and gas, the well will be put into production. If not, the well will then be drilled down to its primary objective being the Niobrara Formation. The remaining drilling, being ~1,200 feet, will occur after the next well, the Powell #1, is drilled and completed.

J.W. Powell #23-25 Well:

The J.W. Powell #23-25 well safely spudded on Sunday 16 December.

The well successfully reached its target depth of 6,072 ft on Saturday January 12, 2019. The well was drilled to plan, safely and on budget.

The primary target, the Niobrara Formation recorded a total thickness of 537 feet in this well.

Oil and Gas hydrocarbon shows were reported by the on-site, independent mud-logger throughout the Niobrara section. Oil and gas shows were also evident in deeper Codell and Greenhorn Formations but testing will only occur on the Niobrara Formation.

Several significant gas-kicks were also evidenced whilst drilling through the Niobrara Formation.

These gas shows were further validated by gas detection equipment which measures total gas output from the well during drilling operations.

Extensive open-hole logging and sidewall coring has now been completed. Pleasingly, several side wall core samples retrieved from the Niobrara Formation were covered in crude oil.

Fremont has secured the services of a leading, globally recognised oilfield services company to fracture stimulate and complete this well.

The mobilisation of the fracking equipment and crews has commenced with hydraulic stimulation operations (fracking) to commence in late January. Post fracking operations, the well will be flowed back with flow rates reported thereafter.

Production & Revenue

Total production for the December quarter was 8,003 barrels of oil. 5792 barrels were produced in Colorado & 1,929 barrels in Kentucky. Colorado Production saw a quarter-on-quarter increase of 4.9% and Kentucky production fell by 9%.

As well, Fremont held unsold inventory of 3,091 barrels of oil in the storage tanks at 31 December.

Production for the quarter was impacted partly by extreme weather which requires the Company to shut in wells to prevent flowline freezing, uncontrolled combustor fires and moisture in supply gas line to natural gas engines.

Receipts from customers reported in the 5B were \$279,676, down \$91,209 (33% reduction) from the previous quarter due to weaker WTI pricing in the quarter. These customer receipts do not include \$81,908 of revenue from the Kentucky JV due to accounting rules on revenue recognition from JVs.

Corporate costs for the quarter totaled \$ 385,900 which saw the Company operationally cash flow negative for the quarter by \$106,224. The increase in costs were due to increased costs associated with increased drilling activities, regulatory and Colorado state compliance costs, and work undertaken by contractors on planning for development of a gas gathering and production facility which is ongoing.

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Significant Calendar Year-on-Year Production and Revenue Increases Achieved

The Company recorded a year-over-year oil production increase of 33% and an 87% increase in net revenues received.

These increases come off the back of successful work over programs at the Company's oil and gas assets in Colorado and Kentucky, and off the back of strengthening oil prices which hit a high of \$72/bbl in September 2018.

The Company's production and revenue profiles for 2017 & 2018 are as follows:

	<u>Colorado Pathfinder Property</u>	<u>Kentucky</u>	<u>Total</u>
	100% Working Interest - 21,500 acres	50/50 JV Approx. 1,500 acres	
	<u>Oil Produced</u>	<u>Oil Produced</u>	
2018	24,480	7,148	31,628
2017	17,357	6,343	23,700
	<u>Net Revenue - USD</u>	<u>Net Revenue - USD</u>	
2018	\$941,247.21	\$254,342.73	US\$1,195,589.94
2017	\$440,132.06	\$198,656.56	US\$638,788.62

Gas operations and sales negotiations

It is clear that the Pathfinder field contains a large amount of natural gas and significant oil.

The Company is in the final negotiation stages for a long-term gas off-take agreement with a large, industrial Company with large-scale manufacturing operations.

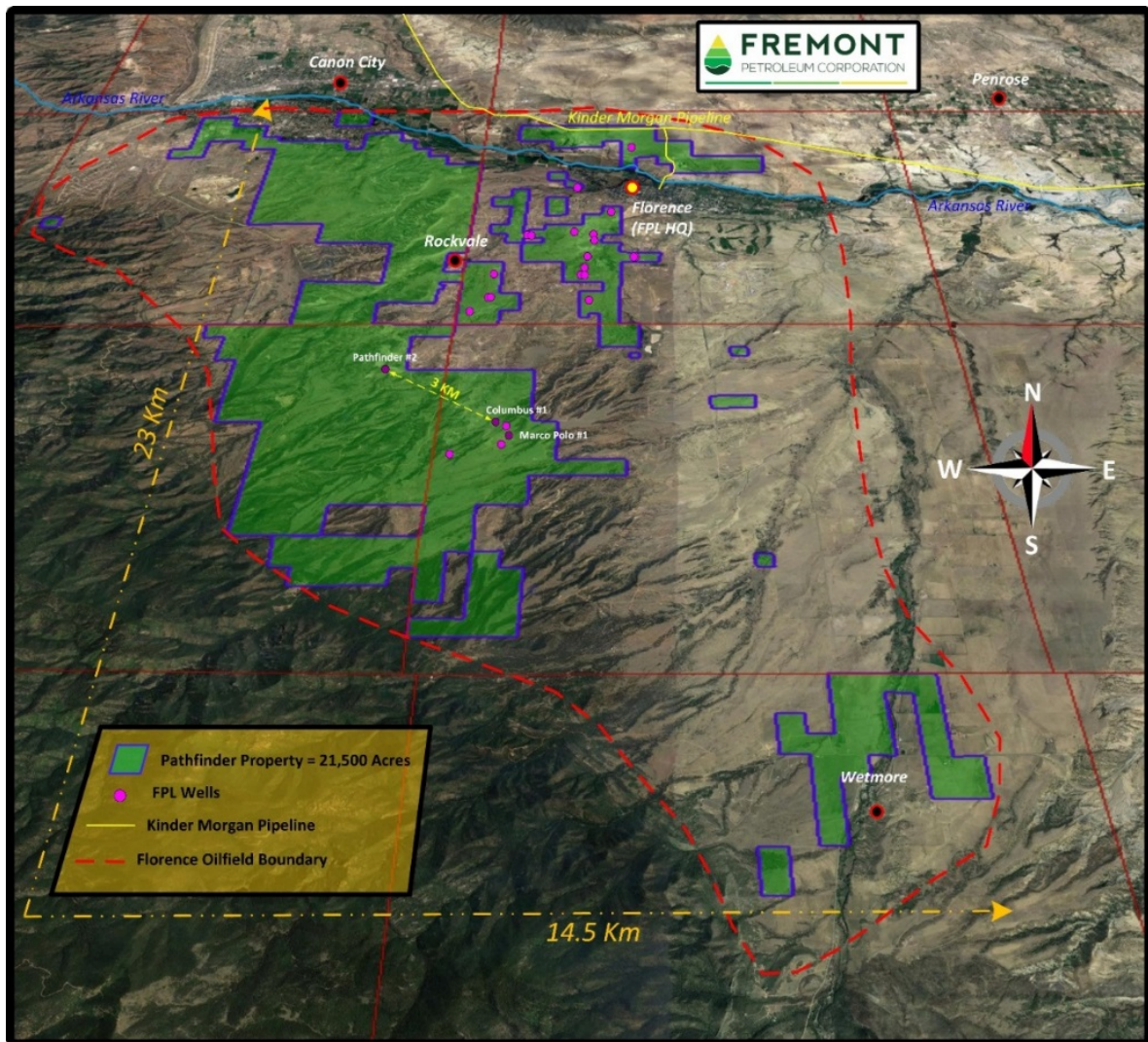
Outlook and objectives for this quarter

The Company's objectives for the quarter are:

- Complete and produce J.W Powell #23-25 Well
- Flow Test Vespucci #1 Well
- Execute gas off-take agreement
- Progress development of gas gathering and sales program
- Preparations for 2019 drilling program

PATHFINDER PROJECT – FREMONT COUNTY COLORADO

- 100% 21,500-acre Oil and Gas Property, Denver Julesburg Basin. (1,660 acres under option)
- Fremont is the Operator of this project.
- 26 oil and gas wells.
- Primary Objectives: Niobrara & Pierre Shale Formations.
- Secondary Objectives: Greenhorn, Codell and Grenaros formations.



Pathfinder Property – 21,500 acres

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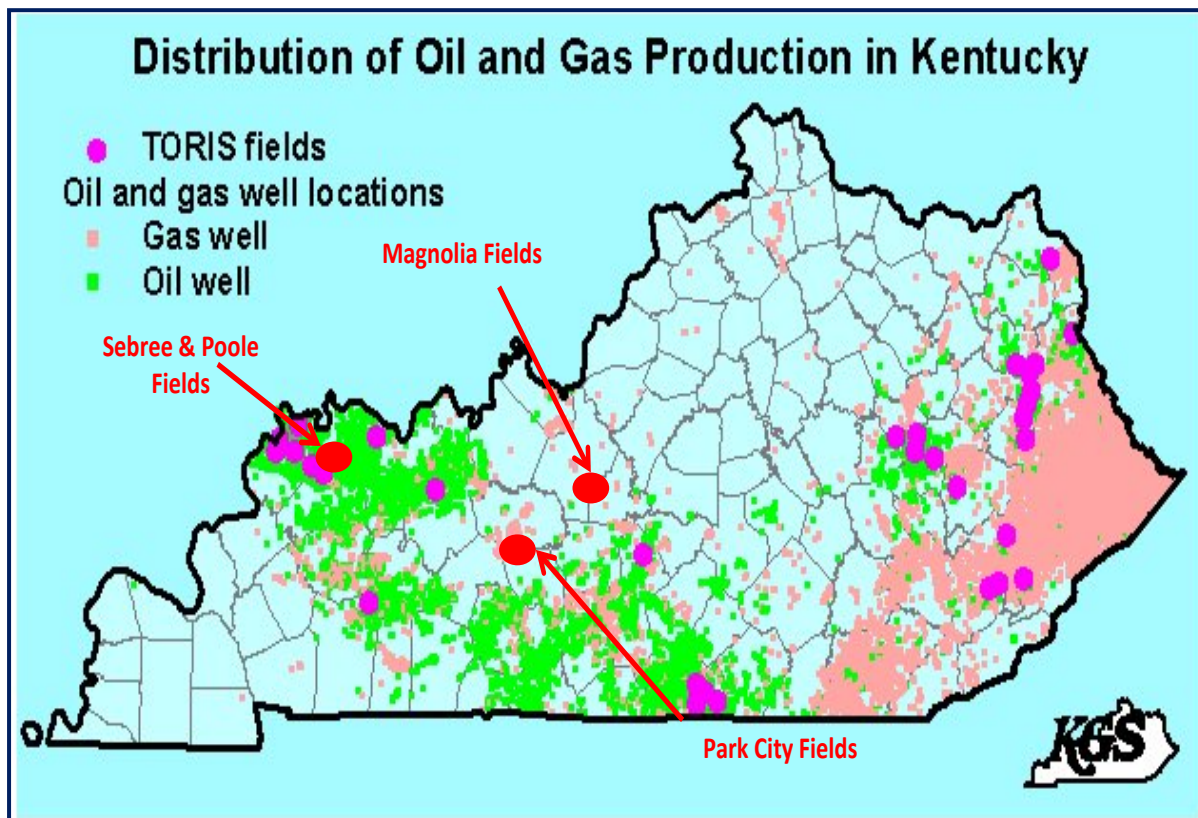
KENTUCKY OIL AND GAS PROPERTY

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 additional 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.

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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 2018 Gustavson report is dated August 6 with an effective date of May 1. 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 Oil and Gas Resources

	P ₉₀ (1C)	P ₅₀ (2C)	P ₁₀ (3C)
Niobrara			
Contingent Oil Resources, MMBbl	25.4	31.4	38.1
Contingent Gas Resources, BCF	312	366	425
Pierre			
Contingent Oil Resources, MMBbl	20.7	25.6	31.3
Contingent Gas Resources, BCF	79.2	102.2	129.7
Greenhorn			
Contingent Oil Resources, MMBbl	7.6	16.3	35.0
Contingent Gas Resources, BCF	149	196	253
Kentucky			
Contingent Oil Resources, MMBbl	0.3	0.5	0.7
Contingent Gas Resources, BCF	0.1	0.1	0.2
Total Contingent Oil Resources, MMBbl	54.0	73.9	105.1
Total Contingent Gas Resources, BCF	540	664	808

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 Oil and Gas Reserves and Economics

Reserves Category	Net Oil Reserves (MBO)	Net Gas Reserves, MMcf	Net Present Value, Millions of US\$ Discounted at	
			0%	10%
Proved Developed Producing (P1)				
Colorado	157.81	0.00	\$4.37	\$3.03
Kentucky	17.03	0.00	\$0.31	\$0.26
Total	174.84	0.00	\$4.69	\$3.29
Proved Undeveloped	169.58	0.00	\$3.41	\$1.80
Total Proved	344.42	0.00	\$8.10	\$5.08
Probable Developed Non-Producing (P2)	32.65	1,166.07	\$3.69	\$1.86
Probable Undeveloped	1,135.10	0.00	\$21.59	\$10.24
Total Proved plus Probable	1,512.17	1,166.07	\$33.37	\$17.18

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):

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.