

**FREMONT AUDITED FINANCIAL STATEMENTS**

**Fremont Petroleum Corporation Ltd (ASX: FPL) ('Fremont' 'the Company')** released its 30 June 2020 Audited Financial Statements on 30 October 2020. The directors, hereby advise that the independent auditor, Grant Thornton Audit Pty Ltd (the Auditor), has issued a disclaimer of audit opinion (the Disclaimer of Opinion) due to the existence of material uncertainties related to going concern (the material uncertainties) on the financial statements for the year ended 30 June 2020.

The basis for the Disclaimer of Opinion and material uncertainties is largely driven by the current liabilities exceeding its current assets by \$6,375,918 as at 30 June 2020. This deficit includes \$3,774,457 of Convertible Notes and accrued interest, that have since been converted to shares, and \$1,615,988 of payables since deferred to be non-current.

More details are set out in the Independent Auditor's Report, separately announced 30 October 2020. Shareholders are advised to read this announcement in conjunction with the Independent Auditor's Report and the financial statements in their entirety.

The Directors opinion is that the 30 June 2020 Full Year Accounts comply with the relevant Accounting Standards and give a true and fair view of FPL's financial performance and position.

The Board have made enquiries (and received the CFO and CEO declaration) to satisfy themselves that the records of FPL have been properly maintained so as to comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of FPL. The Company also intends to obtain an unqualified audit opinion with regards to future financial statements and is working on this outcome.

The COVID-19 pandemic has had significant impact on the Company's operations with the temporary shutting-in and temporary suspension of operations which has adversely impacted revenue streams. Through June the Company adopted risk management measures to mitigate the risks, including:

- Temporarily shutting-in production in March 2020 and furlough all but essential staff;
- Converting debt to equity, which was approved by shareholders 31 August 2020 and actioned in September;
- Raising additional capital as announced in April and completed in 2 Tranches in May and September/October;
- Working closely with significant vendors to develop mutually satisfactory payment terms.

Subsequent to the 30 June 2020 balance date, with the COVID-19 situation stabilising and with more stability in energy price markets, the Company:

- Initiated the Trey Exploration acquisition which is bringing on immediate additional production and another revenue stream;
- Restarted production in Colorado and Kentucky in August;
- Developed well workover plans (now underway) to bring wells back online at increased production levels;
- Maintains stringent cost control.

In detail, the action taken by the Company since 30 June 2020 includes:

**Convertible Notes**

The Company received approval to issue shares to complete the debt for equity conversion at the General Meeting held 31 August 2020. On 3 September 2020, the Company announced the conversion of its \$3.03M note plus accrued interest of \$0.33M into 1,243,058,600 shares at \$0.003 share. This converted all of the \$3,357,373 detailed in Note 18 – Interest Bearing at 30 June 2020 into equity.

## **Fund Raising**

The Company received approval to issue Tranche 2 of The Placement announced 29 April 2020 at the General Meeting Held 31 August 2020. Tranche 2 is comprised of 582,916,147 of shares to be issued at \$0.003 per share with a one-for-one attaching option exercisable at \$0.003 expiring 12 months from the issue date. The fund raise totals \$1.75M, which includes the \$417,000 common stock receipt recorded as a liability as of 30 June 2020. As of the date of this report, the Company has issued \$1.55M of the approved securities. Payment of the remaining \$200,000 is expected. The fund raise demonstrates the Company's continued ability to raise capital.

## **Trade and Other Payables**

The Company has entered into structured payment plans with a number of its major suppliers to defer payments over an agreed period. Of the \$3,879,015 recorded as Trade and other Payables in Note 17 at 30 June 2020, \$1,615,988 of current trade payables at 30 June 2020 have been renegotiated deferring settlement until post 30 June 2021. Such negotiations are currently ongoing and agreements covering over 75% of the remaining Trade and other Payables balance are already in place.

## **Trey Exploration Acquisition and Workover Program**

On 1 October 2020, the Company announced it had executed the Asset Purchase Agreement to acquire the portfolio of producing oil and gas leases located in the Illinois Basin from Indiana based Trey Exploration, Inc using existing cash reserves. Trey holds highly prospective production leases and a portfolio of conventional wells in the states of Indiana, Illinois and Kentucky. Production can be enhanced through low-cost workovers and other field activities, and they add scale to the Company's Kentucky operations that are also being worked over for enhanced production.

## **Outlook**

The advent of the COVID-19 pandemic and the resulting production shut-in significantly disrupted the Company's strategy during May and June. Notwithstanding, the Board and management acted swiftly to stabilise the Company's operations, manage and reduce the cost base, deploy capital to low-cost workovers and acquire complimentary producing assets.

As announced 15 October 2020, Fremont is currently producing 126 barrels of oil per day with Trey's leases contributing circa 75 barrels per day, up from 71 (on acquisition). 16 low-cost workovers on the Trey leases are scheduled to deliver further production gains. 13 of the 26 scheduled workovers in Colorado and Kentucky have been completed yielding 51 barrels of oil per day, up from 45. Work here is ongoing Fremont's total well count now sits at 170 wells and a comprehensive field development program is being designed to enhance production on all wells.

The growing revenue streams and the Company's track successful track record in raising capital gives the Board the confidence that Fremont's financial position, having stabilised, will continue to improve.

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

**-ENDS-**

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## **ABOUT FREMONT PETROLEUM CORPORATION LTD**

**Fremont Petroleum Corporation Limited (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.**

## **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.