

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Commenting on key areas of focus, Executive Chairman and Chief Executive Officer, J. Michael Yeager said:

“At the end of the second quarter ending on 30 June 2017 we had just finished drilling our first two wells, the Wilson B-1 and the Wilson B-2. During this current third quarter ending on 30 September 2017, we successfully hydraulically fractured both wells and have now commenced the flowback and cleanup of the wells. The wells have been flowing for about 20 days and during that time they have gradually changed from initially producing 100 percent fracturing (frac) fluid to now producing 75 percent oil and 25 percent frac fluid.

As of today, I am pleased to report that each well over the last seven days has produced an average of 1,050 barrels of oil per day and 1.5 million cubic feet of natural gas per day. The gravity of the oil is 45 degrees API, which is a light, sweet crude and it is currently being sold. The natural gas is currently being flared while the wells are still making 25 percent water and the take-away gas pipeline installation is being finalized. The commencement of gas sales is currently estimated to be during the first week of November, 2017. When shipped into the pipeline and processed, the gas, which has a heating value of about 1450 MMBTU, will have recovery of about 130 barrels of natural gas liquids per 1 million cubic feet of natural gas produced, while shrinking the gas by 20 percent. So we are pleased that the wells are each currently producing approximately 1,400 barrels of oil equivalent per day (BOED), or 2,800 BOED in total for the two wells. While early, we are very pleased with the well performance to-date, which has far exceeded our previous public forecast. We expect the wells to begin their natural production decline at some point in the future as all unconventional wells do, but we are very pleased we are beginning from a higher starting point than expected.

These first two wells had an investment in additional science that allowed for significant technical data gathering. This additional information was critical to the success of these first two wells, and will be very valuable for all of our future drilling. As previously reported, we obtained 3-D seismic data, purchased whole cores from five wells surrounding our lease, drilled a vertical pilot hole in the first well, obtained Schlumberger’s most modern set of logs and obtained over 50 sidewall cores. Additionally, we did advanced interpretation, in coordination with Schlumberger, of all of the data to determine our optimum landing point. We also drilled two near perfect 7,000 foot laterals with only minor deviations from our horizontal target line in both wells.

The hydraulic fracturing of the wells was executed by Schlumberger. We performed 27 frac stages in each of the approximately 7,000 foot horizontal laterals for an average spacing of about 250 feet per stage. We pumped an average of 2,000 pounds of sand per foot of lateral length and had no problem executing all 27 stages in each well. The drill out, flowback and well testing have all gone as planned, and we are now actively producing.

The extra science gathered in the first two wells has set us up to move to our next drilling locations with confidence. We are presently planning our next wells while producing our first two wells. The market for some services such as drilling rigs and frac crews remains tight so we are working hard to get our plans



finalized and secure these services. We expect to share those plans with you over the next few weeks. A key component of those plans is the addition of our new financial partner, Ramas Capital, with whom we have established financing of \$10 million from an offering of Preferred Equity, which is expandable to \$20 million if our well performance and other criteria meet certain levels. More information on this transaction with Ramas Capital can be found on our website in the 18 September 2017 announcement.

It has been an active third quarter, and we are very pleased with our well results. We now have the tools we need to further improve, especially on our drilling and completion costs where our target is to be among the best in industry. We will keep you informed of our well results, and be back to you soon with our plans and expected timing for the next set of wells.”



HIGHLIGHTS

- Oil and gas capital expenditures were approximately US\$8.7 million in the current quarter versus US\$4.5 million in the prior quarter.
- During the quarter no wells were drilled. Two wells drilled in the prior quarter were hydraulically fractured.
- There was no production in the quarter.
- Cash on hand at 30 Sep 2017 was US\$18.3 million, inclusive of all funding arrangements.

SUMMARY OF EXPLORATION ACTIVITIES

- There were no exploration activities in the quarter.

BOARD INFORMATION

Current board members are:

J. Michael Yeager	Executive Chairman and Chief Executive Officer
Roger Clarke	Vice Chairman and Non-executive Director
Lee Clarke	Non-executive Director
Joseph Camuglia	Non-executive Director
Nigel Smith	Non-executive Director

CONTACT

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About Freedom Oil and Gas Ltd, ACN 128 429 158 (ASX: FDM, OTCQX: FDMQF)

Freedom Oil and Gas Ltd is a development stage independent oil and gas company. The Company has commenced the development of its acreage in the liquids rich area of the Eagle Ford Shale in South Texas, in the United States.