

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2018

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

“Our second quarter of 2018, which ended on 30 June, has been one of significant operational focus and accomplishments. During the quarter we completed our four new wells drilled from the Hovencamp pad and began production on 28 June. We also built field facilities to process the oil and gas produced from the new wells, which requires significant engineering to handle the high flow rate of oil and gas. Lastly, we negotiated a contract for a new drilling rig to arrive during August 2018 and commenced preparation to be ready to drill when it arrives.

Touching on each of these areas, our four new wells are now on production and producing strong results. As we announced on 25 July, these wells are each averaging 1,187 barrels of oil equivalent per day. The wells are each flowing on their own at about 600 pounds per square inch each of surface pressure. These wells were hydraulically fractured at twice the intensity of our first two wells. Fractures were initiated into the reservoir every 20 feet as compared to every 40 feet in our first wells, and we expect this to result in more reserves recovered per well. The wells are off to a great start.

Our first two wells drilled from the Wilson pad have resumed production after being temporarily shut-in due to the impact of fracturing fluid from our new wells nearby. These two wells, the Wilson B-1 and 2, are producing 110 and 240 barrels of oil equivalent respectively, with the B-1 well continuing to improve every day.

With all six of our wells on production at today’s oil and gas prices, we anticipate revenue in the \$4 million range per month for the next few months before the wells begin to decline.

Our newly-completed field facilities are twice as large as our first facilities and are handling over 4,000 barrels of oil equivalent per day from the four wells. Once the oil, gas and water are separated, the oil and gas are sold into pipelines and the water is trucked to disposal. These facilities will be used in the future for additional wells we expect to drill from the Hovencamp pad, leveraging their value.

Our new drilling rig, which we contracted from Orion Drilling Company, is expected to arrive in late August. This rig contract is of significant strategic importance to Freedom as it allows our drilling program to proceed during a time of increasing rig scarcity. This decision also allows us to execute a continuous drilling program and add production at a predictable pace. This continuous program will give us the opportunity to drive down costs by performing repeatable activities that continuously improve each time we do them. The Orion rig is ideal for this work as it has the exact equipment required, has been in service for four years with an offset operator, and comes to us with an experienced crew and a solid operational and safety record. We have taken the rig on contract for six months, with an option for a second six months. With improved oil prices, rigs are at a very high utilization rate in our industry, so we are pleased to have secured this quality fit for purpose rig.

To support our future drilling program, we are progressing the technical work required to finalize our Reserves Based Lending facility. We are working with Wells Fargo to ensure they have the necessary well performance information and that everything is in place for funding by October.



We are pleased with our operational progress, have a solid management team in place and expect continued good results. We appreciate your support”

HIGHLIGHTS

- On 25 July 2018, the Company announced the current average daily production per well from the four new wells at 1,187 barrels of oil equivalent per day.
- Gross production during the quarter ended 30 June 2018 was 30,286 barrels of oil equivalent, of which 90% was liquids. Net production for revenue purposes is approximately 75 percent of gross production after a 25 percent royalty payment.
- Gross oil price for the quarter averaged US\$66.65 per barrel. Natural gas prices and natural gas liquids prices averaged US\$2.84 per MCF and US\$23.51 per barrel.
- Oil and gas development expenditures for the quarter totaled US\$19.4 million.
- Cash on hand at 30 June 2018 is US\$9.8 million.

SUMMARY OF EXPLORATION ACTIVITIES

- There was 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, US OTC: FDMQF)

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