

Freedom Eagle Ford Shale Phase III Development Program Review and Mid-Year 2019 Proved Reserves

Houston, July 24, 2019: Freedom Oil & Gas Ltd (ASX: FDM, US OTC: FDMQF) (“Freedom”) wishes to advise that it has conducted a detailed post drilling and completion study on its most recent Vega, Persimmon and Katherine Brown Eagle Ford Shale wells. In addition, Freedom wishes to advise of its 30 June 2019 internal mid-year proved reserve estimates.

Eagle Ford Shale Phase III Development Program Review

Following the underperformance of Freedom’s nine Phase III Development Program wells (three Vega, three Persimmon and three Katherine Brown wells), a detailed post drilling and completion study was commenced to assess the potential causes of the underperformance.

The study reviewed well performance, the geologic interpretation of the target zone of the Lower Eagle Ford Shale and the landing of the wellbore within this target area.

Of the fifteen horizontal wells drilled by Freedom targeting the Lower Eagle Ford Shale horizon on its acreage in Dimmit County:

- The first six wells (Wilson and JC Davis/Hovencamp wells) were drilled into a geologically “quiet” area characterized as lacking significant faulting in the Eagle Ford formation resulting in positive well performance with production tracking at or above original cumulative production expectations.
- The next nine wells (Vega, Persimmon & Katherine Brown) were drilled into a highly faulted area. The faults intersecting the wellbores caused the diversion of the completion energy, which resulted in the wellbores being under-stimulated and “frac hits” between these wells. The Company believes that this is the primary cause of the production from these wells being below expectations. These nine wells were also tightly spaced from pads using 660 foot spacing between wellbores.

The detailed post drilling and completion study highlighted several actions which would have improved well performance from the Vega, Persimmon and Katherine Brown wells.

First, a completion program that isolated and bypassed those sections of the wellbores that were in contact with the faults would help to minimize the diversion of the frac energy along the fault planes.

Second, the use of more sophisticated directional drilling tools to ensure that the wellbore stays within a tighter, more defined target zone and, third, the integration of all available seismic data into the well planning and directional drilling processes, are actions that the Company anticipates would improve well performance.



J. Russell Porter, Freedom’s Executive Chairman and Chief Executive Officer commented, “In the Phase III portion of our development we drilled nine wells in the northern portion of our acreage. The acreage to the south, where the first six wells were drilled, geologically had very little faulting. However, the detailed post drilling and completion study identified that this acreage is highly faulted which caused significant communication issues between wells and poor results. In the future, we will have much stricter controls on our geologic interpretation with full use of 3D seismic as well as maintaining a tighter target window within the zone of interest. We will use more sophisticated drilling technology and tools to ensure that our wells are drilled into the optimal landing zones and stay within those zones for the length of the lateral wellbores.”

Three Uncompleted TAMU Wells

Freedom recently drilled three additional Lower Eagle Ford wells (TAMU 1H, 2H and 4H), with plans to commence completion operations on these three wells in the September 2019 quarter. The three TAMU wells were drilled in the same geologically quiet area as the Wilson and Hovencamp wells and were drilled on wider spacing of approximately 840 feet between wellbores to improve the EUR’s. Completion operations on TAMU wells will apply an updated “frac recipe” based on analysis of past and offset results.

The average well performance from the Wilson wells (Phase I) and the JC Davis/Hovencamp wells (Phase II) continues to track above the estimated cumulative type curve for proved (1P) reserves¹. The Vega, Persimmon and Katherine Brown wells (Phase III) are performing below the estimated cumulative type curve for proved (1P) reserves. Given the geologic similarities between the Phase I, Phase II and the soon to be completed TAMU wells, the TAMU wells are expected to perform in line with type curve projections.

30 June 2019 Internal Mid-Year Reserve Estimates

Freedom’s 30 June 2019 internal mid-year proved reserve estimates are based on fifteen producing wells. Freedom’s 30 June 2019 internal mid-year reserve estimates were prepared by Steve W. Mullican, VP of Engineering for Freedom. In addition to Freedom’s fifteen proved developed producing wells, there are currently three drilled uncompleted wells in the southern portion of Freedom’s acreage position and fourteen proved undeveloped locations. Currently, all of the proved producing, proved non-producing and proved undeveloped locations are related to the Lower Eagle Ford formation.

¹ Proved (1P) reserves type curve referred to was derived by independent reservoir engineers, Netherland, Sewell and Associates, Inc. (NSAI), at the 31 December 2018 year-end reserves review (refer to ASX announcement dated 14 February 2019 US CST).

The outcome of Freedom's 30 June 2019 internal mid-year reserves review is set out below:

Proved Reserve Category	Total Net (MBOE)	% Liquids	PV 10 Value ⁽¹⁾ (in US millions)
Proved Developed Producing (PDP)	3,170	70%	\$30.9
Proved Developed Non-Producing (PDNP)	1,199	74%	\$7.8
Proved Undeveloped (PUD)	2,725	76%	\$5.0
Total 1P Reserves	7,094	73%	\$43.7
Total 2P Reserves	10,082	74%	\$67.6

Pricing used for Freedom's 30 June 2019 internal mid-year reserve estimates is based on the WTI Crude Oil and the NYMEX HH Natural Gas futures quotes as posted on the CME Group website dated July 12, 2019. The CME Group pricing data was adjusted for quality, energy content, location differentials and transportation fees to arrive at the actual price received.

	2019	2020	2021	2022	2023+
Crude Oil (WTI, US\$/Bbl)	59.63	58.09	55.37	54.05	53.71
Natural Gas (NYMEX, US\$/MMBtu)	2.49	2.60	2.60	2.62	2.68

Wells Fargo provides the Company with a revolving credit facility, secured by a first ranking lien. Funding available under that facility is determined by the value of the Company's proven reserves (referred to as the "borrowing base"). The borrowing base is reviewed bi-annually on the basis of the proved reserve values reported at year-end and mid-year. Wells Fargo and the Company also have the right to request one additional borrowing base re-determination during each calendar year. Wells Fargo requested an additional borrowing base review and the Company provided the required information in July 2019. For the purpose of the Wells Fargo facility, year-end reserve estimates are provided by an independent reservoir engineering firm and mid-year reserve estimates are undertaken by appropriately qualified Freedom employees.

Based on the performance of the most recent nine Eagle Ford wells completed by the Company, Freedom believes that it is likely that Wells Fargo will re-determine the borrowing base at a lower level than the current US\$18.5 million. If the borrowing base is lowered, the Company has six months to reduce the outstanding balance borrowed under the facility to the amount of the re-determined borrowing base. Freedom can also regain compliance with the borrowing base by increasing the value of the proven reserves through activities such as completing additional wells. At the present time, Freedom has three remaining Eagle Ford wells that it plans to complete prior to October 2019.

Footnotes:

Reserves Reporting

Pursuant to ASX Listing Rules ("LR") the reserves information in this document:

1) is effective as at 30 June 2019 (LR 5.25.1)



- 2) has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers – Petroleum Resources Management System) (LR 5.25.2)
- 3) is reported according to the Company’s economic interest in each of the reserves and net of royalties (LR 5.25.5)
- 4) has been estimated and prepared using the deterministic method (LR 5.25.6)
- 5) has been estimated using a 6:1 BOE conversion ratio for gas to oil (LR 5.25.7)
- 6) relates only to reserves that are commercially recoverable (LR 5.26.2)
- 7) represent aggregated estimates of petroleum reserves (LR 5.26.7)

Additional Reserves Information

All reserves reported are net of a 22.5 percent to 25 percent royalty. Well spacing and lateral lengths are generally described in previous ASX announcements.

Competent Person Statement

The 30 June 2019 evaluation of reserves referred to in this release was undertaken by Mr. Stephen W. Mullican, Vice President of Engineering of Freedom, in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007. The estimate of petroleum reserves is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of Mr. Mullican. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock Exchange (ASX) Listing Rules. Mr. Mullican is a qualified person as defined in ASX Listing Rule 5.22 and has consented to the use of the reserves figures in this release in the form and context in which they appear.

FORWARD LOOKING STATEMENTS

This release may contain forward looking statements. Forward looking statement may be based on assumptions which may or may not prove to be correct. None of Freedom, its respective officers, employees, agents, advisers or any other person named in this release makes any representation as to the accuracy or likelihood of fulfillment of the forward looking statements or any of the assumptions upon which they are based and disclaim any obligation or undertaking to revise any forward looking statement, whether as a result of new information, future event or otherwise.

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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.