

ASX ANNOUNCEMENT

26 March 2019

## Completes \$5.1m Placement

- Placement completed at \$0.013 per share – a premium to current price of \$0.012 per share
- Very strong demand and heavily oversubscribed
- Now fully capitalised for ongoing operations at 100%-owned 21,500-acre Pathfinder Field:
  - Drilling and completing Vespucci well
  - Updating Pathfinder Field's Reserves & Resources
  - Undertaking a 3D seismic survey over 1173 acres (4.75 sq. kms/ 1.83 sq. miles)
  - Progress gas offtake and sales strategy
- Mobilising to Vespucci well mid-April – Schlumberger deploying enhanced technology

**Fremont Petroleum Corporation Ltd (ASX: FPL) ("Fremont" or "the Company")** advises that it has completed a two-tranche Placement ("**the Placement**") through the issue of 395,171,998 new fully paid ordinary shares to sophisticated and professional investors at \$0.013 per share to raise AUD\$5.1 million before costs. Bell Potter Securities Limited acted as lead Manager to the Placement.

The issue price represents a discount of 0.42% to Fremont's 30-day VWAP of 0.0131c and a discount of 3.60% to Fremont's 15-day VWAP of 0.0135c.

Funds will be used to advance the development of the Company's 100% owned, 21,500-acre Pathfinder property in Colorado with significant activity planned in the next quarter including:

- Finalising drilling and undertaking completion works on the Amerigo Vespucci vertical well, again in collaboration with Schlumberger;
- Undertaking a 3D seismic survey over 4.75 square kilometres (1173acres/1.83 sq. miles) of the Pathfinder Field to assess new production zones;
- Funding an updated Reserve & Resources report to factor in new production realised from the recently drilled J.W. Powell well and the Amerigo Vespucci well;
- Progress the Company's gas sales strategy including pre-construction works on gas gathering and pipeline build planning.

### Comment

**Fremont's Executive Director Tim Hart said:** "Fremont now has the financial flexibility to add significant value in the short term. We expect to be back on location at the Amerigo Vespucci well around mid-April and we are again collaborating with Schlumberger on an enhanced fracture stimulation and completion

program that will be further enhanced from the J.W. Powell program. Further value will also be added through completion of new 3D seismic over a new area at Pathfinder, and through the publishing of an updated Reserves & Resources report which is likely to show an increase in the field's oil and gas resources.

"We are also in advanced stages of securing binding gas offtake agreements and we will now fast-track development of our gas sales strategy including financing, engineering and infrastructure build. This is a major value catalyst for FPL as it will monetise Pathfinder's huge gas resources and complement existing oil sales. Lots of value is set to be realised in the near term."

#### **Placement details**

The issue of shares under the Placement will occur under two tranches as follows:

- (a) 318,251,953 Shares (**Tranche 1**), will be issued out of the Company's placement capacities pursuant to ASX Listing Rule 7.1 and 7.1A.; and
- (b) 76,920,045 Shares (**Tranche 2**), will be issued by the Company once the Company receives shareholder approval at a general meeting (to be held as soon as possible) (**General Meeting**).

New shares to be issued under the Placement will rank equally with existing Company shares in all respects.

#### **Listing Rule 3.10.5A**

In accordance with listing rule 3.10.5A in relation to shares issued under the company's 7.1A capacity details of the Placement are:

#### **Effect of raising**

The effect of the announced raising on the capital structure of the Company is set out below.

#### **Shares**

|  | Number               | Dilution <sup>1</sup> |
|--|----------------------|-----------------------|
| Shares currently on issue  | 1,273,163,414        |                       |
| <b>Placement – Tranche 1</b>   |                      |                       |
| Shares to be issued under LR7.1 placement capacity                             | 190,974,512          | 11.4%                 |
| Shares to be issued under LR7.1A placement capacity                            | 127,316,341          | 7.6%                  |
| <b>Total Shares on issue after completion of Tranche 1</b>                     | <b>1,591,454,267</b> |                       |
| Shares proposed to be issued under Tranche 2 (subject to shareholder approval) | 76,920,045           | 4.6%                  |
| <b>Total Shares on issue after completion of Tranche 1 and Tranche 2</b>       | <b>1,668,335,412</b> | <b>23.7%</b>          |

<sup>1</sup> Assuming no further Shares are issued or Options exercised

#### **Options**

|   | Number      |
|---|-------------|
| Listed Options currently on issue - exercisable at \$0.06 on or before 30 June 2019     | 74,088,963  |
| Listed Options currently on issue - exercisable at \$0.02 on or before 31 March 2020    | 518,914,308 |
| Unlisted Options currently on issue - exercisable at \$0.10 on or before 30 June 2019   | 4,840,000   |
| Unlisted Options currently on issue - exercisable at \$0.045 on or before 31 March 2021 | 12,500,000  |

The Board believes that the benefits flowing from funds being raised quickly in this Placement outweigh the inability of all shareholders participating. The Company offered a Share Purchase Plan to shareholders in February 2018.

Use of funds is detailed in paragraph 3.

A fee of 6% of the amount raised under the Placement will be paid.

#### **Shareholder Approval of Tranche 2 Placement**

It is the Company's intention to hold the Extraordinary General Meeting in May 2019, and this will be confirmed by market announcement as soon as possible.

– ENDS –

#### **Further information:**

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#### **ABOUT FREMONT PETROLEUM CORPORATION LTD**

Fremont Petroleum Corporation (FPC) is an Oil & Gas production and development company founded in 2006 and headquartered in Florence Colorado USA with its Australian office in Sydney, Australia. The company has operations in Colorado and Kentucky. The primary focus is the development of the second oldest oilfield in the US in Fremont County. The Florence Oil field which hosts FPC's 19,417-acre Pathfinder project was discovered in 1881. Standard Oil & Continental Oil (Conoco) were producers. With new technology, the Florence Oil field is one of the most economic fields in the US and is much larger and more prolific than originally understood. FPC is listed on the Australian Securities Exchange (ASX: FPL).

#### **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.