



ASX ANNOUNCEMENT

16 MARCH 2021

LODGEMENT OF UNAUDITED 31 DECEMBER 2020 FINANCIAL REPORT

Fremont Petroleum Corporation Ltd (ASX: FPL) (**'Fremont'** or **'the Company'**) advises that it is lodging unaudited/unreviewed financial reports and pursuant to ASX Listing Rule 18.1 and ASIC Corporations (Amendment) Instrument 2020/1080 dated 25 November 2020 (the 'Amended ASIC Relief'), the Company advises that it is relying on the ASIC Relief and class waiver from ASX Listing Rule 4.2B to extend the lodgement date for its lodgement of its audited/reviewed Half Year Financial Report.

Attached are the unaudited/unreviewed financial reports for Fremont as at 31 December 2020.

Fremont will make, (if required), further announcement to market immediately it is aware there is a material difference between its unaudited/unreviewed accounts and its audited/reviewed accounts.

-ENDS-

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

Robert Lees
Company Secretary
Phone: +61 2 9299 9580

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Unaudited report for the half year ended 31 December 2020

Company details

Name of Entity:	Fremont Petroleum Corporation Ltd
ABN:	98 114 198 471
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

Results for announcement to the market

(All comparisons to half-year ended 31 December 2019)

	\$	Up / Down	% Movement
Revenue from ordinary activities (incl. interest)	309,304	Down	28.7%
Net (loss) after tax from ordinary activities	(1,038,947)	Down	34.5%
Net comprehensive (loss) after tax from ordinary activities	(2,196,478)	Up	32.7%
Net comprehensive (loss) attributable to members	(2,196,478)	Up	32.7%

Earnings per share

	31 Dec 2020	31 Dec 2019	% Movement
Basic earnings/(loss) per share	(\$0.0003)	(\$0.0010)	(70%)
Diluted earnings/(loss) per share	(\$0.0003)	(\$0.0010)	(70%)

Net tangible assets per security

	31 Dec 2020	31 Dec 2019
	\$	\$
Net assets	11,803,854	12,663,622
Less intangible assets	0	0
Net tangible assets	11,803,854	12,663,622
Fully paid ordinary shares at 31 December 2020	4,675,179,186	1,668,335,412
Net tangible assets per security	\$0.0025	\$0.0076

Control gained or lost over entities in the year

Not Applicable

Comments on results

Fremont Petroleum Corporation Limited and its controlled subsidiaries (Fremont) (the Company) reported an after-tax loss of \$2.196M for the half-year ended 31 December 2020.

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DIRECTORS REPORT

The names of each person who has been a Director during the half-year and to the date of this report are:

Mr. Peter Crown, Non-Executive Chairman
Mr. Samuel Jarvis, Non-Executive Director
Mr. Stuart Middleton, Non-Executive Director

Company Secretary

Mr. Robert Lees is the Company Secretary.

REVIEW OF OPERATIONS AND ACTIVITIES

- Half yearly production totals 12,417 barrels of oil.
- Half yearly revenue from oil sales total AU\$309,304. There is additional revenue of AU\$38,578 from the Kentucky Joint Venture which is not included in the half yearly revenue totals.

Fremont Petroleum Corporation Ltd is an oil and gas production and development company that is the operator of

- Its Pathfinder project in the historic Florence oil field of Fremont County, Colorado, USA.
- Kentucky Exploration LLC is a 50/50 Joint Venture with a private Australian Investment Company.
- Trey Exploration – acquisition announced 1 October 2020 executed the Asset Purchase Agreement with Indiana-based Trey Exploration, Inc. ('Trey') to acquire its portfolio of oil leases. The Company paid US\$1m and will pay a further US\$0.9m by May 2021 to complete the acquisition.

Production & Revenue

Total gross production for the 31 December half-year was 12,417 barrels of oil. 5,418 barrels were produced in Colorado, 5,579 barrels were produced from the Trey Exploration assets and 1,420 barrels from Kentucky Exploration. Please note that the Trey Exploration production is only from October 1st through December 31st as the effective date of the acquisition is October 1st. Also, the Kentucky Exploration production revenue is not included in the half year revenue totals.

As well, Fremont held unsold inventory of 4,540 barrels of oil in the storage tanks at 31 December 2020.

Revenue for the half year totalled AU\$309,304 (2019:AU\$433,839).

Events occurring after the reporting date

Fremont announced on the 9th of March 2021, the acquisition of Magnum Hunter Production, Inc. (MHP), the operator of approximately 1,300 long life, low decline conventional natural gas wells located in Kentucky, Virginia and Tennessee. The wells are spread across the Illinois and Appalachian Basins. The acquisition is consistent with Fremont's strategy to acquire under-performing conventional oil and gas leases with immediate production upside achieved from low-cost workovers and re-stimulation resulting in improved return on investment.

Fremont acquired a minority 15% interest in MHP for USD\$75k in November 2020. The announced acquisition is to acquire the remaining 85% equity for USD\$425k. The acquisition is expected to be finalized by the end of March 2021. The accounting for the purchase of MHP is still being finalised, as such estimates of the fair value of the acquired assets and liabilities is unknown.

FPL has begun working with MHP to deliver gains and improved margins. A first phase, 90-day works program, is to commence shortly and is forecast to increase production by approximately 20%. This will be funded from MHP's existing cash flows and production gains from this program will be reported to shareholders progressively. A second phase program will target more extensive workovers, re-stimulations and side-tracking on the 75% of the well inventory that is currently shut in and/or not currently tied to production.

FPL is also assessing ways to enhance daily oil production which is currently hampered by limited storage and collection facilities and other logistical challenges resulting in wells being shut in. Processing costs, transport fees and the current 73% NRI are also being assessed and a strategy has been formulated to deliver further revenue and margin improvement.

Gas operations and sales negotiations

The company continues to develop the long-term gas off-take agreement with a large, industrial company with large-scale manufacturing operations in Colorado.

Workplace and Environmental Safety

The Company places significant emphasis on the safety of all of its people, from its own employees to external contractors at its well sites. It is mandatory that the Company's staff attend quarterly safety sessions at its headquarters in Florence Colorado as well as several OSHA safety programs that are held throughout the year.

The Company is proud that it maintains an impressive safety record with only one Lost Time Accident occurring in its 10 years of operations, and an unblemished environmental record with no phase-1 incidents ever having been recorded.

FREMONT PETROLEUM CORPORATION LTD

Tenement/lease summary

Business Unit	State	County	Lease Name	Beginning of Quarter		End of Quarter	
				NRI*	NET Acres	NRI*	NET Acres
Kentucky Exploration (Newtak JV)	Kentucky	Henderson	Arnold Griffin (McKinley)	82.0%	52.50	82.0%	52.50
			Katherine McFarley (McKinley)	82.0%	54.14	82.0%	54.14
			Robards Lauenstein	82.0%	107.46	82.0%	107.46
			Jack Knight Jr & Mary Lee Knight	87.5%	57.75	87.5%	57.75
			RC Duncan	87.5%	21.88	87.5%	21.88
			Lorene Busby	82.0%	98.44	82.0%	98.44
			Felty	81.0%	84.24	81.0%	84.24
	Webster	Russell	75.0%	46.50	75.0%	46.50	
		Ted Majors	75.0%	27.75	75.0%	27.75	
		Jimmy Dacy	75.0%	102.00	75.0%	102.00	
	Hopkins	Ashby Heirs	80.0%	64.00	80.0%	64.00	
Trey Exploration	Kentucky	Henderson	Barrett-West	0.0%	0.00	80.0%	217.55
			Overfield	0.0%	0.00	80.0%	100.32
		Hopkins	North Hanson	0.0%	0.00	80.0%	1300.00
			Adams-Buchanan	0.0%	0.00	80.0%	520.00
			Blue	0.0%	0.00	80.0%	180.00
			Finley-Kahlow	0.0%	0.00	80.0%	200.50
	Indiana	Posey	College Community	0.0%	0.00	80.0%	40.00
			Hast	0.0%	0.00	80.0%	40.00
			Posey County Farms	0.0%	0.00	80.0%	199.50
			Alexander	0.0%	0.00	80.0%	40.00
		Vanderburgh	Reiman-Adler	0.0%	0.00	80.0%	213.00
			Scheller	0.0%	0.00	80.0%	40.00
		Knox	Anthis	0.0%	0.00	80.0%	40.00
			Ellis	0.0%	0.00	80.0%	174.37
			Field-Meyer-State	0.0%	0.00	80.0%	201.33
			Kissling	0.0%	0.00	80.0%	185.87
			Newton-State	0.0%	0.00	79.2%	456.58
			Steckler-State	0.0%	0.00	80.0%	240.00
		Wilson	0.0%	0.00	78.6%	80.00	
		Illinois	Edwards	Grayville	0.0%	0.00	80.0%
AusCo Petroleum	Colorado	Florence	Incremental Wells	79.0%	1924.26	79.0%	1924.26
			Chandler Creek	85.0%	7102.31	0.0%	0.00
			Prize Energy	75.0%	10977.76	75.0%	10977.76
Total Acreage					20720.98		18217.69

* NRI = Net Revenue Interest

Working Interest is 100% for all leases

MHP Acquisition

Refer to ASX announcement dated 9 March 2021 – 'FPL Tenements acquired list'.

Or on our website:

<https://fremontpetroleum.com/wp-content/uploads/2021/03/FPL-TenementsList.pdf>

Details of associates and joint venture entities

The Company has joint venture entities. Refer to Note 12.

Foreign entity accounting standards

The Company compiled the consolidated financial information in accordance with International Financial Reporting Standards for all foreign entities.

Audit

The financial information provided in these unaudited/unreviewed accounts is based on accounts which are in the process of being audited.

It is not considered likely any audit modification will arise; however, an emphasis of matter is anticipated, in relation to material uncertainty related to going concern.

These financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group incurred a total comprehensive loss of \$2,196,478, had net cash outflows from operating activities of \$635,271 and working capital deficiency of \$1,257,935. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the group's ability to continue as a going concern.

The Directors believe that there are reasonable grounds to believe that the Company and the Group will continue as a going concern, after consideration of the following factors:

- the Group expects to continue to generate revenues from its operations.
- subject to shareholder approval or its available issue capacity pursuant to ASX Listing Rule 7.1, the Company has the ability to issue additional equity under the Corporations Act 2001 to raise further working capital and has a track record for being able to do so in the past, as evidenced by the various successful capital raisings completed during year ended 31 December 2020.
- If necessary, the Group also has the ability to scale down its operations in order to curtail expenditure or otherwise divest of non-core assets, in the event capital raisings are delayed, or insufficient cash is available to meet projected expenditure.

These conditions indicate a material uncertainty that may cast a significant doubt about Fremont's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

FREMONT PETROLEUM CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME
For the half-year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
REVENUES			
Revenue	2	309,304	433,839
		<u>309,304</u>	<u>433,839</u>
EXPENSES			
Well operating expense		(364,763)	(249,518)
Employee benefits expense		(159,432)	(293,360)
Share based payment expense	11	(341,463)	(92,000)
Regulatory compliance		(103)	(197,734)
Depreciation and amortisation expense		(94,741)	(140,664)
Professional fees		(193,773)	(360,889)
Other expenses		(188,184)	(258,474)
Travel and accommodation expense		-	(87,469)
Plug and abandonment expense		-	(23,692)
Interest expense		(199,507)	(115,494)
Impairment expense	4	(21,159)	(149,927)
Impairment of financial assets	4	(90,866)	(50,266)
OTHER INCOME			
Debt forgiveness	2	305,740	-
		<u>(1,038,947)</u>	<u>(1,585,648)</u>
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE			
Income tax expense		-	-
		<u>(1,038,947)</u>	<u>(1,585,648)</u>
PROFIT/(LOSS) FROM CONTINUING OPERATIONS			
		<u>(1,038,947)</u>	<u>(1,585,648)</u>
PROFIT/(LOSS) FOR THE PERIOD			
		<u>(1,038,947)</u>	<u>(1,585,648)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange rate differences on translating foreign operations		(1,157,531)	(71,329)
TOTAL COMPREHENSIVE INCOME PROFIT/(LOSS) FOR THE PERIOD NET OF TAX			
		<u>(2,196,478)</u>	<u>(1,656,977)</u>
Basic earnings per share	10	(\$0.0003)	(\$0.0010)
Diluted earnings per share	10	(\$0.0003)	(\$0.0010)

Notes to the financial statements are included on pages 12 – 24

FREMONT PETROLEUM CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	Consolidated Group 31 Dec 2020 \$	30 Jun 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		1,630,357	1,291,081
Trade and other receivables		237,491	12,508
TOTAL CURRENT ASSETS		<u>1,867,848</u>	<u>1,303,589</u>
NON-CURRENT ASSETS			
Property, plant and equipment		84,796	116,198
Development and producing assets	3	2,854,166	1,676,904
Exploration and evaluation assets	3	11,025,487	12,222,252
Financial asset	15	97,331	-
Other non-current assets		436,434	486,343
TOTAL NON-CURRENT ASSETS		<u>14,498,214</u>	<u>14,501,697</u>
TOTAL ASSETS		<u>16,268,731</u>	<u>15,805,286</u>
CURRENT LIABILITIES			
Trade and other payables		3,038,327	3,879,015
Other short-term liabilities		184,787	26,035
Common stock liability		-	417,084
Convertible note and accrued interest	9	-	3,357,373
TOTAL CURRENT LIABILITIES		<u>3,125,783</u>	<u>7,679,507</u>
NON-CURRENT LIABILITIES			
Other long-term liabilities		20,894	23,337
Asset retirement obligations		1,093,689	1,174,525
Deferred tax liability		224,511	250,761
TOTAL NON-CURRENT LIABILITIES		<u>1,339,094</u>	<u>1,448,623</u>
TOTAL LIABILITIES		<u>4,464,877</u>	<u>9,128,130</u>
NET ASSETS		<u>11,803,854</u>	<u>6,677,156</u>
EQUITY			
Issued capital	6	99,600,620	92,101,477
Reserves		9,434,331	10,767,829
Retained earnings / (Accumulated Losses)		(97,231,097)	(96,192,150)
TOTAL EQUITY		<u>11,803,854</u>	<u>6,677,156</u>

Notes to the financial statements are included on pages 12 - 24

FREMONT PETROLEUM CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2020

	Consolidated Group	
	31 Dec 2020	31 Dec 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	125,388	438,212
Payments to suppliers and employees	(758,372)	(936,816)
Interest received	1,178	160
Interest paid	(3,362)	(22,644)
Payments for regulatory compliance	(103)	(278,102)
	<u>(635,271)</u>	<u>(799,190)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH USED IN INVESTING ACTIVITIES		
Payments for JV investment	(90,866)	(20,457)
Payments for fixed assets	-	(2,373)
Payments for exploration expenditure	(104,802)	(3,131,198)
Payments for development activities	(132,922)	-
Payments for tenements	(1,383,365)	-
	<u>(1,711,955)</u>	<u>(3,154,028)</u>
NET CASH FROM INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible note	-	3,025,000
Repayment of borrowings	(8,384)	(368,056)
Proceeds from the issue of ordinary shares	3,132,916	-
Share issue costs	(173,376)	(141,215)
	<u>2,951,156</u>	<u>2,515,729</u>
NET CASH USED IN FINANCING ACTIVITIES		
Net (decrease) / increase in cash held	603,930	(1,437,489)
Cash at beginning of period	1,291,081	1,558,697
Foreign currency movement	(264,654)	(43,591)
	<u>1,630,357</u>	<u>77,617</u>

Notes to the financial statements are included on pages 12 – 24

FREMONT PETROLEUM CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2020

	Issued Capital	Convertible Note	Performance Rights Reserve	Foreign Currency Reserve	Retained Profits/ (Losses)	Total
	\$	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2019	90,747,407	-	166,400	10,173,349	(87,034,144)	14,053,012
Transaction costs	(120,380)	-	-	-	-	(120,380)
Convertible note	-	175,967	-	-	-	175,967
Shares to be issued	-	-	212,000	-	-	212,000
Profit or loss	-	-	-	-	(1,585,648)	(1,585,648)
Total other comprehensive income	-	-	-	(71,329)	-	(71,329)
BALANCE AT 31 DECEMBER 2019	90,627,027	175,967	378,400	10,102,020	(88,619,792)	12,663,622
BALANCE AT 1 JULY 2020	92,101,477	175,967	-	10,591,862	(96,192,150)	6,677,156
Issue of share capital	3,938,379	-	-	-	-	3,938,379
Transaction costs	(168,412)	-	-	-	-	(168,412)
Conversion of convertible notes	3,729,176	(175,967)	-	-	-	3,553,209
Profit or loss	-	-	-	-	(1,038,947)	(1,038,947)
Total other comprehensive income	-	-	-	(1,157,531)	-	(1,157,531)
BALANCE AT 31 DECEMBER 2020	99,600,620	-	-	9,434,331	(97,231,097)	11,803,854

Notes to the financial statements are included on pages 12 – 24

FREMONT PETROLEUM CORPORATION LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

NOTE 1 – BASIS OF PREPARATION

Basis of Preparation of the Half-Year Financial Report

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Fremont Petroleum Corporation Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half-year.

Fremont Petroleum Corporation Limited is domiciled in Australia.

Changes in Significant Accounting Policies

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

FREMONT PETROLEUM CORPORATION LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

NOTE 2 – REVENUE FOR THE PERIOD

The following revenue items are relevant in explaining the financial performance for the interim period:

	CONSOLIDATED GROUP 6 Months Ending 31 December 2020 \$	6 Months Ending 31 December 2019 \$
Sale of oil and gas – point in time	308,126	433,679
Interest received	1,178	160
Total	309,304	433,839
Other income	305,740	-

Accounts payable of US \$221K was forgiven by an equipment rental vendor during the six months ending 31 December 2020.

NOTE 3 – EXPLORATION, DEVELOPMENT AND PRODUCING ASSETS
Movement in Exploration and Evaluation Expenditure Capitalised

	CONSOLIDATED GROUP 6 Months Ending 31 December 2020 \$	12 Months Ending 30 June 2020 \$
Balance at beginning of period	12,222,252	13,280,139
Additions	103,732	4,694,787
Exchange rate difference	(1,279,338)	294,027
Exploration expenditure impairment	(21,159)	(6,046,701)
	11,025,487	12,222,252

FREMONT PETROLEUM CORPORATION LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

Movement in Development and Producing Assets

	CONSOLIDATED GROUP	
	6 Months	12 Months
	Ending	Ending
	31 December	30 June
	2020	2020
	\$	\$
Balance at beginning of year	1,676,904	1,818,277
Additions	1,516,288	-
Exchange rate difference	(264,792)	34,157
Amortisation expense	(74,234)	(175,530)
	2,854,166	1,676,904

Trey Acquisition

Fremont acquired a portfolio of producing oil and gas leases located in the Illinois Basin from Indiana based Trey Exploration, Inc in early October 2020. Fremont made an initial payment of USD \$1M and expects to make a final payment of USD \$900K in April 2021. As Fremont asserted control over Trey during the period beginning October 1, 2020, the USD \$1M initial investment has been recorded as development assets (cash flows for tenements) and is entitled to recognise the revenue and expenses associated with these assets.

NOTE 4 – IMPAIRMENT CHARGE

Exploration and Evaluation and Development and Producing Assets

At each period end, the Directors' review the carrying values of the company's exploration and evaluation expenditure and development and producing assets to determine whether there is any indication that those assets have been impaired. For those prospects where the Directors believed such an indication existed at period end, they compared the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it was not possible to estimate the recoverable amount of an individual asset, the Directors' estimated the recoverable amount of the cash-generating unit to which the asset belongs.

The company's exploration and evaluation assets were impaired by \$21K during the six months ended 31 December 2020. This reflects the write down of previously incurred costs related to exploration and evaluation. The company continues to pursue oil and gas opportunities and if in the future there is found to be an estimable increase in the recoverable value of the Pierre or other projects, then impairments previously recognised may be reversed.

The Company's exploration and evaluation assets were impaired by \$6M during the twelve months ended 30 June 2020. This reflects the write down of the Powell and Vespucci wells to their projected cost and the write down of all non-producing Ausco Petroleum Inc. wells, excluding Seismic and Cimarex, to \$0.

FREMONT PETROLEUM CORPORATION LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

Interests in Joint Ventures

Kentucky Exploration LLC is the only joint venture within the Group and the ownership percentage is 50%. Kentucky Exploration LLC is domiciled in the United States of America and its principal activity is to develop and explore the subject prospect for oil and gas production. Its financial statements have been incorporated into the consolidated financial statements using the equity method of accounting.

At each year end, the Directors' review the carrying values of the Kentucky Exploration LLC exploration and evaluation and development and producing assets to determine whether there is any indication that those assets are impaired. For those prospects where the Directors believe such an indication exists at period end, they compare the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors' estimate the recoverable amount of the cash-generating unit to which the asset belongs. 50% of Kentucky Exploration LLC's loss was recorded in Fremont's consolidated financials annually, except beginning the year ended 30 June 2017, in which only the portion of the loss that reduced the investment to \$0 was recorded. No loss was recorded in 2020 or 2019 as the investment was already reduced to \$0.

During the six months ended 31 December 2020 and 30 June 2020, equity contributions of \$91K and \$50K, respectively, were made to the Company's joint venture Kentucky Exploration LLC. The corresponding loan receivable was written down by these amounts as of 31 December 2021 and 30 June 2020, respectively.

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FREMONT PETROLEUM CORPORATION LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

NOTE 5 – OPERATING SEGMENTS

Segment Information

(i) Segment Performance

	Australia 6 months to 31 December 2020 \$	USA 6 months to 31 December 2020 \$	Total 6 months to 31 December 2020 \$
Total segment revenue	109	309,195	309,304
Segment net (loss)/profit before tax	(837,448)	(201,499)	(1,038,947)

	Australia 6 months to 31 December 2019 \$ Australia	USA 6 months to 31 December 2019 \$ USA	Total 6 months to 31 December 2019 \$ Total
Total segment revenue	160	433,679	433,839
Segment net (loss)/profit before tax	(579,400)	(1,006,248)	(1,585,648)

(ii) Segment Assets

	Australia 31 December 2020 \$	USA 31 December 2020 \$	Total 31 December 2020 \$
Segment Assets	73,580,947	14,578,537	88,159,484
Inter segment elimination	(71,793,422)	-	(71,793,422)
	1,787,525	14,578,537	16,366,062

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FREMONT PETROLEUM CORPORATION LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2020

	Australia	USA	Total
	30 June	30 June	30 June
	2020	2020	2020
	\$	\$	\$
Segment Assets	70,626,021	14,549,812	85,175,833
Inter segment elimination	(69,370,547)	-	(69,370,547)
	1,255,474	14,549,812	15,805,286

(iii) Segment Liabilities

	Australia	USA	Total
	31	31 December	31 December
	December	2020	2020
	2020	2020	2020
	\$	\$	\$
Segment Liabilities	447,741	98,936,672	99,384,413
Inter segment elimination	-	(94,822,205)	(94,822,205)
	447,741	4,114,467	4,562,208

	Australia	USA	Total
	30 June	30 June	30 June
	2020	2020	2020
	\$	\$	\$
Segment Liabilities	3,978,542	108,560,208	112,538,750
Inter segment elimination	-	(103,410,620)	(103,410,620)
	3,978,542	5,149,588	9,128,130

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NOTE 6 – ISSUED CAPITAL

Ordinary Shares

	Number	\$
6 months to 31 December 2020		
As at 1 July 2020	2,135,587,947	92,101,477
Issue 1,243,058,600 shares at \$0.003 per share	1,243,058,600	3,729,176
Issue 97,560,976 shares at \$0.0035 per share	97,560,976	341,463
Issue 15,638,333 shares at \$0.003 per share	15,638,333	46,916
Issue 250,000,000 shares at \$0.003 per share	250,000,000	750,000
Issue 183,333,332 shares at \$0.003 per share	183,333,332	550,000
Issue 83,333,333 shares at \$0.003 per share	83,333,333	250,000
Issue 66,666,667 shares at \$0.003 per share	66,666,667	200,000
Issue 599,999,998 shares at \$0.003 per share	599,999,998	1,800,000
Less: Costs of Capital Raising	-	(168,412)
At 31 December 2020	4,675,179,186	99,600,620
	Number	\$
6 months to 31 December 2019		
As at 1 July 2019	1,668,335,412	90,747,407
Less: Costs of Capital Raising		(120,380)
At 31 December 2019	1,668,335,412	90,627,027

During the six-month period ending and 31 December 2020, shares were issued in connection with the conversion of the convertible note from debt to equity, directors fees in lieu of cash, and fund raising.

During the six-month period ending 31 December 2019, a convertible note was entered into for which \$175,967 of the compound financial instrument was attributed to equity. See Note 9, Convertible Note, for further details.

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Options

	Number
6 months to 31 December 2020	
As at 1 July 2020	12,500,000
- Issued 9 September 2020	849,999,998
- Issued 30 November 2020	66,666,667
- Issued 1 December 2020	83,333,333
At 31 December 2020	1,012,499,998

	Number
6 months to 31 December 2019	
As at 1 July 2019	531,414,308
At 31 December 2019	531,414,308

Options Outstanding by Class

	31 December 2020 Number	31 December 2019 Number
Unlisted Options		
- \$0.045 expire 30 June 2021	12,500,000	12,500,000
- \$0.003 expire 30 September 2021	849,999,998	-
- \$0.003 expire 30 November 2021	150,000,000	-
At Period End	1,012,499,998	12,500,000
Listed Options		
- \$0.02 expire 31 March 2020	-	518,914,308
At Period End	-	518,914,308

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NOTE 7 – RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with Related Entities

During the period the Group utilised the services of CFO Colorado Accounting & Tax Services for the provision of accounting and taxation services at commercial rates. To the reporting date the costs of these services was AUD \$61K excluding GST. Mr. Lonny Haugen is the President of CFO Colorado Accounting & Tax Services.

NOTE 8 – CONTINGENT LIABILITIES

There are no material contingent liabilities that exist as of the reporting dates.

NOTE 9 – CONVERTIBLE NOTE

The Group entered into secured convertible notes of USD \$3.03M in October and November of 2019. Each convertible note has a face value of \$0.007 and an interest rate of 1.5% during the initial term, a period of four months commencing on the issue date. The notes were to mature four months from the issue date. As the notes were not repaid or converted at that time, interest accrued at 2.5% thereafter. The notes were determined to be convertible into shares at the face value of the convertible note plus accrued interest divided by the renegotiated conversion rate of \$0.003. The renegotiated rate enabled the extension of the conversion.

The Group accounted for the convertible note as a compound financial instrument, in which the loan, including accrued interest, was valued at \$3.36M and the equity was valued at \$176K as of 30 June 2020.

The Group 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 Group announced the conversion of its \$3.03M note plus accrued interest into 1,243,058,600 shares at \$0.003 share.

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NOTE 10 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	CONSOLIDATED GROUP	
	31 December 2020	31 December 2019
	\$	\$
Net loss attributed to ordinary equity holders	(1,038,947)	(1,585,648)
Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS	3,338,185,905	1,668,335,412
Basic earnings per share	(\$0.0003)	(\$0.0010)
Diluted earnings per share	(\$0.0003)	(\$0.0010)

The options held by option holders have not been included in the weighted average number of ordinary shares for the purpose of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The options are non-dilutive as the consolidated entity is loss generating.

NOTE 11: SHARE BASED PAYMENTS

Included as share based payments in the statement of profit and loss and other comprehensive income is \$341K and \$92K for the half year ended 31 December 2020 and 31 December 2019, respectively.

For the six months ended 31 December 2020, the Company, as per shareholder approval, issued 97,560,976 related party shares to Thomas Crown and Samuel Jarvis for successfully:

- Negotiating the conversion of the \$3.025M noteholder debt to equity
- Managing the Company's creditors
- Securing funding commitments, and
- Assessing future acquisitions

The shares were issued at a per share price of \$0.0041, which was an appropriate VWAP on the date the share-based payment was formalised.

NOTE 12 – SHARE OF PROFIT/LOSS FROM EQUITY METHOD INVESTMENTS

Kentucky Exploration LLC is the only joint venture within the Group and the ownership percentage is 50%. Kentucky Exploration LLC is domiciled in the United States of America and its principal activity is to develop and explore the subject prospect for oil and gas production. Its financial statements have been incorporated into the consolidated financial statements using the equity method of accounting. See Note 4, Impairment Charge – Interests in Joint Ventures for additional details.

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NOTE 13 – GOING CONCERN

The financial report has been prepared on the basis of a going concern. The Group had net operating cash outflows for the six months ending 31 December 2020 of \$635K, a closing cash position of \$1.63M, and a deficit of working capital of \$1.26M as at 31 December 2020.

The Group's ability to continue as a going concern is contingent on the restructuring of current trade payables. The Group continues to work with creditors to restructure payment obligations, has successfully deferred 75% of current payables and is continuing to work with vendors to obtain additional deferrals.

The Group's ability to continue as a going concern is also contingent upon further successful drilling and field development and raising capital, via debt, equity, farm-outs, joint ventures, or a combination of these. If the Group is not successful in these matters, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities. No allowance for such circumstances has been made in the financial report.

The Group raised a total of \$3.55M during the six months ended 31 December 2020. This demonstrates the Group's ability to raise capital. Funds are being raised for working capital purposes and to give the Group the financial flexibility to pursue opportunistic conventional oil and gas acquisitions focused on onshore USA.

Fremont finalised the Trey acquisition in early October with an initial payment of USD \$1M and will make a payment of the USD \$900K balance in April 2021. Trey holds highly prospective production leases and a portfolio of conventional wells that are currently producing approximately 75 barrels of oil per day 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 Group's Kentucky operations that are also being worked over for enhanced production.

NOTE 14: COVID-19 IMPACT

During the past year, Fremont Petroleum Corporation Ltd has been significantly impacted by the COVID-19 pandemic. The rapid rise of the virus saw an increasing level of restrictions on social gathering, "stay at home" orders in Australia and the US and impacted United States of America's ability to operate amid significant volatility and instability in financial and commodity markets.

For the ten months ended 30 December 2021 COVID-19 has impacted Fremont Petroleum Corporation Ltd specifically as follows:

- Slowing of global economies dramatically reduced demand for oil.
- Resulting demand reduction dramatically impacted the market price for oil.
- Result was the shut-in of wells in Colorado and Kentucky as wells were no longer economic to produce – no generation of monthly revenue.

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- Result was lack of operating income, even though some expenses/obligations continued (i.e. insurance, rent, salaries, fixed asset payments).
- Headcount reduced to two employees.
- Even with "stay at home" orders, monitoring of wells remained essential.
- State and Federal regulatory requirements were still in full force necessitating that the Group continue to undertake full compliance measures.
- Government assistance programs for US businesses were not available if the owner of the US operations was a foreign entity.
- Now that prices are on the rise, work overs on wells are required as down hole pumps often get stuck when wells are shut-in. In addition to this, water flooded fields lose pressure and can take months to build back up to pre-shut in production levels causing massive loss of revenues. Work is commencing.
- Currently working to recover well production.

The COVID-19 pandemic continues to evolve and will impact operations over the next six months; however, the full extent of the impacts cannot be quantified at this time.

NOTE 15 – EVENTS OCCURRING AFTER THE REPORTING DATE

Fremont announced on the 9th of March 2021, the acquisition of Magnum Hunter Production, Inc. (MHP), the operator of approximately 1,300 long life, low decline conventional natural gas wells located in Kentucky, Virginia and Tennessee. The wells are spread across the Illinois and Appalachian Basins. The acquisition is consistent with Fremont's strategy to acquire under-performing conventional oil and gas leases with immediate production upside achieved from low-cost workovers and re-stimulation resulting in improved return on investment.

Fremont acquired a minority 15% interest in MHP for USD\$75k in November 2020. The announced acquisition is to acquire the remaining 85% equity for USD\$425k. The acquisition is expected to be finalized by the end of March 2021. The accounting for the purchase of MHP is still being finalised, as such estimates of the fair value of the acquired assets and liabilities is unknown.