

### **Investor Presentation**

**Houston, November 26, 2017:** Freedom Oil and Gas Ltd (**Freedom**) (ASX: FDM, OTCQX: FDMQF) is pleased to release the presentation to be delivered by J. Michael Yeager to Australian based investors during the week commencing Monday November 27, 2017.

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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 company striving to build a growing, investment grade oil and gas company. The Company continues to acquire undeveloped acreage in the liquids rich area of the Eagle Ford Shale in South Texas, in the United States. For more information, visit <a href="https://www.freedomog.com">www.freedomog.com</a>.

### Investor Presentation – November 2017





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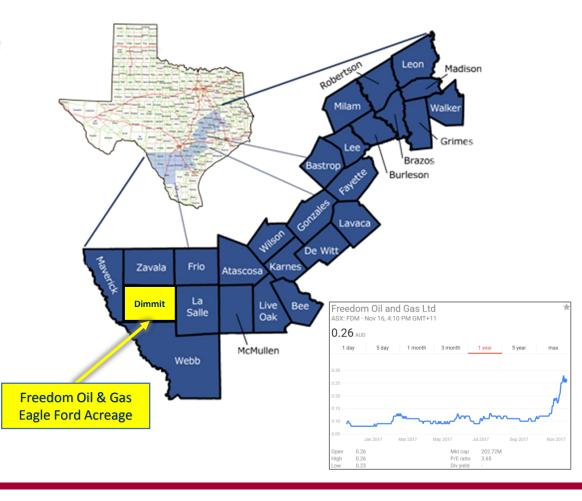
The evaluation of reserves referred to in this presentation were undertaken by Netherland, Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. NSAI's technical principals meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying United States Security and Exchange and other industry reserves definitions and guidelines. NSAI's technical principals are qualified persons as defined in ASX Listing Rule 5.22. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock Exchange (ASX) Listing Rules. Compensation for the required investigations and preparation of third party reserve reports are not contingent upon the results obtained and reported, and the third party reserve engineers have not performed other work for us that would affect their objectivity. NSAI has consented to the use of the reserves figures in this report in the form and context in which they appear.

# **Company Profile**



- Based in Houston, TX
- Trades on ASX under "FDM" and OTCQX under "FDMQF"
- Focused on developing a 9,400 acre position in the liquids-rich Eagle Ford shale formation in Dimmit County, TX
- Identified approximately 325 well locations in three separate vertical intervals at 60 acre spacing
- Pursuing high-return investments that have lower well costs combined with higher liquids revenue streams
- Proven and highly experienced management team with operating history in the Eagle Ford shale

# Eagle Ford Shale Producing Counties in Texas



# FDM Investment Highlights



### Compelling investment opportunity in early-stage E&P company with significant upside

Positioned in premium area of Eagle Ford Shale

- Acreage positioned in volatile oil/condensate window
- Shale thickness of ~400 ft. with three productive intervals (stack-pay)
- Production is 70-80 percent liquids of 47-degree API volatile oil and natural gas liquids
- Over 350 offset wells have been drilled to de-risk the geology

Acreage position can support a decade of growth

- First two wells of initial drilling program completed and on production
- Up to four more development wells planned to be drilled in Q1 2018, then full development
- Potential proved reserves and production growth through development for up to 10 years

Solid economic returns at current oil prices

- Acreage position leased at attractive prices during very low oil prices
- Moderate reservoir depths and easy drilling allow for low drilling and completion costs at \$4-\$5 million per well
- Recent Freedom well results have been above expectations
- Technology enhancements in last two years are driving industry improvements of 30-40 percent in production rate and reserves

# FDM's Eagle Ford Acreage Advantages

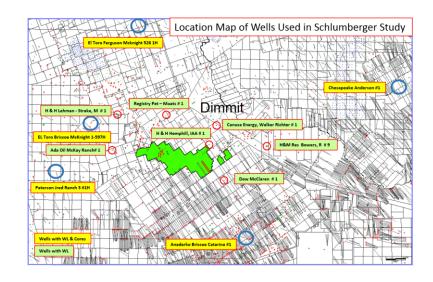


- Contiguous Acreage Position
  - Currently 9,400 acres adjacent to proven productivity, and can be expanded
  - Contiguous acreage allows for long laterals and simple development
  - 100% working interest and 75% Net Revenue Interest in all acreage. All acreage is operated by FDM.
- Quality Resource Play
  - Proximity to offset operator producing wells allows for high confidence in FDM well performance
  - Major acquisitions by Sanchez and Protégé and active follow up drilling on offset acreage is occurring immediately adjacent to FDM acreage
  - Acreage position and three stacked levels is very material at a >200 MMBoe opportunity fully developable
- All Data Independently Verified or Final
  - Von Gonten & Company independently verified all type curves and estimated reserve recoveries (EUR)
  - Reserve analysis by Netherland, Sewell & Associates, Inc. on 31 December 2016 resulted in proved reserves being recorded prior to FDM commencing drilling operations
  - Oil and gas pipelines are in place, and transportation costs are final at lucrative terms
  - Close proximity to Gulf Coast refining and high gravity oil leads to advantaged LLS oil pricing (+\$5.00 to WTI)
  - Service costs are up 15% in last 6 months, but significantly down from 2014
  - First two Freedom wells have 30 day production average of 1,244 and 1,256 barrels per oil, exceeding planning expectations

### **Pre-Drill: Technical Evaluation**



- Petrophysical interpretation of offset well data ( >200 wells)
- Purchased Corelab Eagle Ford Core Data from 5 surrounding wells in Dimmit County
- Purchased 3D seismic data, depth converted, integrated well data, landed laterals & planned wells
- Detailed reservoir characterization of the EF Formation done with Schlumberger
  - Mineralogy, TOC, poro-perms, saturations, brittleness, mechanical props, OOIP
- Detailed evaluation of Geo-hazards
  - Stratigraphic
  - Structural Faults & Offset Production / Injection



# **Drilling & Completion - Implementation**



- Drilled a Pilot Hole to acquire key Log & Core Data for detailed reservoir characterization & finalizing target landing zone
- Acquired state of the art logs to characterize reservoir composition, properties and oil content
- Used StarSteer & Azimuthal GR to Geosteer ~7,000ft horizontal well in narrow target zone, in Lower Eagle Ford Shale
- Schlumberger Frac Modelling using Wilson BE-1 Pilot well Results:
  - Modeled cluster & stage spacing, frac fluids, fluid volumes & prop conc's to design optimized completion
- Perforated and "Zipper" Frac the two wells using Schlumberger Frac Crew, perf'ed & fraced up to 8 stages day
- Flowback & Tie into Production Facilities ongoing
  - Controlled flowback/ Choke management & pre installed Gas Lift, to increase long term recovery



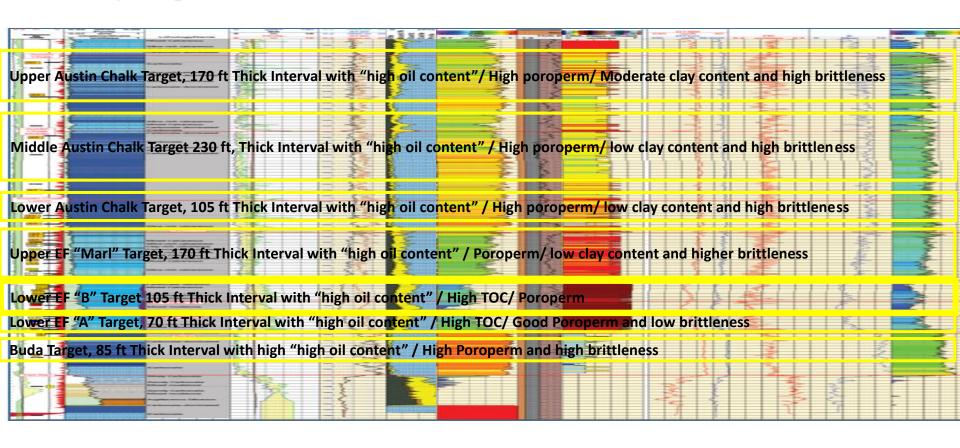
Technical Consultation & Operations using Schlumberger

## FDM Wilson B-H 1H Pilot Hole



FDM Wilson B-H 1H Pilot Hole Petrophysical Log Analysis

Multiple Target Zones Identified

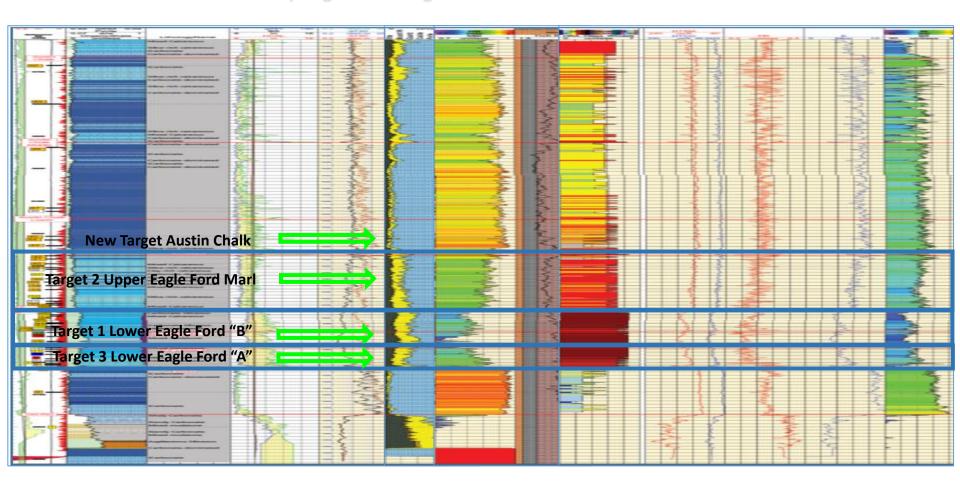


### FDM Wilson B-H 1H Pilot Hole



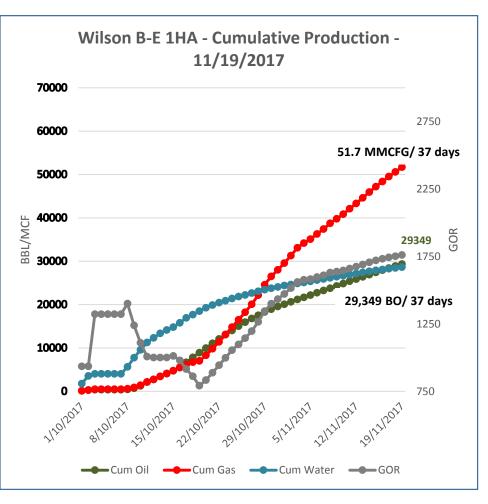
FDM Wilson B-H 1H Pilot Hole Petrophysical Log Analysis

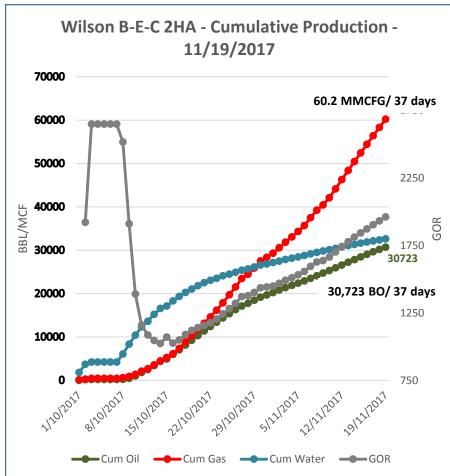
Current focus of 3 Primary Eagle Ford Target Zones+ 1 Additional Austin Chalk Zone



### **Cumulative Production**

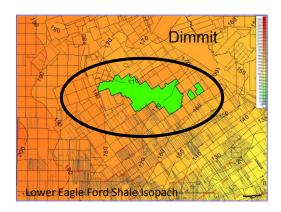




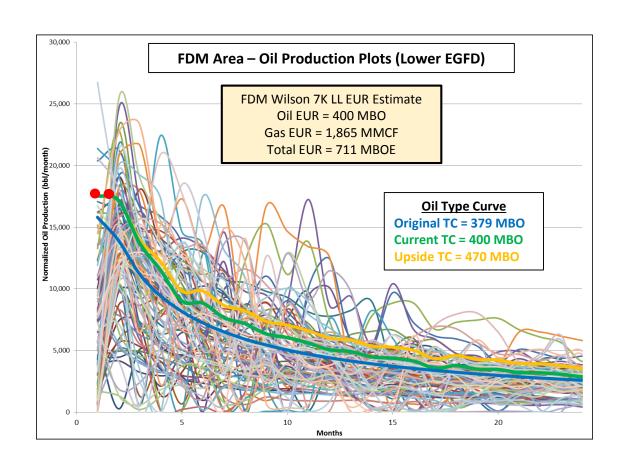


# Lower EF Type Curve and Wilson EUR





- WDVG 2 Year Verified in April 2016 – Original Type Curve (Blue)
- Updated Wilson BE Type Curve (Green)
- Upside Wilson BE Type Curve (Yellow)



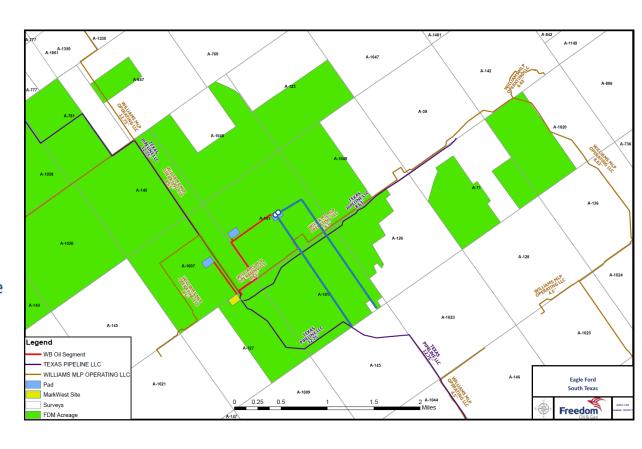
WDVG – WD Von Gonten & Co – Independent Petroleum Engineering Consultants

### **Current Infrastructure**



### Three Planned Initial Pad Locations

- Mark West gas gathering lines and compressor in operation on-site
- Texas Pipeline (Howard) gas transportation pipeline connects 9 miles to major hub
- ETC Transportation and Gas Processing to sales in Houston market
- Total gas transportation less than \$1.00 per mcf and favorable to offset producers
- Currently Trucking Oil
  - LLS Pricing minus Gathering Fee
- Arrowhead Oil Pipeline System
  - 60 days to finalize tie-in
  - \$0.75-\$1.00/bbl improvement over trucking
- LLS Pricing Currently Trading +\$5.00 to WTI



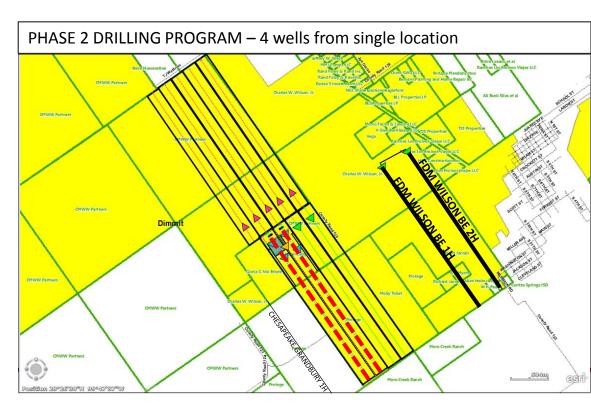
# Phase 2 Drilling



#### **Location Attributes:**

- Proven geology as seen in pilot well and cores
- Proven high poroperm, TOC and brittleness
- Structurally simple/ low dip & no major faults
- Proven productivity FDM and offset wells
- ~1MMBOE Chesapeake Grandbury well to west
- 2 FDM Wilson wells 1 mile to the east
- Operations and Transportation infrastructure leverageable - roads, water wells, frac ponds, pipelines
- 6 Acre drilling PAD will facilitate 12 wells
- Options to control water and lower costs
- Gas pipeline in place, oil pipeline committed
- Land title clear for drilling
- Need to decide exact wells from numerous options

#### Four Wells in the Same Geology



We have a high degree of confidence that our next group of wells can have similar performance to our first two wells.

# Single Well Economics



	TC EUR	D&C Cost	Apr 18, 2017 Strip		TC EUR Nov 8, 2017 Strip			Breakeven WTI*
	MBOE	(\$MM)	ROR	PV10, \$M	MBOE	ROR	PV10, \$M	PV10%
LEF B	690	\$4.5	70%	\$4,589	710	>100%	\$5,908	<\$34
UEF	695	\$4.5	>100%	\$6,268	695	>100%	\$6,521	<\$33
LEF A**	552	\$4.5	63%	\$3,828	552	65%	\$4,034	<\$35

NYMEX Forward Strip - April 18, 2017							
	2017	2018	2019	2020	2021	2022+	
Oil (\$/bbl) WTI	\$53.72	\$53.93	\$53.37	\$53.38	\$53.90	\$54.82	
Gas (\$/MMbtu) NYMEX HH	\$3.38	\$3.10	\$2.88	\$2.89	\$2.92	\$2.95	

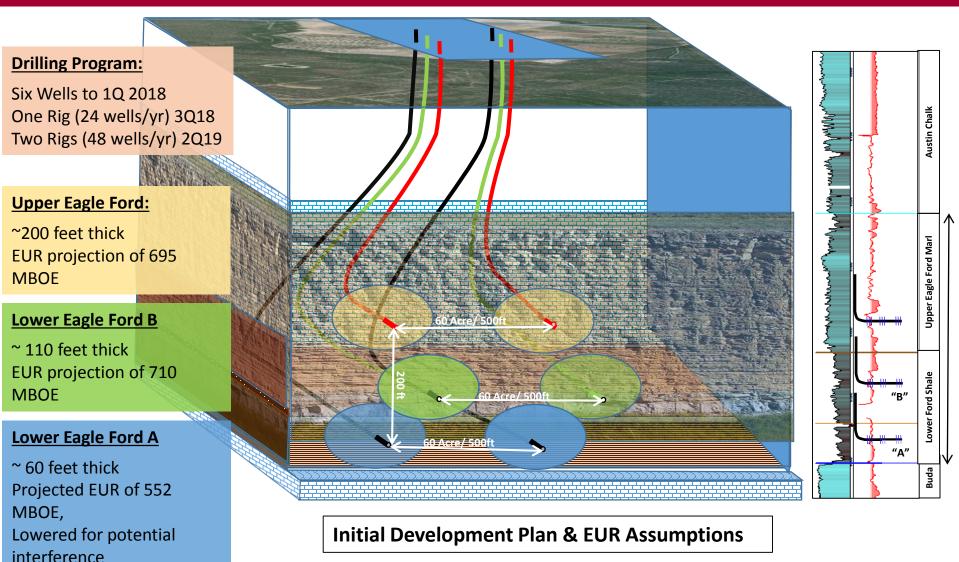
NYMEX Forward Strip - November 8, 2017							
	2017	2018	2019	2020	2021	2022+	
Oil (\$/bbl) WTI	\$54.17	\$56.59	\$53.46	\$51.74	\$50.89	\$50.76	
Gas (\$/MMbtu) NYMEX HH	\$2.97	\$3.01	\$3.08	\$2.91	\$2.86	\$2.89	

- \* NYMEX Gas Price assumed \$2.50/Mcf flat
- \*\* EUR reduced by 20% to account for potential interference

- <u>TC EUR:</u> Type Curve Estimated Ultimate Recovery. This is the amount of oil and gas to be produced.
- <u>D&C Cost:</u> Drilling and Completion Costs. The cost to get a new well into production.
- Breakeven WTI: The price that WTI can fall to and we still make a 10 percent RoR.
- RoR: Rate of return.

# Plan to Develop Three Distinct Intervals





# Proved Reserves and Resource Potential Freed



Development Potential	Gross Well	Net Reserve	es / Resource	Net Asset Value	
	Locations	2-Stream	3-Stream*	PV-10 \$MM (8 Nov 2017)	
Proved Developed Producing	2	1	2	\$21	
Lower Eagle Ford B	113	61	97	\$505	
Upper Eagle Ford	115	59	92	\$381	
Lower Eagle Ford A	92	38	62	\$172	
Total 60 Acre Reserves & Resources	322	159	253	\$1,079	
Austin Chalk	115	47	77	\$188	
30 Acre Eagle Ford Development	322	131	214	\$384	
Total Resource * Net three stream EUR assuming 75% NRI. 40% shrink and 300 bbl/mmcf of	759	337	544	\$1,651	

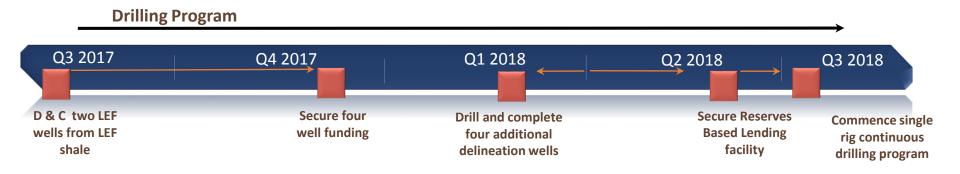
<sup>\*</sup> Net three stream EUR assuming 75% NRI, 40% shrink and 300 bbl/mmcf of NGL's

NYMEX Forward Strip - November 8, 2017						
	2017	2018	2019	2020	2021	2022+
Oil (\$/bbl) WTI	\$54.17	\$56.59	\$53.46	\$51.74	\$50.89	\$50.76
Gas (\$/MMbtu) NYMEX HH	\$2.97	\$3.01	\$3.08	\$2.91	\$2.86	\$2.89

# FDM's Eagle Ford Drilling Plan



- Drilled, completed and producing 2 wells Q3 2017, from the Lower Eagle Ford Shale
- Four more wells expected to be drilled in Q1, 2018 to finalize design and execution plans for the optimum field development
- As of 31 October 2017, US\$11 million cash on-hand and US\$10mm undrawn Ramas Capital facility, multiple additional options.
- Single rig continuous drilling program planned for Q3, 2018
- Reserves Based Lending facility (Wells Fargo) and operating cash flow should fund continuous drilling after 6 initial wells are drilled, completed and producing
- Development currently planned as per timeline below



# **Business Summary**



- 2 x 7,000ft well drilled, completed, tied into facilities and on production
- 6 total wells estimated for Wells Fargo lending facility to commence
- Excellent initial well performance has significantly de-risked the economics, furthered our geologic understanding, established drilling and completion cost benchmarks and established strong initial production rates and cash flow
- Infrastructure built and commercial terms finalized for oil, gas and NGL sales at industry leading terms
- Well results and costs are projected to continually improve as more wells are drilled and more knowledge is gained

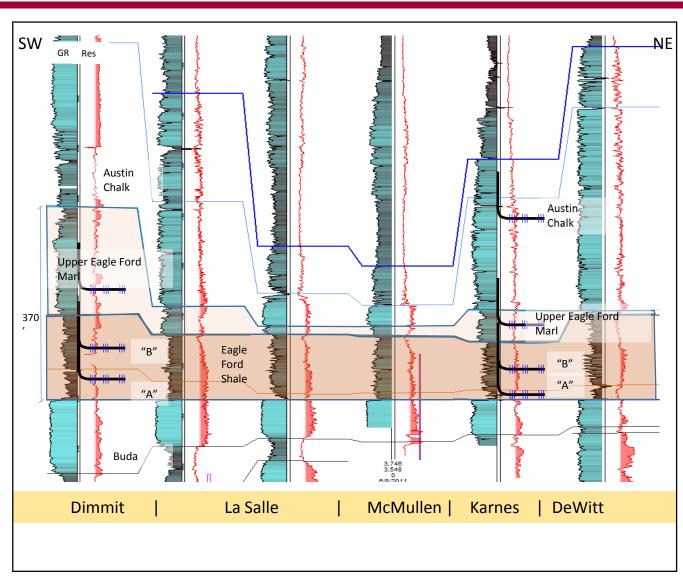


# **APPENDIX**

# Regional EF Well Correlation Cross Section Freedom

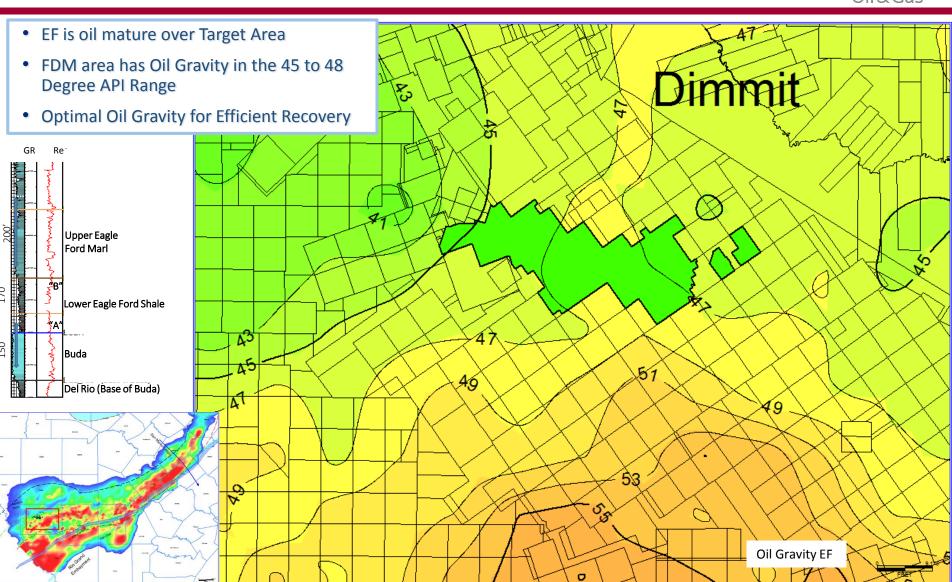


- Similar characteristics throughout the trend
- Dimmit County Area EF is ~ 370' thick
- Three proven productive intervals of EF development
- Completion technology rapidly improving, EUR and production rates
- Downspacing opportunities being tested
- Prospective for the Austin Chalk and Buda



# EF API Gravity Map - Dimmit Focus Area





# Impact of Recent Technology Changes



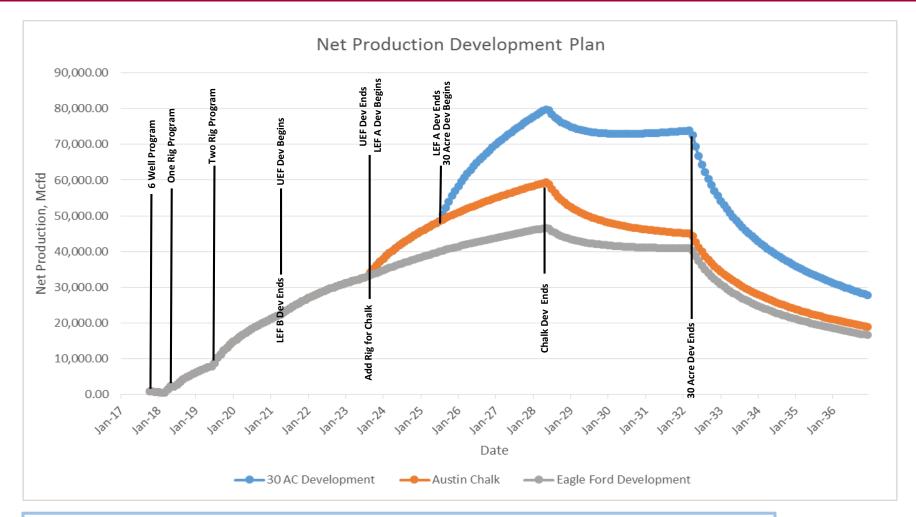
- Major changes in well design by all operators in last two years
- Results in 40 percent improvement in Estimated Ultimate Recovery (EUR)
- Drilling and Completion costs today for a 8,000 foot lateral with modern hydraulic fracturing of \$4.0 to \$5.0 million per well

- Improved EUR and lower cost create strong economics at Strip Prices
- 10 percent RoR breakeven oil price of \$38.00/barrel
- Single Well economics of 100 percent RoR at today's forward strip

Eagle Ford wells	2007 to 2013 metrics	2014 to 2017 metrics
Laterals	5,000 foot	6,000 to 10,000 foot
Stages of hydraulic fracturing	10 to 15 stages with 400 foot spacing	30 to 40 stages with 200-250 foot spacing
Perf clusters	70 foot spacing	25-50 foot spacing
Sand volume	600 to 900 pounds per foot	1,200 to 3,000 pounds per foot

# **Development Plan Production Curve**





- All three intervals developed
- One rig program in 2018; start second rig in 2019; start third rig 2023 for Austin Chalk only