

# Investor Presentation – March 2019

J. Russell Porter - Chief Executive Officer



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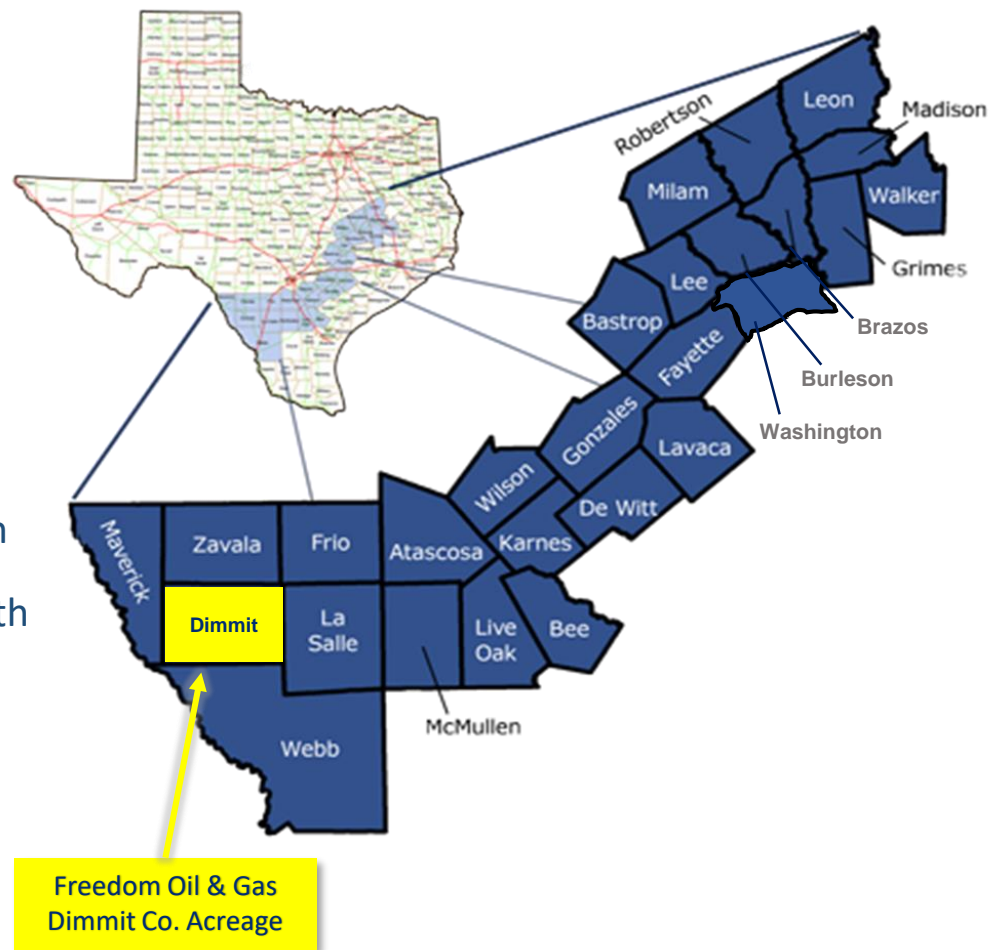
## COMPETENT PERSON STATEMENT

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

- Oil and gas development and production company based in Houston, TX
- Focused on the liquids-rich Eagle Ford shale formation in Dimmit County, TX
- 9,000+ net acre contiguous land position; 100% operated with 100% working interest
- Proved reserves of 17.2 million barrels of oil equivalent (MMBOE) at year-end 2018
- Proven, highly-experienced management team
- New veteran leadership in place to drive growth
  - Russ Porter, President, CEO & Board Member
  - Winston Talbert, Board Member

## Eagle Ford Trend Producing Counties in Texas



<b>Exchange: Symbol</b>	<b>ASX: FDM; OTCQX: FDMQF</b>
<b>Market Cap (\$MM) <sup>(1)</sup></b>	<b>A\$101.2; US\$65.8</b>

<sup>(1)</sup> Priced as of 10 March 2019



# Freedom Management Team

- ✓ Experienced team with capacity to work at greater scale
  - ✓ Incentivized to align shareholders and management outcomes
- 



## **J. Russell Porter**

President and CEO

25+ years executive-level experience in oil and gas industry with strong background in property acquisition, energy finance, unconventional asset development and oil & gas marketing



## **Mark Mabile**

Vice President, Operations

35+ years executive management and engineering experience with strong background in drilling, completion, workovers and production operations



## **Steve Mullican**

Vice President, Engineering

30+ years engineering management and business development experience with significant expertise in asset screening and valuation, development planning and transaction execution

# FDM Investment Highlights

*Compelling investment opportunity in rapidly growing company with significant upside*

## Positioned in premium area of Eagle Ford Shale

- Acreage located in volatile oil and condensate window
- Shale thickness of ~400 ft. with Upper & Lower EF potential productive intervals (stack-pay)
- Production mix is 70% - 80% liquids, crude oil and natural gas liquids (NGLs)
- Surrounded by 350+ offset operator producing wells, de-risking the geology

## Early stage development program underway

- Nine producing wells; two in Phase I (1,250 BOEPD IP\*), four in Phase II (1,128 BOE/D IP\*) , and three in Phase III (614 BOE/D IP\*)
- Six additional wells recently placed on production
- Four new wells are currently drilling under current rig contract

## Solid economic returns at current oil prices

- Average realized oil prices of \$US5-\$6/Bbl above WTI pricing; a portion of 2019 estimated production hedged at \$69.84/Bbl (crude swap & positive basis swap)
- Moderate reservoir depths allow low drilling & completion costs at \$4.8 million/ well
- Low operating expenses and very low transportation costs

\* Average rate per well for the first 30 following peak production of hydrocarbons

# FDM's Eagle Ford Acreage Advantages

*Eagle Ford shale is one of world's largest producing oil fields*

## High Quality Low-Risk Geology

- Proximity to offset operator production and data allows for confidence in geology
- Verified, measured and tested ~400 ft. of Eagle Ford with initial pilot program
- Five full cores surrounding our leases confirmed the shale content and quality

## Attractive Well Economics

- Moderate depth and potential stacked pay intervals lowers development cost
- Contiguous acreage allows for long laterals
- Nearby infrastructure and premium commodity pricing enhances returns

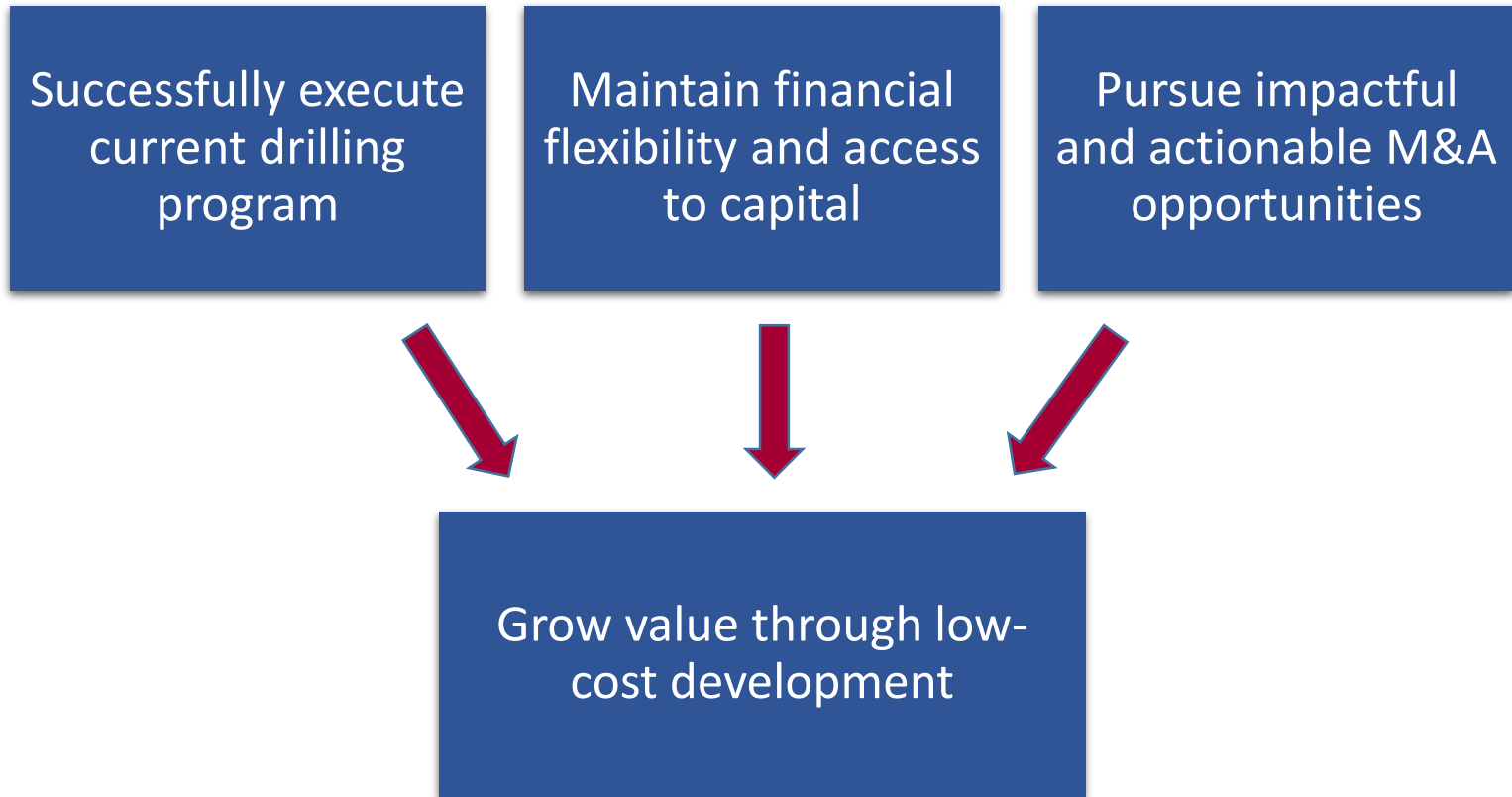
## Expandable Acreage Position

- High level of M&A activity in Eagle Ford Shale creates opportunities for bolt on acreage acquisitions and acquisitions to meaningfully increase FDM's scale
- Evaluating opportunities in Upper Eagle Ford (UEF) with plan for first UEF well on current acreage position in next group of four wells

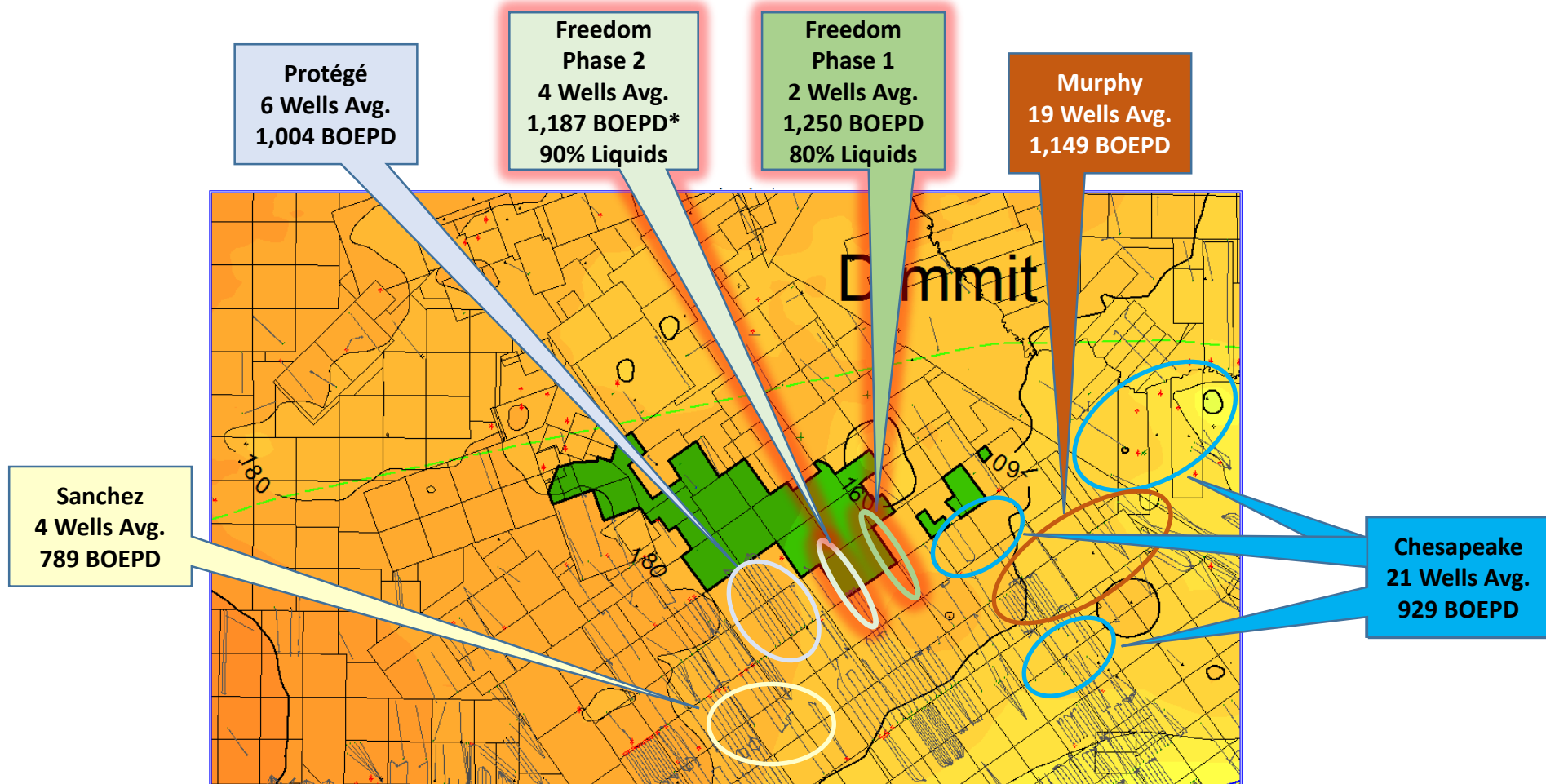
## Data Independently Verified

- Reserve analysis by Netherland, Sewell & Associates, Inc.
- Technical data analyzed by industry leaders with local knowledge

# Strategic Focus on Eagle Ford Development



# Offset Production Performance Since 2017

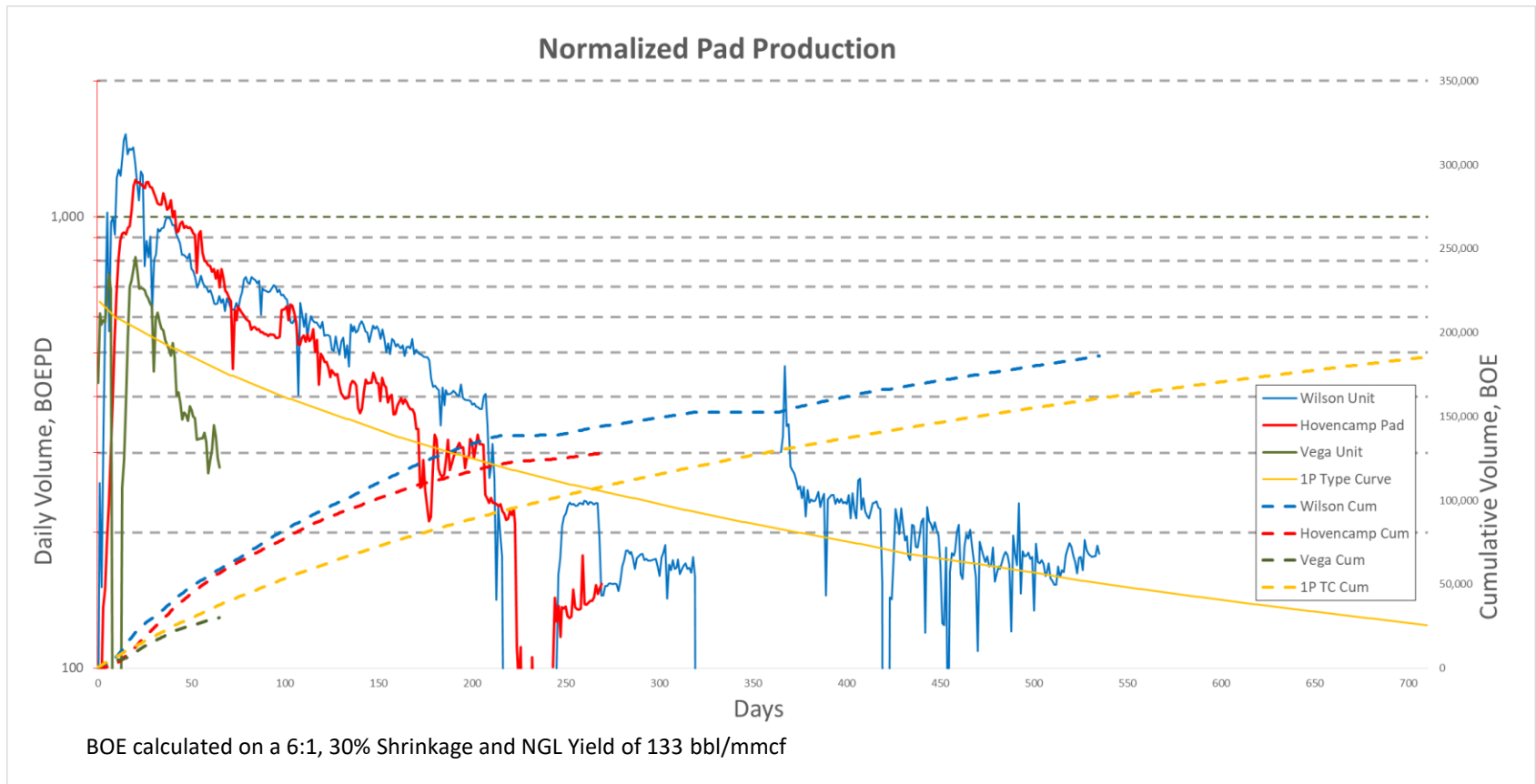


\* Current production referenced in the July 25, 2018 operations update



# Well Performance Above 1P Type Curve

- Average well performance from Wilson wells (Phase I) tracking estimated type curve for proved (1P) reserves
- All wells exceeding or near type curve for proved (1P) reserves



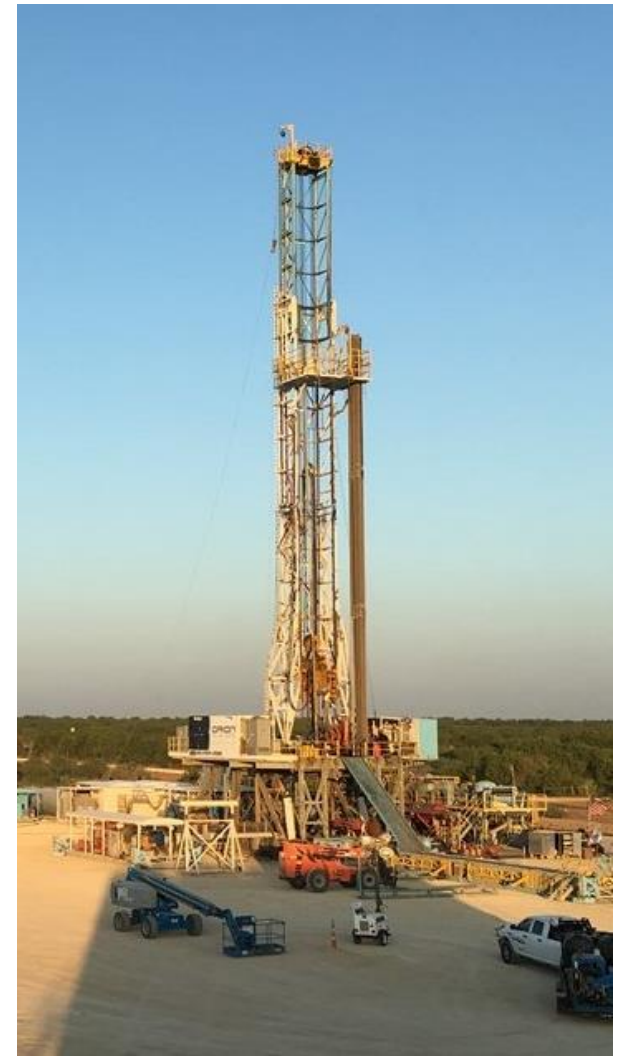
# Improving Operating Performance



- Reduced drilling time performance down to ~10 days average in Phase III vs Phase I
- Faster completion times and lower costs with each drilling phase
- Lowered estimated drilling and completion costs from \$5.3 million to consistent \$4.8 million
- Consolidated development in Phase III with up to six wells from single pad requires less equipment and infrastructure
- Increased frac crew availability has reduced service costs
- Optimizing well spacing and frac design should improve well performance

# Recent Activity (Phase III)

- ✓ Commenced six-month drilling program in August 2018 with fit-for-purpose rig
  - Nine wells drilled in program to date from three pads
  - Three Vega wells announced average 30-day IP rate of 614 BOEPD (76% liquids)
  - Six new wells recently placed on production
- ✓ Very competitive D&C costs at ~\$4.8 million, trending lower
  - Drilling costs \$1.2 million per well
  - Completion and facilities costs \$3.6 million per well
- ✓ Currently drilling four-well pad
  - Three Lower Eagle Ford wells and initial Upper Eagle Ford test well



# Production Growing in First Half of 2019



- 6 wells on production – averaged 1,939 BOEPD in 4Q 2018
- 76% liquids (44% crude oil, 30% NGLs, 26% natural gas)
- 3 Vega wells had average IP-30 rate of 614 BOEPD
- 3 Persimmon wells and 3 Katherine Brown wells recently put on production and responding well
- 15 wells currently on production
- 4 additional wells currently drilling and projected to be completed by 3Q 2019

# Opportunities and Objectives

- Continue to improve well productivity, utilizing more sophisticated completions designs to address “parent/child” dynamics
- Evaluate optimal spacing and be proactive in operations and frac design to minimize frac water interference and maximize EURs
- Continue lowering drilling, completion and operating costs as more wells are drilled and additional efficiencies realized
- Add to reserves/resources through potential development of Upper Eagle Ford; first test upcoming
- Expand footprint with additional acreage and asset acquisitions in the Eagle Ford shale trend
- Use appropriate balance of equity and debt for growth, remain lowly levered compared to peers
- Grow shareholder value through both internally developed ideas and acquisitions



# APPENDIX

# Changes in Fracturing Technology

Advancing Drilling and Completion Technology Increases Production

Initial Completions – 6,800' LL – 27 Stages – 6 Clusters per Stage – 1,625#/ft proppant

Current Design – 7,750 LL – 32 Stages – 12 Clusters per Stage – 2,000#/ft proppant

Wilson B Wells

6,800' LL – 27 Stages

250' Spacing  
6 Clusters

Current Design

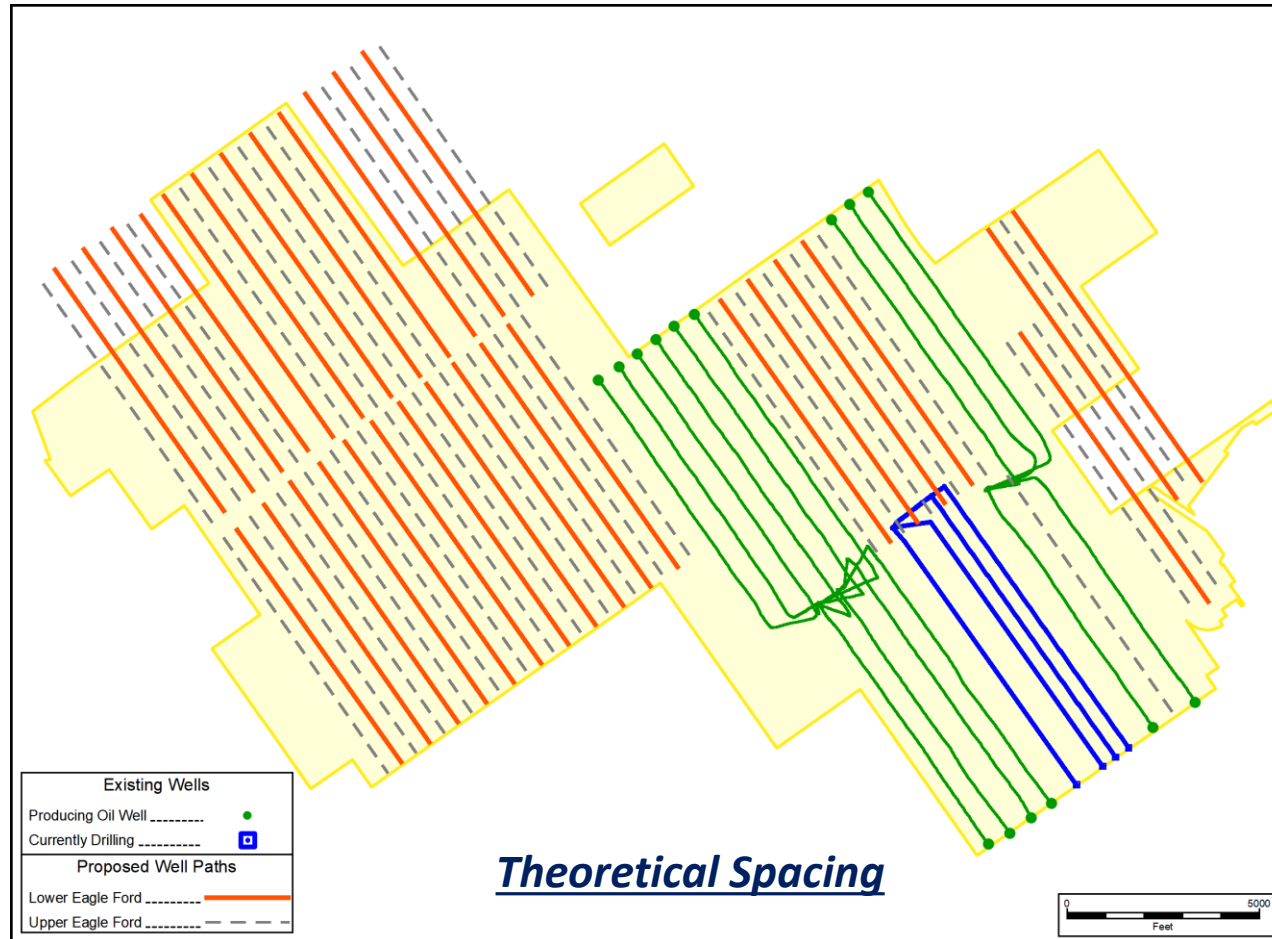
7,750' LL – 32 Stages

240' Spacing  
12 Clusters

# Updated Developmental Drilling Plan

## Focusing on and beyond Lower Eagle Formation “Bench”

- Immediate focus on optimizing well spacing and associated frac design
- Currently drilling four additional wells under remaining 45-day rig contract
  - Three Lower Eagle Ford wells
  - One Upper Eagle Ford well
- Evaluating upside opportunities for potential development within existing leasehold

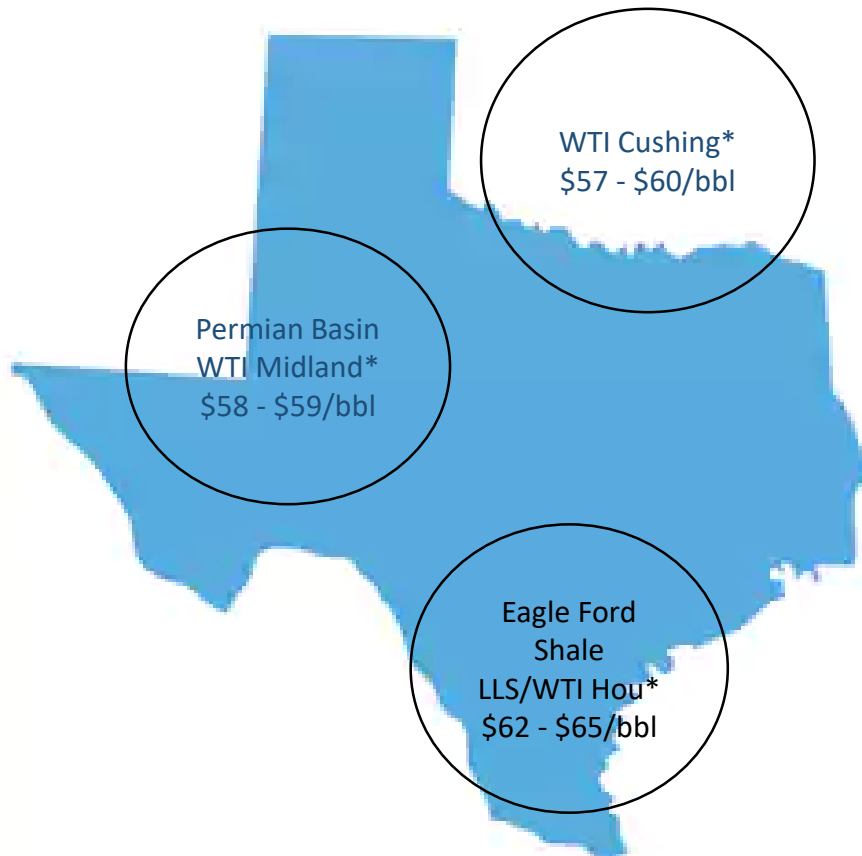


# Current Infrastructure in Place

- FDM acreage close to existing oil and gas transportation lines
- Negotiated low transportation costs via pipelines and trucks
  - US\$3-\$4 and US\$2-\$3, respectively
  - No volume commitments
  - No ship or pay obligations
- Positive price differentials
  - Oil sells for US\$4-\$6 premium to WTI
  - Gas sells for NYMEX minus 3 cents



# Eagle Ford Favorable Price Margins

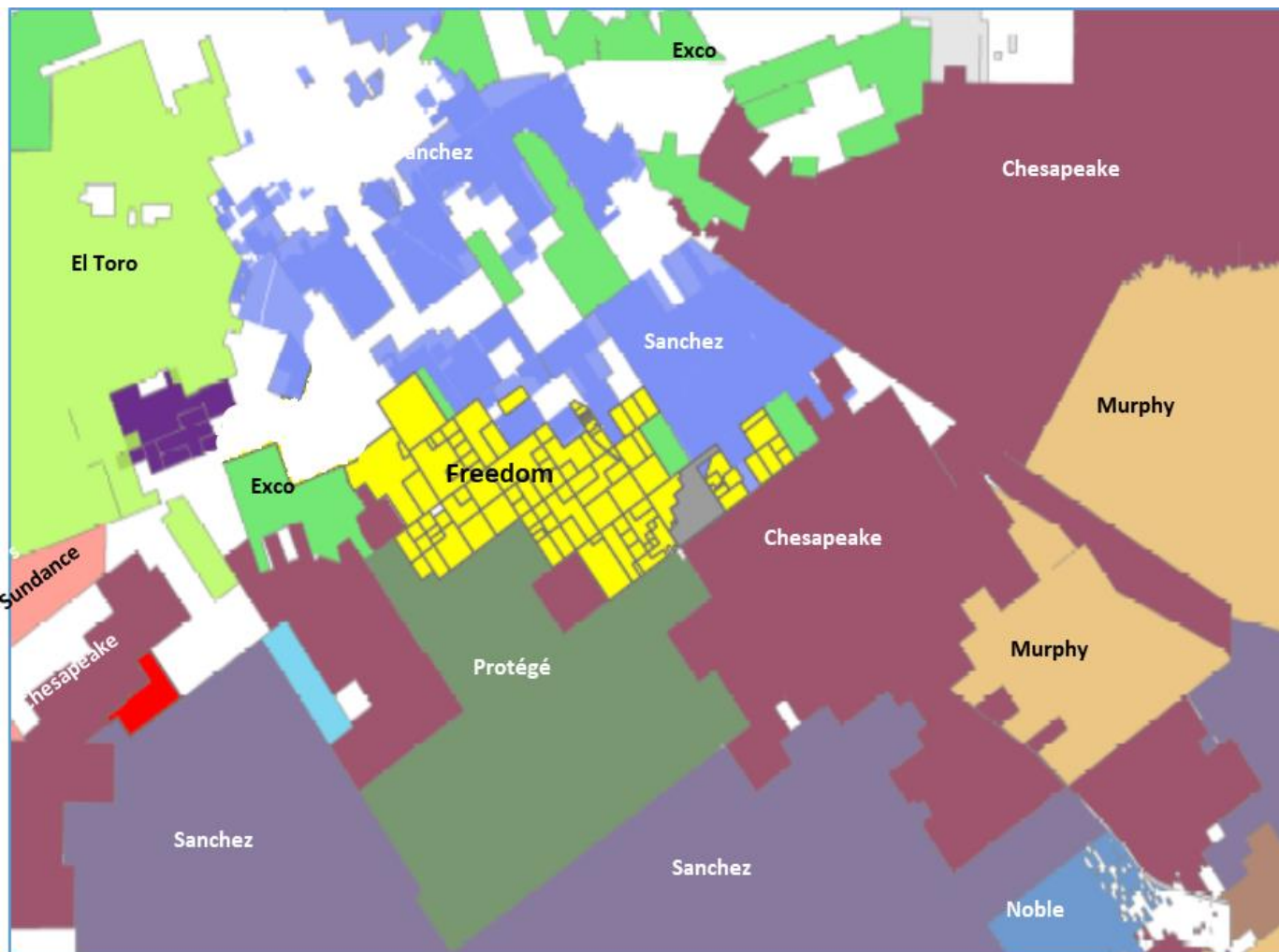


- LLS/WTI Houston is a light crude price tied to Brent / Imports
- Direct access to Gulf Coast LLS/WTI Hou market
  - LLS/WTI Hou is \$4 to \$6/bbl premium to WTI
  - Permian is -\$3 to -\$4/bbl deficit to WTI
- Excess EF pipeline capacity for oil & gas
  - Competitive contracts with no commitments
  - Strong gas market with Mexico competition
- Strong Natural Gas Liquids Pricing
  - 30%-35% of WTI
  - Above historical due to strong exports

\* Based on March 25, 2019 Forward Pricing – BAL19 – CME Group



# Map Exhibit



## Legend

- FDM Acreage
- Chesapeake
- El Toro Resources
- Murphy
- Noble
- Sanchez - Leasing
- Sanchez from Anadarko
- Sundance