

QUARTERLY ACTIVITIES REPORT 4th QTR 2019

Freedom Oil & Gas Ltd ("FDM", "Freedom", and "Company") is pleased to provide its quarterly activities report for the quarter ended December 31, 2019

KEY ACTIVITIES AND HIGHLIGHTS

Eagle Ford Shale Development Program

- Since initiating a development drilling program in the Eagle Ford shale formation in 2017, Freedom has drilled and completed 18 horizontal wells.
- Freedom recently completed three Lower Eagle Ford wells (TAMU 1H, 2H and 4H)
 - Three TAMU wells were drilled into the same geologically quiet area as Freedom's first six wells.
 - TAMU wells were drilled on wider spacing than the Vega, Persimmon and Katherine Brown wells (approximately 840 feet between wellbores as compared to 660 feet) which is expected to improve EUR's.
 - TAMU wells were completed late in the 3rd quarter of 2019 with a revised "frac recipe" based on analysis of past and offset results. The three TAMU wells were placed on flow back on 28 September, 2019 with initial hydrocarbons produced in mid-October 2019.
 - The three TAMU wells are producing at a combined average gross rate of 1,309 BOPD and 3,421 MMCF/D (70% crude oil and 30% natural gas on a gross two-stream basis) for the month of December 2019.
- Average daily net production sold in 4Q 2019 was 2,112 BOE/D of which 60% was crude oil, 22% was natural gas liquids ("NGL's") and 18% was natural gas (1,812 BOE/D, 70% crude oil and 30% unprocessed natural gas on a two-stream basis), up from average daily net production in 3Q 2019 of 1,305 BOE/D of which 35% was crude oil, 30% was NGL's and 35% was natural gas (1,013 BOE/D, 55% crude oil and 45% unprocessed natural gas on a two-stream basis). Production was higher due to the three new wells coming online but offset somewhat due to natural declines and delays in bringing the Wilson 1-H well back on production following the TAMU completions.
- Oil prices averaged US \$57.18 per barrel for the quarter. Unprocessed natural gas prices averaged US \$3.08 per MCF.

Freedom Oil and Gas Ltd
ABN: 128 429 158
ASX: FDM, US OTC: FDMQF

Freedom Oil & Gas Ltd is a USA-focused oil and gas company based in Houston. The Company is currently developing its 3,797.46 net acres position in the liquids-rich region of the Eagle Ford Shale (EFS) in Dimmit County, Texas.

Freedom is also currently attempting to acquire acreage targeting the re-development of the Austin Chalk in South Central Texas.

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Wells Fargo Reserve Based Credit Facility and Forbearance Agreement

Wells Fargo provides the Company with a reserve based revolving credit facility, secured by a first ranking lien.

Wells Fargo has notified Freedom that it is in default under the credit agreement. On 23 December, 2019 Freedom executed a Forbearance Agreement with Wells Fargo. The Forbearance Agreement outlines that Wells Fargo will forbear from exercising certain rights and remedies until February 14, 2020 and that Freedom will perform certain actions including (i) engage an independent advisor to assist Freedom in addressing Freedom's long-term capital plan and liquidity needs, (ii) secure an equity commitment letter or subscription agreement for a minimum gross amount of US\$30 million prior to January 23, 2020, and (iii) voluntarily terminate any hedge agreements with all proceeds used to reduce the outstanding loan. Wells Fargo has agreed not to invoke its right to a higher default

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rate of interest on the outstanding amounts due and has also agreed to waive any additional fees as a result of the defaults giving rise to the Forbearance Agreement. In addition, Wells Fargo will suspend any borrowing base re-determinations that would have ordinarily taken place during the term of the Forbearance Agreement.

Subsequent to executing the Forbearance Agreement, Freedom voluntarily terminated its existing crude oil hedge positions and paid \$574,896 to Wells Fargo as a reduction in the outstanding balance, which consisted of November hedge proceeds of \$102,504 and future hedge unwind proceeds of \$472,392. On 6 January, 2020, Freedom engaged the firm of Johnson Rice and Company as a third party advisor to assist the company with capital raising efforts.

On 29 January 2020 Freedom announced that it has agreed to retire the Wells Fargo credit facility in full in exchange for a payment of \$14 million plus accrued interest and costs. Freedom expects to fund the repayment of the Wells Fargo facility, as well as funding the reduction in trade payables, through the issuance of a \$30 million convertible note to an affiliate of Ramas Capital Management (RCM). The terms of the loan notes are summarised in Freedom's announcement on 29 January 2020. Freedom intends to raise capital to repay the loan notes prior to 31 March 2020. In particular, Freedom proposes to undertake an 8 for 1 rights issue at 0.5 cents (AUD 0.005) per share. The rights issue will be partially underwritten (up to USD 30 million) by RCM.

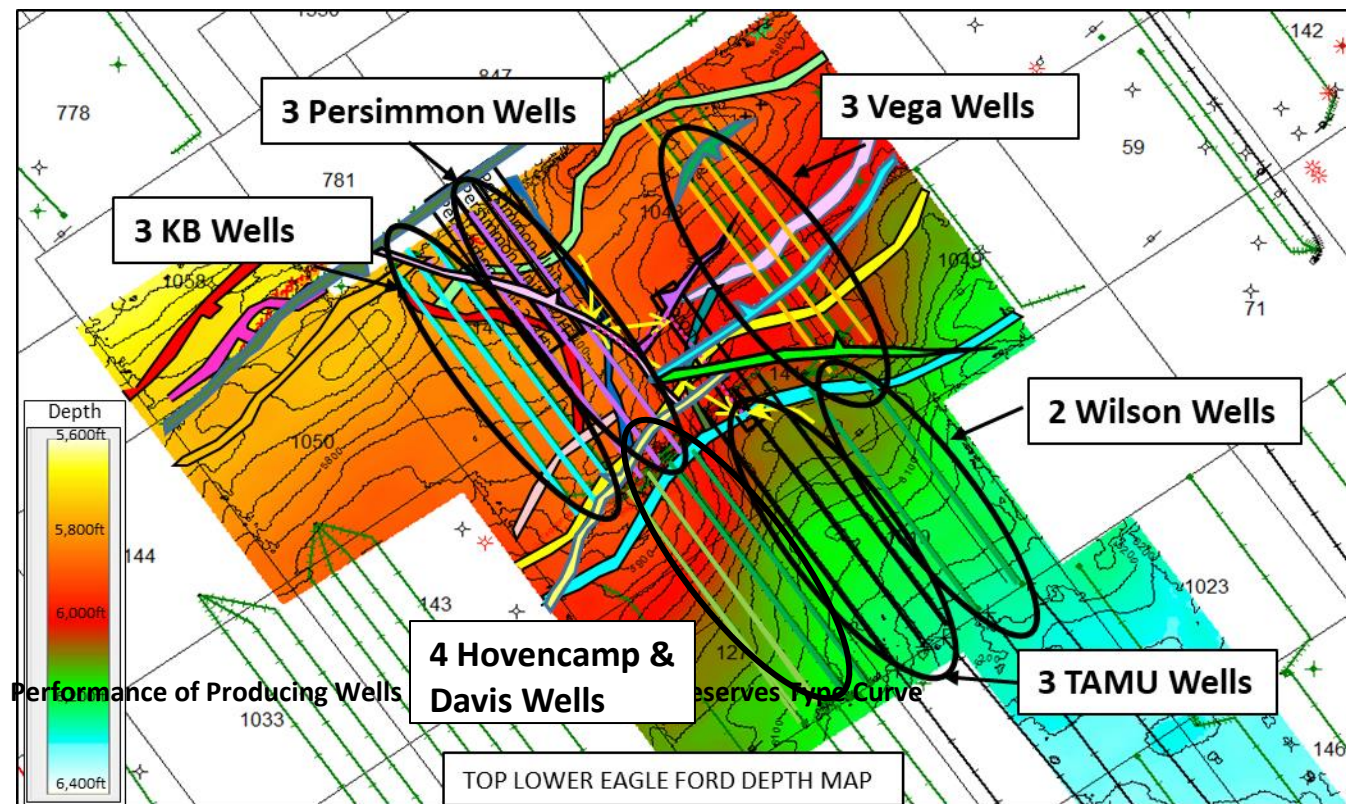
Operational Update

Freedom has drilled and completed 18 horizontal wells targeting the Lower Eagle Ford Shale (EFS) horizon on its acreage in Dimmit County. The first six wells (Wilson & Hovencamp) were drilled into a geologically “quiet” area (Figure 1), resulting in positive well performance with production tracking at or above original expectations. Geologically quiet regions are characterized as lacking significant faulting in the Eagle Ford formation. Our detailed post drilling and completion study revealed that the next nine wells (Vega, Persimmon & Katherine Brown) were drilled into a highly faulted area. The fault zones within the wellbore 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 drilled from pads using 660 foot spacing between wellbores. A summary of the outcome of a detailed post drilling and completion study undertaken by the Company on those wells was included in the ASX announcement released 24 July, 2019 US CST.

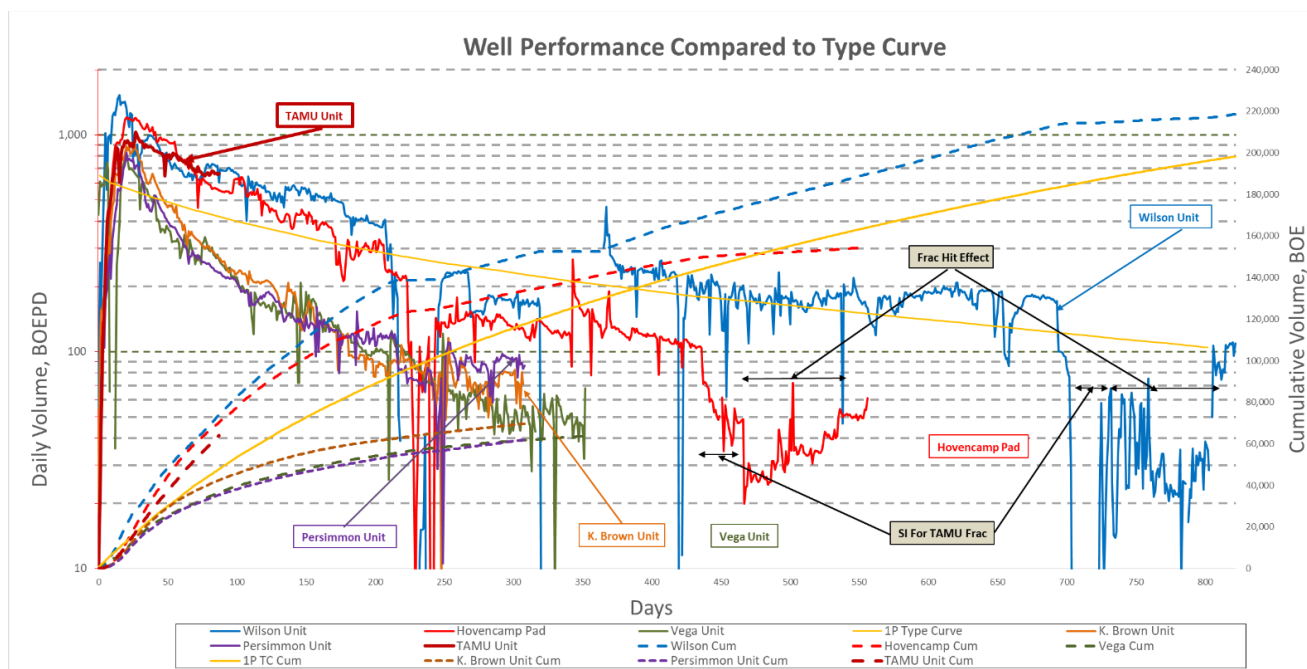
Freedom recently completed the most recent three Lower Eagle Ford wells (TAMU 1H, 2H and 4H), and put those wells into production on 28 September, 2019. The three TAMU wells were drilled in the same geologically quiet area as the Wilson and Hovencamp wells and were drilled on wider spacing of approximately 840 feet between wellbores to improve the EUR's by reducing communication between wellbores. Completion operations on TAMU wells utilized an updated “frac recipe” based on analysis of past and offset results. Flow back of these wells has been managed to minimize pressure depletion while recovering completion fluids with a goal of realizing shallower oil decline rates post peak production. These wells are not being produced with a goal of reaching the highest possible peak rate of production but rather the goal of maximizing ultimate recoveries per well.

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Figure 1: Geological map of Dimmit County acreage



The average well performance from the Wilson wells (Phase 1) and TAMU wells (Phase III) continue to track at or above the estimated cumulative type curve for proved (1P) reserves. The JC Davis/Hovencamp wells (Phase II) and the Vega, Persimmon and KB wells are performing below 1P type curve expectations.



QUARTERLY ACTIVITIES REPORT 4th QTR 2019*Figure 1: Normalized Production*

The 1P type curve in the above figure was derived by independent reservoir engineers, Netherland, Sewell and Associates, Inc. (NSAI), during the 2018 year-end reserve assessment and are based on Freedom's Phase I and Phase II producing wells (refer to ASX announcement dated 14 February, 2019 US CST). Within the guidelines set forth approved by the Society of Petroleum Engineers (SPE), proved reserves are defined as having a 90% probability that the quantities recovered will meet or exceed these estimates.

Financial and Operations Update – Fourth Quarter 2019

- Net production sold during the quarter ended 31 December, 2019 was 166,743 barrels of oil equivalent. This is comprised of 117,234 barrels of oil and 297,051 MCF of natural gas. This results in liquids being 70% of production for the quarter.
- Oil and gas development expenditures for the quarter totaled US \$1.7 million comprised of Land (\$0.1m), Facilities (\$0.6m), and Completions (\$1.0m)
- Oil prices averaged US \$57.18 per barrel for the quarter. Unprocessed natural gas prices averaged US \$3.08 per MCF. Freedom's realized oil prices continue to receive a ~US\$2-\$4 per barrel premium above WTI pricing.
- Cash on hand at 31 December, 2019 was US \$2.6 million.

There were no exploration activities in the quarter.

As of 31 December, 2019 the Company's Dimmit County, Texas leasehold position totaled 4,877.84 gross acres or 3,797.46 net acres as compared to 7,235 gross acres and 6,397 net acres as of 30 September, 2019. The decrease of 2,600 net acres is associated with expirations of interests in areas that are not planned to be drilled. At the present time, the Company is not planning to renew or extend the expiring leases. As a result, the Company's ability to drill additional wells on its existing asset, including wells in the proven undeveloped category, may be limited.

The Company incurred material non-cash impairment charges during 2019 to reflect the lowered carrying value of its oil and gas assets.

Attributions

The information in this quarterly report relating to reserves is based on disclosure previously released to the ASX (refer to the specific ASX announcements identified above). FDM confirms that it is not aware of any new information or data that materially affects the reserve information included above and, save as is clear from the context, all material assumptions and technical parameters underpinning the reserve estimates continue to apply and have not materially changed.

Forward Looking Statements

This quarterly report may contain forward looking statements. Forward looking statements 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 quarterly report 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.