ASX ANNOUNCEMENT **30 SEPTEMBER 2020**

LODGEMENT OF UNAUDITED 30 JUNE 2020 FINANCIAL REPORT

Fremont Petroleum Corporation Ltd (ASX: FPL) **('Fremont'** or **'the Company')** advises that it is lodging unaudited financial reports and pursuant to ASX Listing Rule 18.1 and ASIC Corporations (Extended Reporting and lodgements deadlines – Listed Entities) Instrument 2020/451 dated 15 May 2020 (the 'ASIC Relief'), the Company advises that it is relying on the ASIC Relief and class waiver from ASX Listing Rule 4.5.1 to extend the lodgement date for its lodgement of its audited Annual Financial Report

Attached are the unaudited financial reports for Fremont as at 30 June 2020.

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

-ENDS-

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

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Company Secretary
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Preliminary final report for the year ended 30 June 2020

Company details

Name of Entity:	Fremont Petroleum Corporation Ltd
ABN:	98 114 198 471
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

Results for announcement to the market

(All comparisons to year ended 30 June 2019)

	$	Up / Down	% Movement
Revenue from ordinary activities (incl interest)	596,900	Down	44%
Net (loss) after tax from ordinary activities	(9,158,006)	Up	226%
Net comprehensive (loss) after tax from ordinary activities	(8,739,493)	Up	272%
Net comprehensive (loss) attributable to members	(8,739,493)	Up	272%

Earnings per share

	30 June 2020	30 June 2019	% Movement
Basic earnings/(loss) per share	($0.0053)	($0.0024)	121%
Diluted earnings/(loss) per share	($0.0053)	($0.0024)	121%

Net tangible assets per security

	30 June 2020 $	30 June 2019 $
Net assets	6,677,156	14,053,012
Less intangible assets	0	0
Net tangible assets	6,677,156	14,053,012
Fully paid ordinary shares at 30 June 2020	2,135,587,947	1,668,335,412
Net tangible assets per security	$0.003	$0.01

Control gained or lost over entities in the year

Not Applicable

Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

Dividends reinvestment plan

Not applicable

Dividends per security

Not applicable

Comments on results

Fremont Petroleum Corporation Limited and its controlled subsidiaries (Fremont) (the Company) reported an after-tax loss of $9.16M for the year ended 30 June 2020. The net loss includes $6.10M of impairments including a $6.01M impairment to exploration and evaluation assets and a $58K impairment to loans receivable from Fremont's joint venture interest.

Revenue from ordinary activities decreased 44% or $466K to $597K, from $1.06M the prior year primarily as a result of decreased production due to well suspensions and increased focus on exploration and evaluation including the drilling of two new wells. The suspensions were largely the result of Covid-19, which has slowed global economies and dramatically reduced the demand for oil. The reduction in demand reduced the market price for oil, which made production margins unsustainable and production was suspended in March 2020 and resumed post June when prices stabilised.

Total operating expenses decreased 14% or $496K to $3.11M, from $3.60M the prior year. Operating expenses decreased in connection with the decrease in revenue. Significant reductions occurred in regulatory compliance, $230K, and amortization expense, $171K. Regulatory compliance decreased $230K to $289K, from $519K the prior year as a result of unusually high regulatory compliance costs in the prior year associated with COGCC rule changes and low compliance matters in the current year associated with well suspensions. Amortization decreased as a result of decreased production. Some expenses remained constant despite the well suspensions including insurance, rent and salaries.

Fremont's net cash balance as of 30 June 2020 was $1.29M. Other significant assets included $1.68M of development and producing assets, $12.22M of exploration and evaluation assets, and $486K of bond deposits. The Company's exploration and evaluation assets were impaired by $6.05M during the twelve months ended 30 June 2020. The impairment 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. There was no impairment to development and producing assets during the year ended 30 June 2020.

At 30 June 2020 significant liabilities include $3.88M of trade and other payables, $417K of cash received for Tranche 2 Shares not issued prior to year-end, $3.36M of convertible note and accrued interest, and $1.17M of asset retirement obligations. Fremont has negotiated extended payment terms for $1.57m of its trade and other payables. The $417K Tranche 2 share liability was adjusted to equity in September 2020 when the stock was issued after shareholder approval on 31 August 2020. The $3.36M note was converted into shares in September 2020.

Earnings per share changed to ($0.0053) from prior years ($0.0024). Weighted average shares outstanding were 1,735,271,838 for the year ending 30 Jun 2020 and 1,153,668,662 for the year ending 30 June 2019.

Additional material factors relevant to the Fremont's financial performance are as follows:

Fremont had net operating cash outflows for the year of $977K and a closing cash position of $1.29M.

Funds have been raised for working capital purposes and to give Fremont the financial flexibility to pursue opportunistic conventional oil and gas acquisitions focused on onshore USA. The Company raised a total of $1.25M in May 2020 as part of a 2 Tranche $3m fund raising.

At the General Meeting held 31 August 2020, (subsequent to year-end), Fremont shareholders approved the issue of Tranche 2 of the placement announced to market on 20 April 2020. Tranche 2 consists of 582,916,147 of shares to be issued at $0.003 per share with a one-for-one attaching option exercisable at $0.003 and expiring 12 months from the issue date. Funds to be raised by Tranche 2 total $1.75M. As of the date of this report, the Company has received $1.3M of the Tranche 2 fund raise and issued the securities. The balance of $450K is expected shortly.

On 8 September 2020, Fremont announced to market that it expects to complete the Asset Purchase Agreement of the portfolio of producing oil and gas leases located in the Illinois Basin from Indiana based Trey Exploration, Inc. using existing cash reserves. Trey holds highly prospective production leases and a portfolio of conventional wells that are currently producing approximately 71 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 Fremont's Kentucky operations that are also being worked over for enhanced production. Fremont anticipate finalising the Trey acquisition early October 2020 with an initial payment of US$1M and finalisation April 2021 with the payment of the balance of US$900K.

Fremont has announced material subsequent events to the ASX in accord with its continuous disclosure requirements.

Details of associates and joint venture entities

Fremont has a joint venture entity, Kentucky Exploration LLC. Refer to Interests in Joint Ventures Note 13 for further information. For details regarding controlled entities, refer to Note 24.

Foreign entity accounting standards

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

Audit

The financial information provided in these unaudited accounts are 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, Fremont incurred a total comprehensive loss of $8.74M, had net cash outflows from operating activities of $977K, and a working capital deficiency of

$6.38M – although much of that amount represents convertible notes and interest and amounts to be converted to shares. 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 successful capital raisings completed during financial year ended 30 June 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 LTD
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2020

	Note	Consolidated Group 2020 $	2019 $
Revenues from operations	4	596,900	1,062,549
Lease operating expense		(455,051)	(504,913)
Share based payments	29	(88,000)	(165,650)
Employee benefits expense		(696,768)	(625,346)
Depreciation and amortisation expense	5	(232,533)	(403,934)
Professional fees		(598,303)	(678,902)
Other expenses	5	(571,018)	(570,473)
Travel and accommodation expense		(103,727)	(134,854)
Regulatory compliance		(289,174)	(518,695)
Impairment charge	15	(6,046,701)	-
Impairment of financial assets	13	(58,143)	(236,654)
Plug and abandon costs		(72,580)	-
Loss on disposal of asset		(7,597)	-
Interest expense		(535,311)	(32,814)
Loss before income tax		**(9,158,006)**	**(2,809,686)**
Income tax expense	6	-	-
Loss for the year		**(9,158,006)**	**(2,809,686)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		418,513	461,818
Other comprehensive income for year net of tax		**418,513**	**461,818**
Total comprehensive loss for year		**(8,739,493)**	**(2,347,868)**
Loss for the year attributable to:			
Members of the parent entity		(9,158,006)	(2,809,686)
		(9,158,006)	**(2,809,686)**
Total comprehensive loss attributed to:			
Members of the parent entity		(8,739,493)	(2,347,868)
		(8,739,493)	**(2,347,868)**
Earnings per share for loss from continuing operations:			
Basic earnings per share	9	($0.0053)	($0.0024)
Diluted earnings per share	9	($0.0053)	($0.0024)

This statement should be read in conjunction with the notes to the financial statements.

FREMONT PETROLEUM CORPORATION LTD
Consolidated Statement of Financial Position
As at 30 June 2020

	Note	Consolidated Group 2020 $	2019 $
Current Assets			
Cash and cash equivalents	10	1,291,081	1,558,697
Trade and other receivables	11	12,508	89,605
Total Current Assets		**1,303,589**	**1,648,302**
Non-Current Assets			
Property, plant and equipment	12	116,198	196,217
Development and producing assets	14	1,676,904	1,818,277
Exploration and evaluation assets	15	12,222,252	13,280,139
Other assets	16	486,343	406,852
Total Non-Current Assets		**14,501,697**	**15,701,485**
Total Assets		**15,805,286**	**17,349,787**
Current Liabilities			
Trade and other payables	17	3,879,015	1,543,166
Other short-term liabilities		26,035	-
Interest bearing liabilities	18	-	350,541
Common stock liability	19	417,084	-
Convertible note and accrued interest	18	3,357,373	-
Total Current Liabilities		**7,679,507**	**1,893,707**
Non-Current Liabilities			
Other long-term liabilities		23,337	93,933
Asset retirement obligations	20	1,174,525	1,062,626
Deferred tax liability	6	250,761	246,509
Total Non-Current Liabilities		**1,448,623**	**1,403,068**
Total Liabilities		**9,128,130**	**3,296,775**
Net Assets		**6,677,156**	**14,053,012**
Equity			
Issued Capital	21	92,101,477	90,747,407
Reserves	22	10,767,829	10,339,749
Retained earnings / (Accumulated losses)		(96,192,150)	(87,034,144)
Total Equity		**6,677,156**	**14,053,012**

This statement should be read in conjunction with the notes to the financial statements.

FREMONT PETROLEUM CORPORATION LTD
Consolidated Statement of Changes in Equity
As at 30 June 2020

Consolidated Group	Issued Capital $	Convertible Notes $	Performance Rights Reserve $	Foreign Currency Reserve $	Retained Profits/(Losses) $	Total $
Balance at 30 June 2018	82,302,080	-	67,500	9,711,531	(84,224,458)	7,856,653
Share issued during the year	9,047,236	-	-	-	-	9,047,236
Performance rights accrued	-	-	285,650	-	-	285,650
Performance rights issued	186,750	-	(186,750)	-	-	-
Share issue costs	(788,659)	-	-	-	-	(788,659)
Profit or loss	-	-	-	-	(2,809,686)	(2,809,686)
Movement in FX reserve	-	-	-	461,818	-	461,818
Balance at 30 June 2019	**90,747,407**	**-**	**166,400**	**10,173,349**	**(87,034,144)**	**14,053,012**
Share issued during the year	1,420,323	-	-	-	-	1,420,323
Convertible note	-	175,967	-	-	-	175,967
Performance rights accrued	-	-	88,000	-	-	88,000
Performance rights issued	254,400	-	(254,400)	-	-	-
Share issue costs	(320,653)	-	-	-	-	(320,653)
Profit or loss	-	-	-	-	(9,158,006)	(9,158,006)
Movement in FX reserve	-	-	-	418,513	-	418,513
Balance at 30 June 2020	**92,101,477**	**175,967**	**-**	**10,591,862**	**(96,192,150)**	**6,677,156**

This statement should be read in conjunction with the notes to the financial statements.

FREMONT PETROLEUM CORPORATION LTD
Consolidated Statement of Cash Flows
For the year ended 30 June 2020

	Note	Consolidated Group 2020 $	Consolidated Group 2019 $
Cash Flow from Operating Activities			
Receipts from customers		664,010	1,097,844
Payments to suppliers and employees		(1,319,140)	(1,705,367)
Interest received		2,062	2,916
Interest paid		(26,971)	(32,814)
Regulatory compliance		(289,174)	(518,694)
Workers comp and other professional fees		(7,461)	(36,104)
Net cash used in operating activities	25	**(976,674)**	**(1,192,219)**
Cash Flow from Investing Activities			
Payments for plant and equipment		(2,422)	(31,917)
Loans to joint venture investment		(20,029)	(146,111)
Payments for development activities		-	(171,831)
Payments for exploration activities		(3,231,248)	(5,272,563)
Net cash used in investing activities		**(3,253,699)**	**(5,622,422)**
Cash Flow from Financing Activities			
Proceeds from borrowings	18	3,025,000	-
Repayment of borrowings		(391,067)	(41,439)
Proceeds of issue of shares	21	1,250,000	8,927,235
Receipt for shares to be issued	19	417,084	-
Share issue costs		(320,653)	(852,183)
Net cash provided by financing activities		**3,980,364**	**8,033,613**
Net (decrease) / increase in cash held		(250,009)	1,218,972
Cash at the beginning of the year		1,558,697	514,399
Effects of exchange rate changes on cash and cash equivalents		(17,607)	(174,674)
Cash at the end of the year	10	**1,291,081**	**1,558,697**

This statement should be read in conjunction with the notes to the financial statements.

Fremont Petroleum Corporation Ltd and controlled entities (Group) of Fremont Petroleum Corporation Ltd which is a listed public Group, incorporated and domiciled in Australia.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Fremont Petroleum Corporation Limited is a for-profit entity for the purpose of preparing the financial statements.

Changes in Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s last consolidated annual financial statements for the year ended 30 June 2019, except as described below. Note that the changes in accounting policies specified below only apply to the current year. The accounting policies included in the Group’s last consolidated annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16: Leases

Impact of Adoption of AASB 16

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets and an interest expense on the recognised lease liabilities.

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of Transition to AASB 16

There was no effect on the financial statements of Fremont Petroleum Corporation Limited on adoption of AASB 16 Leases.

(b) Principles of Consolidation

A controlled entity is any entity over which Fremont Petroleum Corporation Limited, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 24 to the financial statements. All controlled entities have a June financial year end.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the consolidated Group during the year, their operating results have been included/(excluded) from the date control was gained/(ceased).

All inter-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Revenue

Revenue from contracts with customers is recognised in the income statement when or as the Group transfers control of goods or services to a customer at the amount the Group expects to be entitled.

Interest revenue is recognised on a proportional basis using the effective interest method taking into account the interest rates applicable to the financial assets.

Revenue from oil and gas is recognised at a point in time when the Group has transferred control of the assets to the customer. Control of the asset is considered to transfer to the buyer at the time of delivery of the oil or gas to the customer.

Revenue from interest is recognized using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

(d) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted or are substantially enacted as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authorities.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Trade and Other Receivables

Trade receivables and other receivables are carried at amounts due less any allowance for expected credit losses.

(f) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Interests in Joint Arrangements

The consolidated Group's share of the assets, liabilities, revenue and expenses of joint operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated Group's interests are shown at Note 13.

The consolidated Group's interests in joint ventures are brought to account using the equity method of accounting in the consolidated financial statements.

Under the equity method, the share of the profit and losses of the joint venture is recognised in the profit or loss, and the share of post-acquisition movements in reserves recognised in other comprehensive income.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unreleased losses are eliminated, the underlying asset is also tested for impairment.

(h) Exploration, Evaluation and Development Expenditure and Restoration Provisions

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Development and producing assets are accounted for under AASB 116 Property, Plant and Equipment.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's employment and subsequent disposal. The net expected cash flows have been discounted to their present values in determining recoverable amounts.

(j) Depreciation

Items of property, plant, and equipment, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life to the Group. The straight-line method of depreciation is used.

The assets residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. An asset's carrying amount is written down immediately from its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds received with the asset's carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(k) Leases

(i) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ii) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(l) Foreign Currency Transactions and Balances

(i) Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end exchange rate.
Exchange differences arising on the translation of monetary items are recognised in statement of profit or loss and other comprehensive income.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

(iii) Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(m) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date in respect of wages and salaries, annual leave and long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be payable later than one year are measured as the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity which match the expected timing of cash flows.

Contributions made by the Group to employee superannuation funds are charged to expenses as incurred.

(n) Equity-Settled Compensation

The Group operates equity-settled share-based payment employee option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase in an equity account. The fair value of options is determined by an independent valuer using a Black-Scholes option pricing model which incorporates all vesting conditions. In determining fair value, no account is taken of any performance conditions other than those related to market conditions. The cumulative expense recognised between grant date and vesting date is adjusted to reflect the directors' best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met.

(o) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

(p) Financial Assets and Liabilities

Classification

Group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit and loss and amortised cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Amortised Cost

The Group classifies its financial assets as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

(iii) Classification and Subsequent Measurement of Financial Liabilities

The Group's financial liabilities including borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are including within finance costs or finance income.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised as trade-date — the date on which the Group commits to purchase or sell an asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Changes in the value of monetary securities denominated in a foreign currency and classified as financial assets at fair value through profit and loss are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available for sale are recognised in equity.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired. In the case of equity securities, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss is recognised in the statement of profit or loss and other comprehensive income.

(q) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalent includes cash on hand and at call in banks net of overdrafts.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(s) Issued Capital

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction in the share proceeds received.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the

GST component of investing and financing activities, which are disclosed as operating cash flows.

(u) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets, such as outcomes of drilling projects, the Company's portfolio priorities and leasing requirements. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and Evaluation

The Group's policy for exploration and evaluation is discussed at Note 1(h). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sales or exploitation, then the relevant capitalised amount will be written off through the statement of profit or loss and other comprehensive income.

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

(v) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(w) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(x) Parent Entity Financial Information

The financial information for the parent entity, Fremont Petroleum Corporation Limited, disclosed in Note 3 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Fremont Petroleum Corporation Limited.

(y) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

NOTE 2: GOING CONCERN

The financial report has been prepared on the basis of a going concern. The Group had net operating cash outflows for the year of $977K and a closing cash position of $1.29M.

The Group's ability to continue as a going concern is contingent upon further successful drilling & field development and raising capital, via debt, equity, farm-outs, joint ventures, or a combination of these. If the Company 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 Company raised a total of $1.25M in May 2020 and has received an additional $417K toward a future stock purchase (see Common Stock Liability Note 19 for additional details) to fund additional development through drilling. This demonstrates the Company's ability to raise capital.

As per Subsequent Events Note 32, the Company received approval at the General Meeting held 31 August 2020 to issue Tranche 2 of the Placement announced 20 April 2020. Tranche 2 is comprised of 582,916,147 of shares to be issued at $0.003 per share with a one-for-one attaching option exercisable at $0.003 and expiring 12 months from the issue date. The fund raise totals $1.75M, which includes the $417K common stock receipt recorded as a liability as of 30 June 2020. As of the date of this report, the Company has received $1.30M of the fund raise. Payment of the remaining $450K is expected. This fund raise demonstrates the Company's continuing ability to raise capital.

Funds were raised for working capital and to give the Company the financial flexibility to pursue opportunistic conventional oil and gas acquisitions focused on onshore USA.

As also noted in Subsequent Events Note 32, on 8 September 2020, the Company announced it expects to complete the Asset Purchase Agreement of the portfolio of producing oil and gas leases located in the Illinois Basin from Indiana based Trey Exploration, Inc. using existing cash reserves. Trey holds highly prospective production leases and a portfolio of conventional wells that are currently producing approximately 71 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 Company's Kentucky operations that are also being worked over for enhanced production.

Fremont anticipate finalising the Trey acquisition early October 2020 with an initial payment of US$1M and finalisation in April 2021 with the payment of the balance of US$900K.

NOTE 3: PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 $	2019 $
Statement of financial position		
Total current assets	1,205,474	119,618
Total non-current assets	50,000	50,000
Total assets	**1,255,474**	**169,618**
Total current liabilities	3,978,542	81,437
Total liabilities	**3,978,542**	**81,437**
Share capital	13,011,448	14,564,482
Reserve for performance rights	-	166,400
Reserve for convertible notes	175,967	-
Accumulated losses	(15,910,483)	(14,642,701)
Total Equity	**(2,723,068)**	**88,181**
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year after tax	(1,267,782)	(1,024,398)
Total comprehensive income/loss	**(1,267,782)**	**(1,024,398)**

The parent entity has not provided any financial guarantees on behalf of its subsidiary.
The parent entity accounts for Joint Ventures at cost.
The parent entity did not have any contingent liabilities as at 30 June 2020 (2019 Nil).
The parent entity had no contractual commitments as at 30 June 2020 (2019: Nil).

NOTE 4: REVENUE

From continuing operations:

	2020 $	2019 $
Gas and Oil Sales	596,668	1,059,633
Interest received	232	2,916
Total Revenue	**596,900**	**1,062,549**

NOTE 5: LOSS FOR THE YEAR

Losses before income tax have been determined after:

	2020 $	2019 $
Depreciation expense	57,003	87,880
Amortisation expense	175,530	316,054

	2020 $	2019 $
Other Expenses:		
Insurance	172,785	167,861
Telephone	17,169	19,251
Rent on land & buildings	22,927	21,975
Property tax	66,139	45,406
Annual surface use agreements	76,597	61,002
Accretion	96,326	64,377
Repairs and maintenance	18,141	16,665
GST Expense	24,382	61,575
Other Expenses	75,410	94,015
Office Supplies	1,142	18,346
	571,018	**570,473**

NOTE 6: INCOME TAX EXPENSE

	2020 $	2019 $
(a) The components of income tax expense comprise:		
Current Tax	-	-
Deferred Tax	-	-
	-	-
b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Loss	(9,158,006)	(2,809,686)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	(2,747,402)	(842,906)
Add/(less) the tax effect of:		
- Differences in tax rate for US	(80,492)	(61,629)
- Other allowable / (non-allowable) items		
- Impairment and write down	1,831,453	70,996
- Amortisation	52,659	94,816
- Share based payment	26,400	49,695
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	917,382	689,028
Income tax attributable to operating loss	-	-
c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 27.5%	9,998,909	8,819,127
- In USA at 35%	9,727,585	8,117,735
	9,726,494	6,936,862
d) Deferred liability arising from temporary differences		
- In USA at 35%	250,761	246,509
	250,761	246,509

NOTE 7: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2020.

The totals of remuneration paid to KMP of the Group and the Group during the year are as follows:

	2020	2019
	$	$
Short term employee benefits	732,130	527,693
Post-employment benefits	11,081	10,276
Share based payments	222,323	381,168
	965,534	**919,137**

NOTE 8: AUDITORS' REMUNERATION

		2020	2019
		$	$
Remuneration of auditor of consolidated Group for:			
Auditing the financial report			
	Australia	53,000	77,650

NOTE 9: EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2020	2019
	$	$
Net loss attributed to ordinary equity holders	(9,158,006)	(2,809,686)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,735,271,838	1,153,668,662
Basic Earnings per share	($0.0053)	($0.0024)
Diluted Earnings per share	($0.0053)	($0.0024)

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. See Note 21 for option details.

NOTE 10: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and on hand	**1,291,081**	**1,558,697**

The effective annual interest rate on cash at bank was 0.02% (2019: 0.28% pa.).

NOTE 11: TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade and Other receivables	5,079	69,086
GST Receivable	7,429	20,519
	12,508	**89,605**

The Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. As all oil and gas sales are to a small number of customers, there is no expected credit loss allowance as at 30 June 2020.

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

	2020 $	2019 $
Plant and equipment:		
- At cost	530,072	596,693
- Less: Accumulated depreciation	(413,874)	(400,476)
	116,198	**196,217**

Movement in Property, Plant and Equipment at Cost

	2020 $	2019 $
Plant and equipment:		
- At cost	596,693	534,838
- Add: Additions	2,423	31,915
- Less: Assets Sold During the Year	(81,601)	-
- Add: Foreign currency difference	12,557	29,940
	530,072	**596,693**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2020 $	2019 $
Plant and equipment:		
- Opening: Accumulated depreciation	(400,476)	(294,783)
- Add: Depreciation	(57,003)	(87,880)
- Less: A/D for assets sold during the year	57,121	-
- Add: Foreign currency difference	(13,516)	(17,813)
	(413,874)	**(400,476)**

NOTE 13: 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.

	2020 $	2019 $
Sales and other operating revenues	176,830	320,803
Finance costs and other finance expense	(277,260)	(1,209,298)
Profit/(Loss) before taxation	**(100,430)**	**(888,495)**
Taxation	-	-
Profit/(Loss) for the year	**(100,430)**	**(888,495)**
Interest profit/(loss) for the year	**-**	**-**
Non-current assets	229,890	215,836
Current assets	84,347	117,695
Total assets	**314,237**	**333,531**
Non-current liabilities	3,037,156	2,879,317
Current liabilities	221,651	141,022
Total liabilities	**3,258,807**	**3,020,339**

Impairment

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 twelve months ended 30 June 2020 and 30 June 2019, equity contributions of $58K and $237K, respectively, were made to the Company's joint venture Kentucky Exploration LLC. The corresponding loan receivable was written down by these amounts as of 30 June 2020 and 30 June 2019, respectively.

NOTE 14: DEVELOPMENT AND PRODUCING ASSETS

	2020 $	2019 $
Producing assets at cost	2,627,090	2,584,735
Accumulated amortisation	(950,186)	(766,458)
	1,676,904	**1,818,277**

Movement in Carrying Amounts

	2020 $	2019 $
Balance at beginning of year	1,818,277	1,862,984
Additions	-	171,831
Exchange rate difference	34,157	81,703
Amortisation expense	(175,530)	(298,241)
	1,676,904	**1,818,277**

At each period end, the Directors' review the carrying values of its 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.

There was no impairment in the carrying amounts of developing and producing assets during the years ending 30 June 2020 and 30 June 2019.

NOTE 15: EXPLORATION AND EVALUATION ASSETS

	2020 $	2019 $
Exploration and evaluation assets at cost	12,222,252	13,280,139

Movement in Carrying Amounts:

	2020 $	2019 $
Balance at beginning of year	13,280,139	6,934,387
Additions	4,694,787	5,858,739
Exchange rate difference	294,027	487,013
Exploration expenditure impairment	(6,046,701)	-
	12,222,252	**13,280,139**

During the year ended 30 June 2020 and 30 June 2019, revenues from exploration assets have been offset against the Company's capitalised exploration asset balance.

Impairment

The Company's exploration and evaluation assets were impaired by $6.05M 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.

The Cimarex sublease has not been written down at this time as a result of its current suspension and the basis for recognising the sublease being at the lower end of the R&R valuation. The sublease remains viable with respect to future gas off-take agreements. The sublease remains valid as existing wells are held by production or pending production, and applications are logged and pending for future drilling. The Cimarex lease will be reconsidered with regard to the change in supply and demand and the prevailing oil and gas prices resulting from the global pandemic as the energy market stabilizes and Fremont County emerges from Level 2 status.

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 written down projects, then impairments previously recognised may be reversed.

There was no exploration and evaluation asset impairment during the previous twelve months ended 30 June 2019.

NOTE 16: OTHER ASSETS

	2020 $	2019 $
Bond deposits	486,343	406,852

NOTE 17: TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	3,669,958	1,394,942
Other payables	57,967	16,380
PTO accrual	7,317	31,743
Ad valorem	123,172	87,933
PAYG withholding	20,601	12,168
	3,879,015	**1,543,166**

NOTE 18: INTEREST BEARING

	2020 $	2019 $
Line of credit	-	350,541

The Group obtained a $650K USD line of credit from ANB Bank in April 2017. The line of credit had a maximum borrowing amount of USD $250K, of which USD $246K was drawn at 30 June 2019. Interest only monthly payments are required under the line of credit agreement. The interest rate was 7.5% at 30 June 2019. The line of credit was secured by oil and gas wells and was paid off and closed in November 2019.

	2020 $	2019 $
Convertible note	2,849,033	-
Accrued interest	508,340	-
	3,357,373	-

The Company 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 convertible note of $3.03M and accrued interest of $505K are expected to be converted to shares pending shareholder approval at the General Meeting to be held 31 August 2020. See Subsequent Events Note 32 for details.

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

NOTE 19: COMMON STOCK LIABILITY

	2020 $	2019 $
Common stock liability	417,084	-

On 29 April 2020, Fremont announced that it secured $3.00M of funding commitments through the direct placement of new shares at $0.003 per share. Shares are to be issued in two tranches under the placement. Fremont issued 416,666,667 shares at $0.003 per share totalling $1.25M under Tranche 1 of the placement in May 2020. Fremont received $417K over and above the $1.25M, for shares that could not be issued as a result of Listing Rule 7.1, which stipulates a maximum percentage of total shares to be issued. The $417K receipt is a deposit for which Fremont issued shares for on 9 September 2020 upon shareholder approval 31 August 2020. See Subsequent Event Note 32 for further details.

NOTE 20: ASSET RETIREMENT OBLIGATIONS

	2020 $	2019 $
Asset retirement obligations	1,174,525	1,062,626

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the estimated cost is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as accretion charge within lease operating expense.

NOTE 21: ISSUED CAPITAL

a. Ordinary Shares

	2020 $	2019 $
At the beginning of reporting period	90,747,407	82,302,080
Shares issued during the year		
- Issued 14 September 2018	-	1,209,848
- Issued 14 November 2018	-	1,802,861
- Issued 22 November 2018	-	80,291
- Issued 3 December 2018	-	697,000
- Issued 21 March 2019	-	306,750
- Issued 29 March 2019	-	4,137,275
- Issued 21 May 2019	-	873,447
- Issued 22 May 2019	-	126,514
- Issued 4 May 2020	1,250,000	-
- Issued 2 June 2020	236,521	-
- Issued 30 June 2020	188,202	-
	92,422,130	91,536,066
- Less: Cost of capital raising	(320,653)	(788,659)
	92,101,477	**90,747,407**

	2020 Number	2019 Number
At the beginning of reporting period	1,668,335,412	691,341,981
Shares issued during the year		
- Issued 14 September 2018	-	172,835,425
- Issued 14 November 2018	-	257,551,594
- Issued 22 November 2018	-	11,470,130
- Issued 3 December 2018	-	99,571,429
- Issued 21 March 2019	-	40,392,855
- Issued 29 March 2019	-	318,251,953
- Issued 21 May 2019	-	67,188,217
- Issued 22 May 2019	-	9,731,828
- Issued 4 May 2020	416,666,667	-
- Issued 2 June 2020	24,349,840	-
- Issued 30 June 2020	26,236,028	-
At the end of the reporting period	**2,135,587,947**	**1,668,335,412**

At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

	Class	2020 Number	2019 Number
At the beginning of the reporting period		531,414,308	272,271,838
- Issued 16 July 2018	FPLOB	-	17,000,000
- Issued 11 January 2019	FPLOB	-	321,071,433
- Expired 30 June 2019	FPLOA	-	(74,088,963)
- Expired 30 June 2019		-	(4,840,000)
- Expired 31 March 2020		(518,914,308)	-
At the end of the reporting period		**12,500,000**	**531,414,308**

Options Outstanding by Class

	2020 Number FPLAB	2019 Number FPLAB
Unlisted Options		
- $0.045 expire 30 Jun 2021	12,500,000	12,500,000
At the end of the reporting period	**12,500,000**	**12,500,000**

c. Convertible Notes

	Class	2020 Number	2019 Number
At the beginning of the reporting period		-	-
- Issued to 9 January 2020	FPLAC	432,142,856	-
At the end of the reporting period		**432,142,856**	**-**

See Convertible Note and Accrued Interest Note 18 for details.

d. Management

Management controls the capital of the Group to maintain a good debt to equity ratio, provide the shareholders with adequate returns, and ensure the Group continues as a going concern.

The Group's debt and capital includes ordinary share capital, share options, drilling advances payable and bank debt. Management effectively manages the Group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.

	2020 $	2019 $
Total borrowings	3,357,373	350,541
Less: cash and cash equivalents	1,291,081	1,558,697
Net debt	**2,066,292**	**(1,208,156)**
Total equity	6,677,156	14,053,012
Total capital	92,101,477	90,747,407
Gearing ratio	**50.3%**	**2.5%**

Gearing ratio calculated as total interest-bearing debt divided by total shareholder’s equity.

NOTE 22: RESERVES

	2020 $	2019 $
- Foreign currency reserve	10,591,862	10,173,349
- Performance rights reserve	-	166,400
- Convertible note reserve	175,967	-
	10,767,829	**10,339,749**

Foreign Currency Reserve

This reserve is used to record foreign currency translation differences arising on the translation of financial statements of the Group’s foreign entities into Australian dollars.

Performance Rights Reserve

This reserve is used to record the fair value of performance rights.

Convertible Note Reserve

The Company has accounted for its convertible note as a compound financial instrument, in which the loan, including accrued interest, is valued at $3.36M and the equity is valued at $176K as of 30 June 2020. See Interest Bearing Liabilities Note 18 and Subsequent Events Note 32 for further details regarding the convertible note.

NOTE 23: SEGMENT REPORTING

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical location since the diversification of the Group's operations has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of Accounting for Purposes of Reporting by Operating Segments

Accounting Policies Adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment Assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment Liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment

(i) Segment Performance

	Australia 2020 $	**US Sub 2020 $**	**US JV 2020 $**	**Total 2020 $**
Total segment revenue	231	596,669	-	596,900
Segment net loss before tax	(1,267,782)	(7,890,224)	-	(9,158,006)

	Australia 2019 $	**US Sub 2019 $**	**US JV 2019 $**	**Total 2019 $**
Total segment revenue	2,175	1,060,374	-	1,062,549
Segment net loss before tax	(1,024,398)	(1,785,288)	-	(2,809,686)

(ii) Segment assets

	Australia 2020 $	USA 2020 $	Total 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

	Australia 2019 $	USA 2019 $	Total 2019 $
Segment assets	66,633,061	17,180,169	83,813,230
Inter-segment elimination	(66,463,443)	-	(66,463,443)
	169,618	17,180,169	17,349,787

(iii) Segment liabilities

	Australia 2020 $	USA 2020 $	Total 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

	Australia 2019 $	USA 2019 $	Total 2019 $
Segment liabilities	81,437	102,062,000	102,143,437
Inter-segment elimination	-	(98,846,662)	(98,846,662)
	81,437	3,215,338	3,296,775

NOTE 24: CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Equity Holding 2020	Equity Holding 2019
Parent Entity:			
Fremont Petroleum Corporation Limited	Australia		
Subsidiaries of Fremont Petroleum Corporation Limited:			
AusCo Petroleum Inc (Formerly Aus-Tex Exploration Inc)	USA	100%	100%
AusCo Petroleum Florence, LLC	USA	100%	100%

NOTE 25: CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss from Ordinary Activities after Income Tax	2020 $	2019 $
Loss from ordinary activities after income tax	(9,158,006)	(2,809,686)
Non-cash flows in loss from ordinary activities		
Share based payments	88,000	165,650
Directors fees paid in shares	170,323	240,000
Loss on disposal of asset	7,597	-
Depreciation	57,003	87,880
Amortisation	175,530	316,054
Accretion	96,326	90,051
Accrued interest expense	508,116	-
Impairment and write down	6,104,844	236,654
Changes in assets and liabilities		
(Increase)/decrease in receivables	80,432	30,315
Increase/(decrease) in trade payables	893,161	450,863
Cash flow from operations	**(976,674)**	**(1,192,219)**

NOTE 26: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and currency risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and aging analysis for credit risk.

Risk management is carried out by the finance department under policies approved by the board of directors.

The Group holds the following financial instruments:

	2020 $	2019 $
Financial Assets		
Cash and cash equivalents	1,291,081	1,558,697
Trade and other receivables	12,508	89,605
	1,303,589	**1,648,302**
Financial Liabilities		
Trade and other payables	3,879,015	1,543,166
Line of credit	-	350,541
Other short-term liabilities	26,035	-
Convertible note and accrued interest	3,357,373	-
Common stock liability	417,084	-
Other long-term liabilities	23,337	93,933
	7,702,844	**1,987,640**

(a) Market Risk

Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in US dollars, was as follows:

	2020 USD $	2019 USD $
Cash and cash equivalents	64,107	1,024,266
Trade Receivables	3,504	48,484
Trade Payables	2,437,685	941,736

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2020, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit and equity for the year would have been the following:

	2020 $	2019 $
Change in profit		
Improvement in AUD to USD by 10%	(789,022)	(178,529)
Decline in AUD to USD by 10%	789,022	178,529
Change in equity		
Improvement in AUD to USD by 10%	(789,022)	(178,529)
Decline in AUD to USD by 10%	789,022	178,529

Interest Rate Sensitivity Analysis

At 30 June 2020, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2020 $	2019 $
Change in profit		
Increase in interest rate by 2%	464	5,833
Decrease in interest rate by 2%	-	-
Change in equity		
Increase in interest rate by 2%	464	5,833
Decrease in interest rate by 2%	-	-

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, revenue and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of

'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors, Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Group obtained a $650K USD line of credit from ANB Bank in April 2017. The line of credit had a maximum borrowing amount of USD $250K, of which USD $246K was drawn at 30 June 2019. Interest only monthly payments are required under the line of credit agreement. The interest rate was 7.5% at 30 June 2019. The line of credit was secured by oil and gas wells and was paid off and closed in November 2019.

The Company entered into secured convertible notes of $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 convertible note of $3.03M and accrued interest of $505K are expected to be converted to shares on 31 August 2020 upon shareholder approval.

(d) Fair Value Measurements

The carrying value monetary financial assets and financial liabilities of the Group approximate their fair value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. AASB 13 'Fair Value Measurement' requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 27: 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 parties:

i. Directors and executives

Disclosures relating to key management personnel are set out in Note 7.

ii. Transactions with Director-related entities

During the year 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 $125K excluding GST (USD $84K). Mr. Lonny Haugen is President of CFO Colorado Accounting & Tax Services.

NOTE 28: CAPITAL COMMITMENTS RELATING TO JOINT VENTURES AND TENEMENTS

The Group is required to meet minimum expenditure requirements of various Government bodies and joint venture agreements.

These obligations may be subject to re-negotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	2020 $	2019 $
- Due within one year	-	3,357,120
- Due between 2 and 5 years	-	10,071,360
- Due between 6 and 10 years	-	12,589,200
	-	**26,017,680**

There are no commitments as of 30 June 2020 as the Cimarex sublease is being renegotiated and there are no other drilling requirements.

The Cimarex sublease has not been written down at this time as a result of its current suspension and the basis for recognising the sublease being at the lower end of the R&R valuation and the sublease remains viable with respect to future gas off-take agreements. The sublease remains valid as existing wells are held by production or pending production, and applications are logged and pending for future drilling. The suspension is the result of Fremont halting further drilling on the sublease. The Cimarex lease will be reconsidered with regard to the change in supply and demand and the prevailing oil and gas prices resulting from the global pandemic as the energy market stabilizes and Fremont County emerges from Level 2 status.

Fremont anticipate finalising the US$1.9m Trey acquisition early October 2020 with an initial payment of US$1M. Finalisation is scheduled for April 2021 and requires the payment of the balance of US$900K. See Subsequent Event Note 32 for discussion regarding the Trey Acquisition.

NOTE 29: SHARE BASED PAYMENTS

Performance Rights

The number of performance rights accrued during the financial year, are as follows:

	2020	2019
Beginning of year	6,675,000	12,500,000
Accrued	11,875,000	17,425,000
Issued	(18,550,000)	(23,250,000)
End of year	-	**6,675,000**

Included under employee benefits expense and share based payments in the statement of profit and loss and other comprehensive income is $88K (2019: $166K) and relates, in full, to the equity-settled share-based payment transactions.

The Company's Performance Rights Plan ("Plan") was approved by shareholders at the General Meeting held on 20 December 2016. The Plan enables the Company to grant entitlements to shares ("Performance Rights") and issue shares on conversion of Performance Rights, without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 3-year period. The Company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval.

2020 Performance Rights

Directors performance rights were issued on 30 June 2020 at $0.006 amounting to $42K for meeting one of the four targets in the 2019 plan. A Performance Rights Plan has not been approved for 2020.

2019 Plan Director Targets

KPI#1	No safety LTA or Phase 1 environmental accidents
KPI#2	Production boost of 25% year over year
KPI#3	Achieve production of 200 Bopd for a minimum of 90 days
KPI#4	VWAP of $0.02 over 20 consecutive trading days

2019 Performance Rights

Directors performance rights were issued on 21 March 2019 at $0.009 amounting to $108K for meeting three of four targets in the 2018 Plan. A performance rights accrual was recorded in 2019 based on the likelihood of achieving one of four targets of the 2019 plan agreed to 29 November 2018 and has been calculated at the then current share price of $0.006.

2018 Director Targets

KPI#1	No safety LTA or Phase 1 environmental accidents
KPI#2	Production boost of 25% year over year for minimum of 90 consecutive days
KPI#3	Achieve a cash flow positive position for a minimum of 90 consecutive days
KPI#4	Share price of $0.06 for 30 consecutive days

NOTE 30: CONTINGENT LIABILITIES

There are no material contingent liabilities that exist at reporting date (2019: Nil).

NOTE 31: 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 year ended 30 June 2020 COVID-19 has impacted Fremont Petroleum Corporation 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
- 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 Company 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 12 months; however, the full extent of the impacts cannot be quantified at this time.

NOTE 32: SUBSEQUENT EVENTS

Convertible Note

The Company 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 Company announced the conversion of its $3.73M note plus accrued interest into 1,243,058,600 shares at $0.003 share.

Fund Raising

The Company received approval at the General Meeting Held 31 August 2020 to issue Tranche 2 of The Placement announced 20 April 2020. Tranche 2 is comprised of 582,916,147 of shares to be issued at $0.003 per share with a one-for-one attaching option exercisable at $0.003 and expiring 12 months from the issue date. The fund raise totals $1.75M, which includes the $417K common stock receipt recorded as a liability as of 30 June 2020. As of the date of this report, the Company has received $1.30M of the fund raise and issued the securities. Payment of the remaining $450K is expected. This fund raise demonstrates the Company's ability to raise capital.

Funds are being raised for working capital purposes and to give the Company the financial flexibility to pursue opportunistic conventional oil and gas acquisitions focused on onshore USA.

Trey Acquisition

On 8 September 2020, the Company announced to market, it expects to complete the Asset Purchase Agreement to acquire the portfolio of producing oil and gas leases located in the Illinois Basin from Indiana based Trey Exploration, Inc. using existing cash reserves. Trey holds highly prospective production leases and a portfolio of conventional wells that are currently producing approximately 71 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 Company's Kentucky operations that are also being worked over for enhanced production.

Fremont anticipate finalising the Trey acquisition early October 2020 with an initial payment of US$1M and finalisation in April 2021 with the payment of the balance of US$900K.