

**FREEDOM OIL AND GAS LIMITED
ACN 128-429-158**

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

NOTICE OF GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

**For a General Meeting of Shareholders to be held on Friday, 18th December 2020 at 11:00am
(AEST) at Nicols and Brien Chartered Accountants, Level 2, 350 Kent Street, Sydney, New
South Wales, Australia**

TO SHAREHOLDERS

Dear Shareholder

19 November 2020

As you may be aware, on 8 August 2019 the Company's Shares were suspended from quotation on the official list of the Australian Securities Exchange ("**ASX**").

On 21 March 2020, Mr Steven Nicols of Nicols + Brien Business Recovery, was appointed Voluntary Administrator of the Company. Mr Nicols was appointed Deed Administrator of a Holding DOCA on 25 June 2020.

A proposal from Marcus Liew of Crest Advisory Berhad, for the restructure and recapitalisation of the Company via a Deed of Company Arrangement and Creditors Trust, was submitted to the Deed Administrators ("**Recapitalisation Proposal**") in August 2020. A creditors meeting was convened by the Deed Administrator to consider the Recapitalisation Proposal. Creditors accepted the Recapitalisation Proposal on the 27 October 2020.

The Recapitalisation Proposal requires, and is subject to, various approvals being obtained from the Shareholders ("**Resolutions**"). A summary of the Resolutions being put forward at the Meeting are as follows:

- (1) The company to consolidate shares and warrants 1:175;
- (2) The company to allot and issue 92,000,000 shares to raise \$420,000.00; and
- (3) New Directors be appointed to the Company.
- (4) New Auditors be appointed to the Company.

Accordingly, the Deed Administrator, has called a General Meeting of the Company to consider the Resolutions ("**Meeting**"). The Meeting will be held at 11.00am (Sydney Time) at the premises of Nicols and Brien , Level 2, 350 Kent Street, Sydney NSW on Friday, 18th December 2020.

Enclosed with this letter are the Notice of General Meeting ("**Notice**"), the Explanatory Statement, a Proxy Form and Independent Experts Report.

The Recapitalisation Proposal is also subject to the following conditions ("**Conditions**"), summarised as follows:

- (a) Payment of \$42,000 to the Deed Administrator from the Recapitalisation Fund, and shareholder approval to issue 1,845,585 post consolidated shares to the trustee of the Creditors Trust;
- (b) the Deed Administrator retiring from office upon collection and disbursement of the \$420,000 Recapitalisation Fund, and all creditors' claims extinguished;
- (c) the Resolutions being approved without amendment; and
- (d) creditors with a security interest registered on the PPSR Register remove such interest from the personal property securities register established by the Personal Property Securities Act, 2009, upon payment from the Recapitalisation Fund of at least \$150,000.

If the Conditions are not met or waived by 31 October 2021 or such or other date as agreed by the Deed Administrator and Crest Advisory Berhad or if it appears the terms of the Deed of Company Arrangement cannot be fulfilled then the Deed Administrator may take steps to place the Company into Liquidation.

In considering the Resolutions, Shareholders should bear in mind the Company's current financial circumstances. As mentioned above, the Company's Shares have been suspended from quotation on the ASX since 8 August 2019 and the Company requires recapitalisation in order to continue its

operations and to seek reinstatement of its Shares to official quotation on the ASX. The company will have to comply with Chapters 1 and 2 of the ASX Listing Rules. ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, new shares that are issued under the resolutions proposed in this notice of meeting may be subject to escrow.

Ultimately, if the Resolutions are approved and implemented, the Company will be debt free, and in a position to seek opportunities to create shareholder wealth.

If the Resolutions are not approved and the Conditions have not been met by the time stated in the Deed of Company Arrangement, the Deed of Company Arrangement may terminate in which case the Company may be placed into Liquidation. It is expected that there will be no return to Shareholders in a Liquidation.

Preparation of and responsibility for this document

The Deed Administrator has given his consent to convene the meeting and to despatch this Notice and the Explanatory Statement, but expresses no opinion about any of the contents (including, but not limited to, any statements regarding the Recapitalisation Proposal).

The Deed Administrator has not independently verified any of the information contained in this Notice or Explanatory Statement. Neither the Deed Administrator nor any servants, representatives, agents or employees of the Deed Administrator's firm make any representations or warranties (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice or the Explanatory Statement.

To the fullest extent permitted by law, all such parties and entities expressly disclaim any and all liability for, based on or relating to, any such information contained in or omissions from this Notice and the Explanatory Statement.

The Deed Administrator makes no recommendation about how shareholders should vote on the resolutions contained in this Notice and he has not undertaken any due diligence in relation to the Recapitalisation Proposal and have relied upon correspondence with Marcus Liew and his advisors.

The ASX does not take any responsibility for the contents of this Notice of Meeting, and the fact that the ASX may re-admit the Company's securities to quotation on its official list is not to be taken in any way as an indication of the merits of the Company.

Investment Decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of any other person. Shareholders should seek professional advice from a licensed financial advisor, accountant, stockbroker, lawyer or other appropriate adviser.

Yours faithfully
Mr Steven Nicols – Deed Administrator



Freedom Oil And Gas Limited (ACN 128-429-158)
(Subject to Deed of Company Arrangement)

BUSINESS OF THE MEETING

Agenda

Resolution 1 – Consolidation of Existing Shares and Warrants

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2 to 5 for the purposes of Section 254H of the Corporations Act, approval is given for the Company’s existing ordinary shares and warrants be consolidated on a 1:175 basis, (“Consolidation”), with any fractions rounded down.”

Resolution 2 – Allotment and Issue of Shares to Crest Advisory Berhad

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That subject to the passing of Resolutions 1, and 3 to 5, for the purposes of Item 7 of Section 611 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 92,000,000 Shares (post consolidation), at \$0.00456521739 per Share to Crest Advisory Berhad to raise \$420,000.00 on the terms and conditions set out in the Explanatory Statement”.

Note: The maximum level of voting power will be 92% (approx) if this resolution is passed along with all other resolutions.

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Crest Advisory Berhad; or
- an associate of Crest Advisory Berhad.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Appointment of Mr Greg Starr as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1,2,4,5, Mr Greg Starr, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 4 – Appointment of Mr George Terpens as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolutions 1 to 3 and 5, Mr George Terpens, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 5 – Change of Auditors

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

“That, pursuant to section 327B of the Corporations Act and for all other purposes Stantons International Audit Consulting Pty Ltd “Stantons” of 6 Middlemiss St, Lavender Bay NSW 2060, having been nominated by a shareholder and having given its consent in writing to act as auditor, be appointed as the auditor the Company to hold office from the conclusion of this Annual General Meeting until it resigns or is removed from the office of auditor of the Company; and that pursuant to section 331 and other applicable provisions of the Corporations Act, Stantons be paid remuneration as may be mutually agreed between the auditors and the Board of Directors of the Company.”

DATED: 19 November 2020

By order of the Board



Mr Steven Nicols
Deed Administrator

Freedom Oil And Gas Limited (Subject to Deed of Company Arrangement).
ACN 128-429-158

NOTES:

1. A Shareholder of the Company who is entitled to attend and vote at a general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of Regulation 7.11.37 of the Corporations Act, the Deed Administrator has determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 11:00 am (Sydney Time) on Wednesday 16th December 2020 (the Entitlement Time). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.
4. In accordance with Section 250BA of the *Corporations Act 2001* the Company specifies the following information for the purposes of receipt of proxy appointments:

Mail and physical address

C/- Nicols and Brien Chartered Accountants
Level 2, 350 Kent Street,
Sydney NSW 2000
AUSTRALIA

Facsimile: +61 2 9299 2239

The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile). Any proxy form received after that time will not be valid for the scheduled meeting.

For any questions, please call Richard Brien or Greg Pearce on phone +61 2 9299 2289 or email to mail@nicolsandbrien.com.au

EXPLANATORY STATEMENT

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the Shareholders of Freedom Oil And Gas Limited (**Company**)(FDM)(Subject to Deed of Company Arrangement) in connection with the Resolutions 1-5 (inclusive) to be considered at the General Meeting of the Company's Shareholders to be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales at 11.00a.m. (Sydney Time) on Friday, 18th December 2020 ("**Meeting**").

The purpose of this Explanatory Statement is to provide information to Shareholders which is considered to be material to them in deciding whether or not to pass the Resolutions in the Notice of General Meeting of the Company ("**Notice**").

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. In this regard, Shareholders should note that reports have been made by the Company's appointed Administrator in accordance with the Corporations Act. The reports set out in detail the financial position of the Company, the actions and investigations to be taken by the Administrator and the reasons for the current status of the Company. The Administrator's reports are available by contacting Nicols and Brien on phone +612 9299 2289, who can arrange for copies to be sent.

If all of the Resolutions are passed and the Recapitalisation Proposal proposed by Crest Advisory Berhad is completed, the Company will be debt free and solvent. Completion of the Crest Advisory Berhad proposal will not be enough to meet the ASX Listing Rule requirements for re-quotations. Re-quotations is a difficult exercise (among other things, the company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules), and the completion of the Recapitalisation Proposal will not guarantee the reinstatement of the company to the official list of the ASX. ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow. If Shareholders do not approve the Resolutions and consequently and as a consequence the Recapitalisation Proposal is rejected, the Company will likely go into liquidation and it is likely that there will be no return to Shareholders .

1.1 Background

A general background in respect of the appointment of the Administrator is set out in the letter by the Deed Administrator to Shareholders accompanying the Notice ("**Letter**").

1.2 History of the Company

The Company was incorporated on 12 November 2007, and its business was controlling subsidiaries in the U.S.A. These subsidiaries undertook oil and gas exploration and production, primarily on a leasehold acreage held in Dimmit County, Texas. The company was admitted to the ASX official list on 8 September 2010, and successfully operated for many years. However the current oil price environment combined with Covid19's impact on the global equity markets impacted the company's opportunities to recapitalise and the company appointed a Voluntary Administrator on 21 March 2020.

1.3 Summary of the terms of the Recapitalisation Proposal

Set out below is a detailed summary of the Recapitalisation Proposal.

The essential terms of the Recapitalisation Proposal are as follows:

- (a) Consolidation of shares and warrants on a 1 : 175 basis;
- (b) Placement to exempt, professional and sophisticated investors, whom will subscribe in aggregate for 92,000,000 shares to raise \$420,000.00;
- (c) Placement of 1,845,585 shares to Creditors Trust for nil consideration;
- (d) The New Directors and a new company secretary for the Company will be appointed.
- (e) The payment of \$420,000 raised above, into a Recapitalisation Fund. A sum of at least \$150,000 to Wells Fargo and \$42,000 to the Deed Administrator to effectuate the Deed of Company Arrangement.
- (f) New auditors appointed.

The Crest Advisory Berhad Recapitalisation Proposal was submitted to the company in August 2020. It was accepted by the creditors of the company on 27 October 2020. The recapitalisation proposal also needs shareholder approval. The Resolutions put forward in the Meeting are for the purposes of implementing the Recapitalisation Proposal. The key terms of the DOCA are that a Recapitalisation Fund of \$420,000 will be created, from which costs, charges and expenses of the Deed Administrator will be paid, including expenses relating to the listing fees by ASX, and the preparing and issuing the Notice of Meeting to Shareholders, including the Independent Experts Report. Directors will be changed; creditors debts are extinguished; residual assets, if any, to be held by the Deed Administrator as Trustee of the creditors trust; the company is removed from External Administration; the Deed Administrator retires; the conditions precedent are that shareholders pass all resolutions of the recapitalisation proposal. The DOCA also requires the placement of 1,845,585 shares to the Creditors Trust for nil consideration.

The Recapitalisation Proposal involves the simultaneous completion or “effectuation” of the Deed of Company Arrangement when the shareholders pass all the resolutions. The Company will also be released from all Creditors Claims estimated at \$18,995,038 and will have nil liabilities once Completion occurs.

1.4 New Directors

Proposed Director Mr Gregory Barry Starr BBus UTS, CPA

Mr Starr is an experienced public company director holding senior board positions in a number of ASX listed companies over 20 years. He has been involved in many M&A and debt and equity financial transactions.

Over the past 3 years Mr Starr has held executive and non-executive board positions on ASX listed companies, Diatreme Resources Limited, Azure Health Technology Limited, Ephraim Resources Ltd, World.Net Services Ltd and BIR Financial Limited.

Mr Starr brings significant corporate governance and investor relations experience in ASX listed companies to the Board.

Proposed Director Mr George Terpens , QPIB Diploma Financial Services (Brok)

Mr George Terpens has more than forty years of experience in the insurance industry, and is an authorized representative of Steadfast IRS Limited.

In the three years immediately before the date of this Notice, Mr George Terpens has been a non-executive director of World.Net Services Ltd

1.5 ASX Listing

The Company is admitted to the Official List of ASX. However trading in the Company's Shares was suspended on 8 August 2019. Trading in the Shares will not recommence until all Resolutions are passed and not until the Company complies with Chapters 1 and 2 of the Listing Rules, or until ASX advises otherwise.

The intention of the New Directors with regard to the business of the Company is to use the working capital to be injected into the Company via the Recapitalisation Proposal for the purposes described in Section 1.11 of this Statement. The New Directors' plan is to identify and assess potential acquisition opportunities of a material asset and undertake a reverse takeover. There is no certain timeframe as to when this may occur. There is no present intention for any party to inject further capital into the Company apart from that already stated in the Recapitalisation Proposal.

1.6 Advantages and Disadvantages of the Recapitalisation Proposal

Advantages

- 1.6.1 The passing and consummation of Resolutions 1 to 5 as part of the recapitalisation proposal would result in a net cash position of approximately \$10,000 (assuming the capital raising of the \$420,000.00 referred to above) and having a company with minimal or no liabilities, compared with the current position whereby the Company has no assets, and significant debts of some \$18,995,038 to pay.
- 1.6.2 If the proposals per Resolutions 1 to 5 are consummated as part of the recapitalisation process, the net cash asset backing of a FDM share rises from nil cents to approximately \$0.0001 per share.
- 1.6.3 If Resolutions 1 to 5 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as without the recapitalisation, it is likely that the Company may be dissolved and struck off. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.
- 1.6.4 The proposed Directors bring additional expertise to the Company in that such Directors have mineral exploration experience, finance and corporate experience and/or experience as Directors or Managers of trading entities. Paragraph 1.4 above discloses the background of the proposed directors.

Disadvantages

- 1.6.5 A significant dilution of existing shareholders will occur. i.e. they will own approximately 6% as compared to 100% now of the expanded issued capital of the Company after the passing of Resolutions 1 to 5 (the passing of Resolutions 1 to 5 are dependent on all resolutions being passed). However, we note that FDM will be partly recapitalised with approximately \$10,000 in net cash (assuming completion of the \$420,000.00 total capital raising), will have no debt and will have the opportunity to consider the acquisition of other assets or businesses. It is assumed that all investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX (the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules). ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, any new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow.

- 1.6.6 The Company would only have approximately net cash of \$10,000 after the issue of the 92 million shares for a total capital raising of \$420,000.00 per Resolution 2. The Company would still need to find a new business and raise additional funds so that it could meet the Listing Rules. In the absence of a superior offer (made before shareholders vote on Resolutions 1 to 5) then shell value does not exist and it is quite possible in the absence of any other recapitalisation proposal, the Company could be placed into Liquidation.
- 1.6.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable.

1.7 Conclusion

The Resolutions 1 to 5 set out in the Notice are important and affect the future of the Company. All of the Resolutions 1 to 5 need to be approved in order to implement the Recapitalisation Proposal. Shareholders are therefore urged to give careful consideration to the Notice the contents of this Statement.

1.8 Capital Raising

The Company intends to raise \$420,000.00 by issuing approximately 92 million shares each to exempt, professional and sophisticated investors identified or introduced by Crest Advisory Berhad.

Funds raised under the Placement will be used in accordance with the table set out in Section 1.11 below.

1.9 Financial Effect of Placement

The completion of the Placement will increase the Company's cash balance by \$420,000.00 (before costs) and also increase the Company's issued capital by the same amount.

The Company's only asset will be the cash raised under the Placement, less any amounts expended in accordance with the table set out in Section 1.11.

The Company has not presented pro forma financial information in relation to the transactions as recent historical audited financial information is not available owing to the Company being in Administration. In addition, the Deed Administrator is of the opinion that to present a financial position based on this historical information would not be representative of the Company's current financial position.

1.10 Control Implications

The Company is seeking shareholder approval under Corporations Act, Section 611 and Item 7 for the purposes of Resolution 2.

A table showing the impact of the various issues of securities pursuant to this Notice on the aggregated Shareholding interests of existing Shareholders is set out below (on a post Consolidation basis).

	Before		After	
	# Shares	% of Shares	# of Shares	% of Shares (Approx)
Change as a result of Share issue only				
Existing Shareholders	1,077,022,552	100%	6,154,415	6.15%
Creditors Trust	0	0%	1,845,585	1.85%
Crest Advisory Berhad	0	0%	92,000,000	92%
		TOTAL	100,000,000	100%

1.11 Purpose of funds to be raised under the Recapitalisation Proposal

The Recapitalisation Proposal seeks to raise the sum of \$420,000.00 through issues of Shares to sophisticated, professional or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act. The purpose of these capital raisings are to:

- (a) pay for the Deed of Company Arrangement (“DOCA”), payment to creditors so as to remove the Company from Administration and to extinguish all liabilities;
- (b) pay for the recapitalisation costs, detailed below;
- (c) provide working capital to meet the Administration costs of the Company.

An estimated budget is set out below.

Estimated Use of Funds – Expenditure Budget

Total funds raised \$420,000	\$
Deed of Company Arrangement	148,400
Payment to Wells Fargo – secured creditor	150,000
Costs and fees of calling creditors meetings, shareholders meeting, including printing, postage, and ASIC fees.	42,500
IER Report	16,000
ASX Listing Fees and Chess Fees	30,000
Audit Report (30 June 2019 Financials)	23,100
Working Capital for the company	10,000
Total funds utilised (\$)	\$420,000

2. RESOLUTION 1 CONSOLIDATION OF CAPITAL

2.1 Background

If this Resolution is passed and excluding any Securities issued pursuant to the other Resolutions, the number of shares on issue will be reduced from 1,077,022,552 to 6,154,415 (subject to rounding), and warrants on issue will be reduced from 63,259,430 to 361,482, (subject to rounding).

2.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

2.3 Fractional entitlements

Not all Security Holders will hold that number of Shares which can be evenly divided by 175. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security. This means some shareholders holding less than 175 shares will be rounded down to zero.

2.4 Taxation

It is not considered that any taxation implications will exist for Security Holders arising from the Consolidation. However, Security Holders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

2.5 Holding statements

From the date of the Consolidation, all previous holding statements for Security will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a pre-consolidation basis.

After the consolidation become effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

2.6 Proposed capital structure

Current Capital Structure

	Shares	Percentage %
Current Shares on Issue	1,077,022,552	100

Proposed Capital Structure

	Shares	Percentage % (Approx)
Existing Shares Consolidated 1:175	6,154,415	6.15%
Resolution 2 Issue of Shares to Crest Advisory Berhad	92,000,000	92%
Issue of shares to Creditors Trust	1,845,585	1.85%
TOTALS	100,000,000	100%

2.7 Indicative timetable

If this Resolution is passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 7) of the ASX Listing Rules):

Action	Date
Company sends out notices for shareholders meeting	19-11-20
Effective Date of consolidation	18-12-20
Last day for trading in pre-consolidated shares, being 1 business day after meeting held on 18-12-2020	21-12-20
Record Date	23-12-20
Last day for company to register transfers on a pre consolidation basis	23-12-20
First day for the company to update its register and to send holding statements	24-12-20
Last day for the company to update its register and to send holding statements	4-1-21

3. Resolution 2 – Allotment and Issue of Placement of Shares

3.1 General

Resolution 2 seeks Shareholder approval for the issue 92 million Shares at an issue price of \$0.00456521739 per Shares to raise \$420,000.00 (**Placement**). An application to the Foreign Investment Review Board will be made. This is because the Treasury Guidance Note 53 has a temporary \$0 threshold in place, due to Covid 19.

3.2 Technical information required for Shareholders

The following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 92 million;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.00456521739 per Share;
- (d) the Shares will be issued to Crest Advisory Berhad
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards funding the recapitalisation of the Company (including payment under the DOCA) with remaining funds being used for working capital purposes.

3.3 Section 611 of the Corporations Act

Shareholder approval of Resolution 2 is required under Item 7 of Section 611 of the Corporations Act given Resolution 2 involves the issue of more than 20% of all Shares then on issue.

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases;

- (a) From 20% or below to more than 20%; or
- (b) From a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

The "associate" reference includes a reference to a person in concert with whom a primary person is acting or proposes to act,

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act requires that for a public company to give a financial benefit to a related party of the public company, it must either fall within certain exceptions or obtain shareholder approval. A related party includes a party that does or may control a public company. Accordingly, Crest Advisory Berhad is a related party of the Company for the purposes of Chapter 2E of the Corporations Act.

Pursuant to Resolution 2 the company is seeking shareholder approval for the issue of 92 million shares to raise \$420,000.

The following information is provided:

- (a) The related party is Crest Advisory Berhad
- (b) The maximum number of shares, being the nature of the financial benefits being provided to be issued, will be 92 million shares;
- (c) The shares will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules state;
- (d) The issue price will be \$0.00456521739 per share;
- (e) The funds raised will be used for the same purposes as all other funds raised under the capital raising as set out in Section 1.11 this explanatory statement;
- (f) The shares issued under the capital raising will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares;
- (g) The value of the financial benefit is calculated by the number of securities being issued multiplied by the issue price under General Placement and is set out below:

Securities	Value per Security	Financial Benefit	Amount Paid
92 million Shares	\$0.00456521739	\$420,000	\$420,000

The company has been suspended from trading since 8 August 2019 with the last trading price of the company prior to going into administration being \$0.009.

The company will be issuing shares at \$0.00456521739 and the Directors therefore consider that \$0.00456521739 is a more appropriate valuation for the cost of the shares being issued, the subject of Resolution 2

- (h) The current relevant interests of Crest Advisory Berhad in the securities of the company are nil.
- (i) The remuneration and emoluments from the company to Crest Advisory Berhad for the previous financial year and the proposed remuneration and emoluments for the current financial year are also \$Nil.

Related Party	Financial Year ended 30 June 2020	Financial Year ended 30 June 2021
Crest Advisory Berhad	\$Nil	\$Nil

- (j) The trading history of the shares on ASX in the 12 months before the date of this notice is set out below:

	Price	Date
Highest	\$0	19 November 2019
Lowest	\$0	19 November 2019
Last	\$0	19 November 2019

Shareholders should note that the company's securities were suspended from quotation on 8 August 2019 and remain suspended.

- (k) The primary purpose of the issue of the shares is to raise fresh capital; and
- (l) none of the current Directors have an interest in the outcome of Resolution 2. The Directors make a positive recommendation because the company is subject to Deed of Company Arrangement and currently insolvent.
- (m) the Directors and the Deed Administrator are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the company to pass Resolution 2.

Information required by Item 7 of the Section 611 of the Corporations Act

Also set out below are the matters required to be disclosed in accordance with Item 7(b) of Section 611 of the Corporations Act.

- (a) *the identity of the person proposing to make the acquisition and their associates:*

It is proposed that 92 million Shares be issued to Crest Advisory Berhad as per Resolution 2. Crest Advisory Berhad, nor related parties, does not have relevant interests in any Shares existing as at the date of this notice.

- (b) *the maximum extent of the increase in that persons voting power in the company that would result from the acquisition:*

If Resolution 2 is passed, Crest Advisory Berhad's voting power in the Company will increase from 0% to 92% (approx).

- (c) *the voting power that the relevant allottees would have as a result of the acquisition:*

If Resolution 2 is passed, Crest Advisory Berhad's voting power in the Company will be 92% (approx).

- (d) *the maximum extent of the increase in the voting power of each of the allottee's associates that would result from the acquisition.*

As Crest Advisory Berhad has no holding or any relevant interest in existing Shares there is no increase in its voting power in the Company as a result of the acquisition.

- (e) *the voting power that each of the allottee's associates would have as a result of the acquisition:*

As Crest Advisory Berhad has no associates holding any relevant interest in existing shares, there is no increase in its voting power in the Company as a result of the acquisition.

Other Required Information – ASIC regulatory Guide 74

The following further information is disclosed:

- (a) The Company will review its current business activities. As part of the process, it is proposed that 3 New Directors will be elected to the Board. Two of these elections form the subject of separate Resolutions. The current Directors and company secretary will be resigning;
- (b) In accordance with the Recapitalisation Proposal, the Company intends to raise capital to:
- (i) pay for the DOCA and recapitalisation costs and expenses so as to remove the Company from Administration and to extinguish all debt of the Company; and
- (ii) meet the administration and working capital costs of the Company.

The Company will have sufficient funds if all Resolutions are passed and share capital raised in order to meet the aims of the Recapitalisation Proposal;

- (c) There is no current intention to redeploy any other fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the Company's business; and
- (d) Proposed directors Mr Greg Starr and Mr George Terpens do not intend to inject further capital into the company.
- (e) An Independent Expert's Report or IER is enclosed, and shareholders are urged to read it in full,

The Corporations Act provides that an independent expert's report of the transaction (as contemplated by Resolution 2 must be provided to Shareholders. The IER provides an opinion as to whether the acquisition of the voting power referred to in Resolution 2 and this section, is fair and reasonable to the non-associated Shareholders of the Company.

The IER is enclosed with the Notice and is attached to Annexure A.

Stantons International Audit and Consulting Pty Ltd has concluded that the acquisition of the voting power by Crest Advisory Berhad as contemplated by Resolution 2 ("**Acquisition**") is fair and reasonable to the Shareholders of the Company.

The advantages and disadvantages of the Recapitalisation Proposal are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the Acquisition proceeds than if not.

Shareholders are urged to carefully read the IER in deciding how to vote on the Resolutions, particularly Resolution 2

- (f) Crest Advisory Berhad will only have a right to compulsorily acquire the shares of minority shareholders pursuant to Section 664C of the Corporations Act if they own more than 90%. However he has no intention whatsoever to compulsorily acquire the shares of minority shareholders.

Other required information – ASIC Regulatory Guide 76

The following further information is disclosed:

- (a) The related party is Crest Advisory Berhad.
- (b) The nature of the financial benefit is the issue of 92 million Ordinary Shares in the capital of the Company as set out in this Explanatory Memorandum;
- (c) The Directors of the Company are unable to make a recommendation in relation to whether Shareholders should or should not vote in favour of the Resolution as their powers are suspended whilst the company is under DOCA;
- (d) No Directors have an interest in the outcome of the Resolution

All other information that is reasonably required by Shareholders to decide whether or not it is in the Company's interests to pass a resolution and that is known to the Company, is set out in this Explanatory Memorandum and in the Independent Expert's Report.

4. Resolution 3 and 4 – Appointment of new Directors

4.1 General

Clause 13.3 of the Company's constitution provides that:

- (a) the Company's Shareholders in general meeting may appoint new Directors of the Company;
- (b) the appointment of a person as a Director at a general meeting will take effect from the end of the meeting unless the Resolution otherwise states;
- (c) the appointment of a person as a Director at a general meeting is subject to the Company receiving at its registered office at least 30 business days before the meeting a written nomination from the person or a Shareholder duly signed by the nominee and giving his or her consent to the nomination; and
- (d) notice of every candidature for election as Director shall be given to Shareholders with or as part of the notice of meeting.

Having received nominations for the following persons to be appointed as new Directors of the Company, and having received consents to act as a Director from each such person, Resolutions 3 and 4 respectively seek Shareholder approval for the appointment of the following persons as Directors effective from the close of the General Meeting:

- (a) Mr Gregory Barry Starr – Resolution 3;
- (b) Mr George Terpens – Resolution 4.

A summary of experience of each of the proposed Directors is set out in paragraph 1.4 above.

5. CHANGE OF AUDITORS

Stantons International Audit and Consulting Pty Ltd ("Stantons") was appointed by the Board to act as auditor of the Company in accordance with section 327A(1) of the Corporations Act. Under section 327A(2) of the Corporations Act, Stantons will hold office as auditor until the Company's next General Meeting. The purpose of this resolution is to seek shareholder approval for the ongoing appointment of Stantons as auditor under section 327B(1) of the Corporations Act.

In accordance with section 328B of the Corporations Act, a written notice nominating Stantons as the Company's auditor has been given to the Company by OH Boss Pty Ltd, a substantial shareholder of the Company. Stantons has provided to the Company, and has not withdrawn, its written consent to act as auditor of the Company.

6. ENQUIRIES

Shareholders are invited to contact Mr Richard Brien or Gregory Pearce of Nicols + Brien Business Recovery on phone +61 2 9299 2289 if they have any queries in respect of the matters set out in these documents.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

A General Meeting of the shareholders of Freedom Oil and Gas Limited (Subject to Deed of Company Arrangement) will be held at 11.00 am (Sydney Time) on Friday 18th December 2020 at:-

Nicols and Brien
Level 2
350 Kent Street
SYDNEY NSW 2000
AUSTRALIA
Phone +61 2 9299 2289

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11.00 a.m. (Sydney Time).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- send the proxy by email to mail@nicolsandbrien.com.au or by facsimile to the Company on facsimile number (International: + 61 2 9299 2239); or
- deliver the proxy to the Company at c/- Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales, Australia.

so that it is received not later than 11.00am (Sydney Time) on Wednesday 16th December 2020.

Your proxy form is enclosed.

GLOSSARY

Administrator or Voluntary Administrator means Mr Steven Nicols from Nicols and Brien Business Recovery Chartered Accountants.

FDM means the company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, operated by ASX Limited, as the context requires

ASX Listing Rules or Listing Rules means the Listing Rules of ASX.

Board means the board of directors of the Company.

Company means Freedom Oil and Gas Limited (Subject to Deed of Company Arrangement) (ACN 128 429 158).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Creditor means a creditor of the Company as at the date of the Notice.

Creditor's Trust means the trust to be established in accordance with the terms of the Recapitalisation Proposal and the DOCA for the purpose of satisfying approved Creditor's claims, to be known as Freedom Oil and Gas Creditors Trust.

Deed Administrator means Steven Nicols from Nicols + Brien Business Recovery, Chartered Accountants.

Deed of Company Arrangement or DOCA means the Deed of Company Arrangement between Deed Administrator and the Company dated 27 October 2020 and includes any variation to such.

Director means a director of the Company.

Dollar or \$ means Australian dollars.

Explanatory Statement or Statement means the explanatory statement to the Notice of General Meeting.

Glossary means this glossary.

IER means Independent Experts Report annexed hereto

Meeting means the general meeting of the Shareholders convened by the Notice to be held on Friday, 18th December 2020.

New Directors means the Directors to be appointed under Resolutions 4, 5 and 6.

Notice means this notice of general meeting of the Shareholders in respect of the Meeting to be held on Friday, 18th December 2020.

Recapitalisation Proposal means the Recapitalisation Proposal submitted by Marcus Liew of Crest Advisory Berhad in August 2020 to the Administrator relating to the restructure and recapitalisation of the Company.

Resolutions means the resolutions described in the Notice.

Shareholder means the holder of Shares.

Shares means ordinary class shares in the capital of the Company.

Sydney Time means time in Sydney NSW Australia from time to time.

Trustee means the Trustee of the Creditors Trust, namely Steven Nicols.

**PROXY FORM
APPOINTMENT OF PROXY
FREEDOM OIL AND GAS LIMITED
(Subject to Deed of Company Arrangement)
ACN 128 429 158**

GENERAL MEETING

I/We

being a Member of Freedom Oil and Gas Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at Nicols and Brien, Level 2, 350 Kent Street, Sydney, New South Wales on Friday, 18th December 2020 at 11.00 a.m. (Sydney Time) and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Consolidation of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Allotment and Issue of Shares to Crest Advisory Berhad	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Mr Gregory Barry Starr as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Election of Mr George Terpens as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Change of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you do **not** wish to direct your proxy how to vote, please place a mark in this box
By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.
If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the % of voting rights this proxy represents is _____ %

Dated this _____ day of _____ 20____

Individuals and joint holders Companies (affix common seal if appropriate)

Signature
Signature

Director
Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - For a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. You may fax the Proxy form to: Facsimile No. +61 2 9299 2239 or mail to Nicols + Brien Business Recovery, Level 2, 350 Kent Street, Sydney NSW 2000, or email to mail@nicolsandbrien.com.au
7. The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile).
8. Any questions, please call Richard Brien or Greg Pearce on phone +61 2 9299 2289, or email to mail@nicolsandbrien.com.au

3 November 2020

The Company Secretary
Freedom Oil and Gas Ltd (Subject to Deed of Company Arrangement)
Level 2, 350 Kent Street
SYDNEY NSW 2000

Dear Sir,

For the purposes of section 32BB(1) of the Corporations Act 2001 (Cth), OH Boss Pty Ltd as trustee for OH Boss Trust being a member of Freedom Oil and Gas Ltd (**Company**) hereby nominate Stantons International Audit Consulting Pty Ltd, of 6 Middlemiss Street, Lavender Bay, NSW 2060, as auditor of the Company at the General Meeting to be held in December 2020.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Lee Clarke', with a stylized flourish at the end.

Lee Clarke
Sole director of OH Boss Pty Ltd
Shareholder

11 November 2020

The Deed Administrator on behalf of
Freedom Oil and Gas Limited (Subject to Deed of Company Arrangement)
c/- Nicols and Brien Chartered Accountants
Level 2, 350 Kent St
Sydney NSW 2000

Dear Directors,

Independent Expert's Report for Freedom Oil and Gas Limited (Subject to Deed of Company Arrangement) Relating to Recapitalisation Proposal

1 Executive Summary

Opinion

- 1.1 In our opinion, the recapitalisation proposal, including the proposal outlined in Resolution 2 of the Notice of Meeting ("**NoM**") that allows for the issue of up to 92,000,000 ordinary shares to Crest Advisory Berhad ("**Crest**") is considered **FAIR** and **REASONABLE** to the shareholders of Freedom Oil and Gas Limited (Subject to Deed of Company Arrangement) ("**Freedom**" or the "**Company**") at the date of this report.

Introduction

- 1.2 Stantons International Securities Pty Ltd ("**SIS**") have been engaged by Freedom to prepare an Independent Expert's Report ("**IER**") to determine the fairness and reasonableness of the proposal contained in Resolution 2 of the attached NoM and Explanatory Statement ("**ES**"). The NoM will be distributed prior to a general meeting of Freedom shareholders to be held on or around 18 December 2020.
- 1.3 Freedom is an Australian Securities Exchange ("**ASX**") listed company headquartered in Houston, Texas. The Company has previously operated in oil and gas exploration and production in the Eagle Ford Shale region in southern Texas.
- 1.4 On 8 August 2019 the Company's shares were suspended from quotation on the Australian Securities Exchange ("**ASX**"). The Company unsuccessfully attempted to complete a capital raising via a placement, which was required to repay a senior credit facility to Wells Fargo Bank N.A. ("**Wells Fargo**") with approximately US\$18 million owing.
- 1.5 The Company entered voluntary administration on 21 March 2020, with Mr Steve Nicols of Nicols and Brien Chartered Accountants ("**Nicols and Brien**") appointed as administrator. Subsequently, Mr Nicols was appointed Deed Administrator ("**Deed Administrator**") of a Holding Deed of Company Arrangement ("**Holding DOCA**") on 25 June 2020.
- 1.6 A proposal to restructure and recapitalise the Company via a Deed of Company Arrangement ("**DOCA**") and Creditors Trust ("**Creditors Trust**") was submitted by Crest, a Malaysian private equity firm, in August 2020 and approved by creditors on 27 October 2020, and a varied DOCA was signed on the same day.

- 1.7 The proposed recapitalisation includes the following (collectively, the "**Recapitalisation Proposal**"):
- a) consolidation of the shares and warrants of the Company on a 1:175 basis;
 - b) the issue of 92,000,000 post-consolidation ordinary shares (a 92% interest) to Crest to raise \$420,000;
 - c) the issue of 1,845,585 post-consolidation ordinary shares for nil consideration to the trustee of the Creditor's Trust; and
 - d) payment of \$420,000 into a recapitalisation fund, including to fund payments of at least \$150,000 to Wells Fargo (the secured creditor) and \$42,000 to the Deed Administrator.
- 1.8 We note that Resolution 1, 3, 4, 5, 6 and 7 of the NoM, which we do not provide an opinion on, are conditions of the Recapitalisation Proposal.

Scope and Purpose of Report

Purpose

- 1.9 Unless approved by members under Item 7 of Section 611 ("**s611**") of the Corporations Act 2001 ("**TCA**"), Section 606 ("**s606**") of TCA prohibits a person (and/or associated parties) from acquiring a relevant interest in the issued voting shares of a company that increase their relevant interest:
- a) from 20% or below to more than 20%; or
 - b) from a starting point that is above 20% and below 90%.
- 1.10 Under Chapter 2E of TCA, a public company must obtain approval of its members to give financial benefit to a related party of the company. Under Section 228 of TCA, this includes an entity which the company believes is likely to control the company at any time in the future. Crest is therefore considered a related party of Freedom.
- 1.11 Accordingly, Freedom is seeking approval from the shareholders who are not excluded from voting on the proposal (the "**Non-Associated Shareholders**"), pursuant to s611 and Chapter 2E of TCA, for the issue of 92,000,000 ordinary shares to Crest.

Basis of Evaluation

- 1.12 With regard to the Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111: Content of Expert Reports ("**RG111**"), we have assessed the Recapitalisation Proposal as:
- fair if the value of a Freedom share after the Recapitalisation Proposal, on a minority interest basis, is greater than the value of a share prior to the Recapitalisation Proposal on a control basis; and
 - reasonable if it is fair, or reasonable if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

Assessment*Freedom Share Value Prior to Recapitalisation Proposal*

- 1.13 We assessed the fair market value of an ordinary share in Freedom prior to the Recapitalisation Proposal using a net realisable assets methodology.
- 1.14 Our assessed fair market value of a Freedom ordinary share at 11 November 2020, prior to the Recapitalisation Proposal, is as follows.

Table 1. Valuation of Freedom Shares

	Ref	Value (\$)
Net Assets methodology valuation	Table 9	Nil

Source: SIS analysis

Fairness Assessment

- 1.15 In determining the fairness of the Recapitalisation Proposal, we compared the value of a Freedom share prior to the Recapitalisation Proposal on a control basis, with the post Recapitalisation Proposal value on a minority interest basis.
- 1.16 Our fairness assessment of the Recapitalisation Proposal is as set out below.

Table 2. Fairness of Recapitalisation Proposal

	Ref	Preferred
Value prior to Recapitalisation Proposal (\$)	Table 9	nil
Net Assets Post Recapitalisation Proposal (\$)	2.14	10,000
Number of shares post Recapitalisation Proposal	Table 4	100,000,000
Post Recapitalisation Proposal Value (Control) (\$)		0.0001
Discount for minority interest (%)	7.5	23.1%
Post Recapitalisation Proposal Value (minority interest) (\$)	Table 10	0.00008
Fairness Opinion	Table 10	Fair

Source: SIS analysis

Reasonable Assessment

- 1.17 As the Recapitalisation Proposal is considered to be **FAIR**, under RG111.12 it is considered to be **REASONABLE**. In assessing whether there are sufficient reasons to accept the proposal under Resolutions 2, we also considered the likely advantages and disadvantages of the Recapitalisation Proposal to Non-Associated Shareholders.

Table 3. Reasonableness of Recapitalisation Proposal

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ The Recapitalisation Proposal is considered fair ▪ Eliminates debt burden of Non-Associated Shareholders ▪ Company avoids potential liquidation ▪ May facilitate relisting on ASX ▪ Potential exposure to future business activities ▪ Leaves Company in a position of net assets 	<ul style="list-style-type: none"> ▪ Significant dilution of interest of Non-Associated Shareholders ▪ Eliminates possibility of a potentially superior offer to recapitalise the Company ▪ Potential loss of accumulated tax losses ▪ Crest obtains control of the Company

Source: SIS analysis

Conclusion

- 1.18 In our opinion, the Recapitalisation Proposal subject to Resolution 2 is **FAIR** and **REASONABLE** to the Non-Associated Shareholders of Freedom.
- 1.19 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 11 November 2020, relating to the proposed Recapitalisation Proposal.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with Freedom other than Stantons International Securities acting as an independent expert for the purposes of this report. **However, we note that Stantons International Audit and Consulting Pty Ltd ("SIAC"), the parent entity of Stantons International Securities, is proposed to become the auditor of Freedom under pending shareholder approval for Resolution 7.** The size of the likely future audit fees were not considered material to SIAC or SIS. Our fee for preparing this report is expected to be up to A\$16,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee (and fees for the 30 June 2019 audit review), neither Stantons International Securities nor Mr Samir Tirodkar have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons International Securities does not hold any securities in Freedom. There are no other pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr Samir Tirodkar have consented to the inclusion of this report in the form and context in which it is included as an annexure to the NoM.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr Samir Tirodkar, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Freedom to assist Non-Associated Shareholders of Freedom to assess the merits of the Recapitalisation Proposal to which this report relates. This report has been prepared for the benefit of Freedom shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons International Securities' opinion as to the longer-term value of Freedom, its subsidiaries and/or assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Freedom or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities (and SIAC, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Freedom and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Freedom has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities (and SIAC) to recover any loss or damage which Freedom may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Freedom; and
- (b) to indemnify Stantons International Securities against any claim arising (wholly or in part) from Freedom, or any of its officers, providing Stantons International Securities with any false or misleading information or in the failure of Freedom or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A final draft of this report was presented to the independent Freedom directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not change as a result of any feedback from Freedom.

Financial Services Guide

Dated 11 November 2020

Stantons International Securities Pty Ltd (Trading as Stantons International Securities)

Stantons International Securities Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) (“**SIS**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$16,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above and future audit fees, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

SIS and Stantons International Audit and Consulting Pty Ltd employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business. Stantons International Audit and Consulting Pty Ltd completed the audit review for the half year to 30 June 2019 for Freedom and is proposed to become the auditor on an ongoing basis, as outlined in Resolution 7 of the NoM.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

SIS confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum insured for SIS and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with SIS for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Recapitalisation Proposal

Background

- 2.1 On 8 August 2019 Freedom's shares were suspended from quotation on the ASX. The Company unsuccessfully attempted to complete a capital raising via a placement, without which the Company was not able to repay a senior credit facility owed to Wells Fargo with approximately US\$18 million owing.
- 2.2 After failing to raise the required capital, the Company entered voluntary administration on 21 March 2020, with Mr Steve Nicols of Nicols and Brien appointed as Deed Administrator. Mr Nicols attempted to sell the Company as an ASX listed shell, though did not receive any valid offers.
- 2.3 The Company's US based subsidiaries, through which it holds all oil and gas assets, filed for US Chapter 11 bankruptcy on 22 May 2020, and have undergone bankruptcy proceedings. All assets held by the subsidiaries have since been sold, with the proceeds distributed to the secured creditor, Wells Fargo. The funds obtained from the asset sales were insufficient to meet the claims of Wells Fargo, and accordingly an alternative settlement is required.
- 2.4 Subsequently, a Holding DOCA was approved by creditors on 25 June 2020, with Steve Nicols appointed Deed Administrator.
- 2.5 A proposal to restructure and recapitalise the Company via a DOCA and Creditors Trust was submitted by Crest in August 2020, and an associated variation to the Holding DOCA was approved by creditors on 27 October 2020. A condition precedent to the DOCA is that shareholder approval must be obtained for several components of the agreement.

Proposed Recapitalisation Proposal

- 2.6 Pursuant to the DOCA agreement of 27 October 2020, Freedom is seeking approval for the issue and allotment of shares as a component of a recapitalisation and restructuring of the Company.
- 2.7 The Recapitalisation Proposal will include the following:
 - a) consolidation of the shares and warrants of the Company on a 1:175 basis (Resolution 1);
 - b) the issue of 92,000,000 ordinary shares to Crest to raise \$420,000 (Resolution 2);
 - c) issue of 1,845,585 post-consolidation shares for nil consideration to a Creditor's Trust (Resolution 3);
 - d) payment of \$420,000 into a recapitalisation fund, including to fund payments of at least \$150,000 to Wells Fargo (the secured creditor) and \$42,000 to the Deed Administrator.
- 2.8 The Recapitalisation Proposal involves the simultaneous completion or "effectuation" of the DOCA when the shareholders pass all the resolutions. The Company will also be released from all Creditors claims estimated at \$18,995,038 and will have nil liabilities once Completion occurs.
- 2.9 The potential impact on the capital structure of Freedom should the Recapitalisation Proposal complete is presented below.

*Share Capital***Table 4. Share Capital Structure Implications of Recapitalisation Proposal**

Ordinary shares	Number	Percentage (%)
Prior to Recapitalisation Proposal	1,077,022,552	100%
Post 1:175 Consolidation	6,154,415	6.15%
Issue to Crest	92,000,000	92.00%
Issue to Creditors Trust	1,845,585	1.85%
Total Post Recapitalisation	100,000,000	100.00%

Source NoM

Creditors

- 2.10 Under the DOCA, Wells Fargo have agreed to release their security claims against the Company and to write off the amount owing after receiving a sum of at least \$150,000.
- 2.11 The remaining total of creditor claims of \$220,807 will be settled through the Creditors Trust for unsecured creditors, to which \$42,500 of the funds raised under the Recapitalisation Proposal will be assigned.
- 2.12 The funds raised and held in the recapitalisation fund will be used to pay costs, charges and expenses of the Deed Administrator, including expenses related to ASX listing fees, and
- 2.13 Set out below is the estimated use of funds raised by the Recapitalisation Proposal.

Table 5. Use of Funds Raised Under Recapitalisation Proposal

Use of Funds	Amount (\$)
ASX listing fees	27,500
ASIC fees	8,000
IER	16,000
30 June 2019 accounts finalisation	23,100
Printing and postage	17,000
Deed administrator remuneration and reimbursement	123,800
Wells Fargo – secured creditor payment	150,000
FIRB fees	2,100
Creditors Trust – unsecured creditors	42,500
Cash at bank	10,000
Total	420,000

Source: SIS analysis

- 2.14 As a result of the Recapitalisation Proposal, the Company will have all liabilities extinguished and will retain \$10,000 in cash for working capital purposes.

Creditors Trust Deed Key Terms

- 2.15 Key terms of the Creditors Trust deed are as follows:
- i) The Deed Administrator will act as trustee

- ii) The trustee will act for each of the creditors pursuant to the terms of the Creditors Trust deed
- iii) Remuneration for trustee will be 1,845,585 ordinary shares in Freedom
- iv) Creditors Trust deed shall create a trust to facilitate distribution by the trustee of the creditors fund to the beneficiaries
- v) The creditors will maintain a right as a beneficiary under the Creditors Trust deed to a share of the creditors fund under the terms of the Creditors Trust deed at least equal to their entitlement if the if the creditor fund was to be applied in accordance with TCA subject to below
- vi) All liabilities of the company arising before the relevant date are extinguished upon the DOCA being fully implemented in accordance with the terms, with claims against the company being replaced with rights against the trust
- vii) The trust fund will consist of:
 - all assets of the Company being assigned to the trust
 - funds in the sum of not less than \$42,000
 - 1,845,585 shares in the recapitalised Freedom

3 Scope

Purpose of the Report

- 3.1 If Resolution 2 is approved, Crest will have the potential to acquire an interest in Freedom's post-consolidation ordinary shares of 92%.
- 3.2 An acquisition of securities that enables a shareholder to increase its relevant interest in the voting shares of a public company:
- from below 20% to above 20%; or
 - from a starting point that is above 20% and below 90%,
- is prohibited under s606 of TCA, except in certain circumstances.
- 3.3 One of the exceptions to s606 is where the acquisition is approved at a general meeting of the company in accordance with Item 7 of s611 of TCA. Approvals for the proposed Transactions are therefore being sought at a general meeting of shareholders in accordance with Item 7 of s611.
- 3.4 Item 7 of s611 requires shareholders to be provided with all information known to the Company, and to the potential acquirer, that is material to the shareholders' decision. Regulatory Guide 74: *Acquisitions Approved by Members* ("**RG74**") issued by the Australian Securities and Investments Commission ("**ASIC**") provides additional guidance on the information to be provided to shareholders. RG74 states that the directors of the target company should usually provide shareholders with an IER on the proposed transaction.
- 3.5 Under ASIC RG111, an approval of shares under Item 7 of s611 where the effect on a company's shareholding is comparable to a takeover bid should be treated as such. In this case, an IER should apply the analysis outlined in RG111.10 to RG111.17 to report on the fairness and reasonableness of the transaction as if it were a takeover bid under Chapter 6 of TCA (RG111.25).
- 3.6 Under Chapter 2E of TCA, a public company must obtain approval of its members to give financial benefit to a related party of the company. Under Section 228 of TCA, this includes an entity which the company believes is likely to control the company at any time in the future. Crest is therefore considered a related party of Freedom.
- 3.7 Accordingly, Freedom has engaged SIS to prepare an IER to assess the fairness and reasonableness of the proposal contained in Resolution 2 pursuant to both s611 and Chapter 2E of TCA, as outlined in the NoM and ES.

Basis of Evaluation

- 3.8 In determining the fairness and reasonableness of the Recapitalisation Proposal, we have had regard to the guidelines set out by ASIC's RG111 and RG112.
- 3.9 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.10 We have therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

Fairness

- 3.11 To assess whether the Recapitalisation Proposal is fair in accordance with RG111, we compared:
- the fair market value of an ordinary share in Freedom prior to the Recapitalisation Proposal, on a control basis; with
 - the fair market value of an ordinary share in Freedom subsequent to the Recapitalisation Proposal as a minority interest.

- 3.12 The value of Freedom ordinary shares are assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:

“The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”

- 3.13 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.

Reasonableness

- 3.14 With regard to RG111.12, we have defined the proposed Recapitalisation Proposal as being reasonable if it is fair, or if despite not being fair SIS believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.
- 3.15 We have therefore considered whether the advantages to Non-Associated Shareholders outweigh the disadvantages.

Individual Circumstances

- 3.16 We have evaluated the Recapitalisation Proposal for Non-Associated Shareholders generically. We have not considered the effect on the particular circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the Recapitalisation Proposal from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the proposed Recapitalisation Proposal is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the Recapitalisation Proposal on their specific financial circumstances.

4 Profile of Freedom

History and Principal Activities

- 4.1 Freedom is an ASX listed company that has historically operated in oil and gas exploration and production. The Company is headquartered in Houston, Texas and focused its activities on exploration and production assets located primarily in Dimmit County, Southern Texas including the Eagle Ford Shale region.
- 4.2 The Company historically conducted its operations through US based subsidiaries, which held all the oil and gas assets of the Company.

Current Developments

- 4.3 Freedom has been suspended from trading on ASX since 8 August 2019.
- 4.4 The Company's US subsidiaries entered into US Chapter 11 Bankruptcy on 11 May 2020. All assets held by the subsidiary have subsequently been sold for a total of US\$7,825,000. All funds were distributed to the secured creditor, Wells Fargo, leaving no residual assets in subsidiaries held by Freedom.
- 4.5 The sale of these assets means that Freedom currently has no ongoing operations or assets, besides a small amount of cash.

Equity Position

- 4.6 The Company currently has 1,077,022,552 ordinary shares outstanding.
- 4.7 As at 30 June 2019, the Company had a total of 63,259,430 warrants outstanding, which are all held by Ramas Energy Capital I, L.P. The warrants will be consolidated into approximately 361,482 warrants as a result of the Recapitalisation Proposal.

Historical Financial Performance

- 4.8 The most recent audited financial results released by Freedom are the accounts for the half year to 30 June 2019.
- 4.9 Accordingly, Freedom's audited statements of comprehensive income for the financial years ended 31 December 2017, 31 December 2018 and reviewed statement of comprehensive income for the half year ended 30 June 2019 are set out below. We note that the presented statements of comprehensive income relate to historical earnings from the Company's Texas, USA oil and gas assets, which have since been sold. Freedom currently has no ongoing operations after selling all of its interests in oil and gas assets.

Table 6. Freedom Statement of Comprehensive Income

	Audited 12 months to 31 Dec 2017 (\$'000)	Audited 12 months to 31 Dec 2018 (\$'000)	Reviewed 6 months to 30 June 2019 (\$'000)
Revenue from continuing operations	4,109	21,786	16,436
Cost of goods sold	(1,909)	(9,667)	(11,980)
Impairment of oil and gas assets	-	-	(86,417)
Gross profit	2,200	12,119	(81,961)
Other income	8	5	1
General and administrative expenses	(7,569)	(9,869)	(3,634)
Transaction expense	(122)	-	-
Impairment of other assets	-	-	(6,045)
Depreciation and amortisation expense	-	-	(151)
Other net gains/(loss)	(4,705)	20	487
Share based payments expense	-	-	(65)
Finance costs	(1,475)	(3,852)	(3,077)
Loss before income tax	(11,663)	(1,577)	(94,445)
Income tax (expense) benefit	75	655	(392)
Loss from continuing operations	(11,588)	(922)	(94,837)
Gain/(loss) from discontinued operation	142	-	-
Loss for the year	(11,446)	(922)	(94,837)
Loss attributable to owners of Freedom	(11,446)	(922)	(94,837)
Other comprehensive income			
Changes in the fair value of derivative contracts	-	2,465	(1,477)
Total Comprehensive Income	(11,446)	1,543	(96,314)

Source: S&P Capital IQ

Historical Financial Position

- 4.10 As we noted above, the Company has not released audited financial statements since the half year as at 30 June 2019. Set out below is the audited statement of financial position as at 31 December 2018 and the reviewed statement of financial position of as at 30 June 2019. We note that the Company's subsidiaries have sold the oil and gas assets, and have been informed by the Company that as at 11 November 2020 the only asset remaining was a cash balance of \$4,876.

Table 7. Freedom Statement of Financial Position

	Audited as at 31 December 2018 (\$)	Reviewed as at 30 June 2019 (\$)
Current Assets		
Cash and cash equivalents	13,570	1,530
Trade and other receivables	2,387	3,744
Inventory	10	7
Derivative financial instruments	2,004	-
Total Current Assets	17,971	5,281
Non-Current Assets		
Oil and gas assets	68,880	7,049
Undeveloped leasehold	12,305	-
Property plant and equipment	363	-
Intangible assets	66	-
Derivative financial instruments	1,116	-
Deferred tax assets	39	-
Other non-current assets	220	-
Total Non-Current Assets	82,989	7,049
Total Assets	100,960	12,330
Current Liabilities		
Trade and other payables	(20,088)	(4,690)
Borrowings	-	(39,295)
Lease liabilities	-	(876)
Restorative provision	-	(1,704)
Total Current Liabilities	(20,088)	(46,565)
Non-Current Liabilities		
Borrowings	(17,407)	-
Restorative provision	(1,451)	-
Total Non-Current Liabilities	(18,858)	-
Total Liabilities	(38,946)	(46,565)
Total net assets/(liabilities)	62,014	(34,235)
Equity		
Contributed equity	177,451	177,451
Other equity reserves	12,927	11,249
Accumulated losses	(128,364)	(222,935)
Total Equity	62,014	(34,235)

Source: S&P Capital IQ, SIS analysis

Current Financial Position

- 4.11 The Companies creditors are as set out below. We note that Freedom Oil and Gas Inc has agreed to relinquish its claims and will not be entitled to any distributions under the Creditors Trust.

Table 8. Freedom Creditors

Creditor	Amount Owed (\$)
Assets	
Cash	4,876
Total Assets	4,876
Liabilities	
Secured Creditors Claims	
Wells Fargo Bank, National Association	(17,925,104)
Unsecured Creditors Claims	
ASX Settlement Pty Ltd	(58)
Attvest Finance	(61,482)
Australian Securities and Investments	(8,497)
Baker McKenzie	(114,658)
Box One Corporate Pty Ltd	(8,935)
Link Market Services Pty Ltd	(3,727)
Price Waterhouse Coopers	(28,050)
Ramas Capital Management	1
Total Unsecured (to be settled via Creditors Trust)	(225,406)
Total claims to Creditors Trust	(18,150,510)
Unsecured Trade Creditors	
Freedom Oil and Gas Inc	(844,526) ¹
Total Liabilities	(18,995,036)
Net Assets/(Liabilities)	(18,990,160)

Source: Creditors Report

¹ Freedom Oil and Gas Inc, a subsidiary of Freedom, has agreed to waive its claim and will not participate in the Creditors Trust

5 Valuation Methodology

Available Methodologies

- 5.1 In assessing the value of Freedom, we considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.
- Capitalisation of future maintainable earnings ("**FME**")
 - Discounted future cash flows ("**DCF**")
 - Asset based methods, including net assets on a going concern basis ("**Net Asset(s)**")
 - Quoted market prices or analysis of traded share values
 - Common industry rule-based methodologies
- 5.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix D.

Selected Methodology

- 5.3 Our primary valuation methodology used to value the shares of Freedom is a Net Assets methodology considering the net realisable value of the assets of the Company.
- 5.4 In selecting an appropriate valuation methodology to value the shares of Freedom, we have considered the following factors:
- Freedom does not have any ongoing operations, and therefore neither an FME or DCF approach is appropriate.
 - The Company has been suspended from trading since 8 August 2019 and subsequently the activities of the Company have substantially changed. Accordingly, the traded history was not considered a reliable methodology to value Freedom.
 - Freedom has operated as a holding Company for its US based subsidiaries. Accordingly, a Net Assets approach is considered the most appropriate.

Secondary Methodology

- 5.5 We considered traded shares prices as a secondary cross-check methodology only, noting as above that Freedom has been suspended from trading on ASX since 8 August 2019. The company's activities have changed substantially due to the sale of the US based oil and gas assets. Accordingly, the traded prices did not influence our assessed valuation.

6 Valuation of Freedom Shares Prior to Recapitalisation Proposal

Primary Methodology – Net Assets

- 6.1 We note that under US Chapter 11 bankruptcy, the subsidiaries of the Company sold all their oil and gas assets. We have been informed by the Deed Administrator that the only remaining asset of the Company is a cash balance of \$4,876.

Table 9. Valuation of Freedom Shares Prior to Recapitalisation Proposal

	Ref	Value (\$)
Cash	Table 8	4,876
Other Assets		nil
Total Assets		4,876
Total Liabilities ²	Table 8	(18,150,510)
Total Net Assets/(Liabilities)		(18,145,634)
Value of Freedom shares prior to Recapitalisation Proposal		nil

Source: SIS analysis

- 6.2 Accordingly, as the Company is in a position of net liabilities, under our Net Assets on a net realisable value basis methodology we assessed the fair value of a Freedom share prior to the Recapitalisation Proposal to be nil.

Secondary Methodology - Traded Market Price Basis

- 6.3 We considered the most recent trading history of Freedom shares on the ASX as a secondary methodology for information purposes only, noting the Company's shares have been suspended from trading on ASX since 8 August 2019.

² This figure excludes \$844,526 owed to the subsidiary Freedom Oil and Gas Inc which has relinquished its claim

Figure 1. Freedom ASX Trading History to 8 August 2019



Source: S&P Capital IQ

- 6.4 We note that this trading history is not current, and the position of the Company has fundamentally changed since the shares last traded, due to the Company entering voluntary administration, the bankruptcy of its US based subsidiaries and subsequent sale of all business assets.
- 6.5 Accordingly, whilst we have considered the historical traded share price history as a secondary methodology, this has not influenced our assessment of value for the purpose of opining on the fairness of the Recapitalisation Proposal.

Conclusion on the Value of Freedom Shares Prior to Recapitalisation Proposal

- 6.6 Under Net Assets methodology, Freedom is in a position of net liabilities, and we accordingly assessed the value of Freedom shares prior to the Recapitalisation Proposal, on a control basis, to be nil.

7 Fairness Evaluation

Evaluation Methodology

- 7.1 In determining the fairness and reasonableness of the Recapitalisation Proposal, we have had regard to the guidelines set out by ASIC's RG111.
- 7.2 As per RG111, the Recapitalisation Proposal is considered to be fair if:
- the value of a Freedom share after the Recapitalisation Proposal, as a minority interest, is greater than;
 - the value of a Freedom share prior to the Recapitalisation Proposal on a control basis.

Discount for Minority Interest

- 7.3 A valuation under Net Assets as a going concern methodology assumes a 100% interest in the Company and therefore incorporates a premium for control. Therefore, it is appropriate to apply a discount to the post Recapitalisation Proposal valuation of Freedom shares.
- 7.4 We note that generally, historical evidence of control premiums offered on takeovers for small cap companies are in the range of 20% to 40%³ (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We have accordingly applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the implied equity values for each comparable transaction.
- 7.5 We concluded that there are no material grounds to deviate from this commonly accepted benchmark. Therefore, we applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the post Recapitalisation Proposal value of a Freedom share.

Fairness Assessment

- 7.6 Set out below is the fairness assessment of the Recapitalisation Proposal.

Table 10. Recapitalisation Proposal Fairness Assessment

	Ref	Preferred
Value prior to Recapitalisation Proposal (\$)	Table 9	nil
Net Assets post Recapitalisation Proposal (\$)	2.14	10,000
Number of shares post Recapitalisation Proposal	Table 4	100,000,000
Post Recapitalisation Proposal Value (control) (\$)		0.0001
Discount for minority interest (%)	7.5	23.1%
Post Recapitalisation Proposal Value (minority interest) (\$)		0.00008
Fairness Opinion		Fair

Source: SIS analysis

³ "Control Premium Study 2017", RSM

Fairness Opinion

- 7.7 We assessed the value of a Freedom share after the Recapitalisation Proposal as a minority interest as greater than the value of a Freedom share prior to the Recapitalisation Proposal on a control basis.
- 7.8 Accordingly, we consider the Recapitalisation Proposal to be **FAIR** to the Non-Associated Shareholders of Freedom.

8 Reasonableness Evaluation

- 8.1 Under RG111, a transaction is considered "reasonable" if it is "fair". As the Recapitalisation Proposal is considered **FAIR**, the Recapitalisation Proposal is also considered **REASONABLE**.
- 8.2 For the information of the Non-Associated Shareholders, we note below some of the advantages, disadvantages, and other factors relating to the Recapitalisation Proposal.

Advantages

The Recapitalisation Proposal is considered fair.

- 8.3 As per our assessment in Section 8, we have concluded the Recapitalisation Proposal is fair to the Non-Associated Shareholders.

Eliminates debt burden of Non-Associated Shareholders

- 8.4 The Recapitalisation Proposal will leave the Company with no debts, with the creditors extinguishing their claims to \$18,150,512 after receiving distributions from the Creditors Trust.

Company avoids potential liquidation

- 8.5 If the conditions of the Recapitalisation Proposal are not met, the Company may enter liquidation. Under a liquidation scenario, given the financial position of the Company, it is unlikely that existing shareholders would receive any compensation.

May allow relisting on ASX

- 8.6 Completion of the Recapitalisation Proposal may facilitate reinstatement of the Company's shares on ASX. However, we note relisting is likely dependent on compliance with Chapters 1 and 2 of the ASX listing rules and is at the discretion of ASX. To comply with the ASX listing rules, the Company will at least need to undertake an additional capital raising.

Potential for Company to explore business opportunities

- 8.7 Avoiding a liquidation event and eliminating debt provides the Company with an opportunity to survive and seek new business activities.

Leaves Company in position of net assets

- 8.8 After the Recapitalisation Proposal, the Company will have \$10,000 in cash and no liabilities, meaning the Company will be in a position of net assets.

Disadvantages

Significantly reduces interest of Non-Associated Shareholders

- 8.9 Non-Associated Shareholders will be significantly dilute their interest in the Company, from a collective interest of 100% down to approximately 6.15%.

Eliminates possibility of a potentially superior offer to recapitalise the Company

- 8.10 However, we note the view of the Deed Administrator that the only other viable alternative for the Company is liquidation, under which the shareholders would receive nil value.

Crest obtains control of Company

- 8.11 Non-Associated Shareholders will be ceding control of the Company to Crest, who will obtain a 92% interest. This would allow Crest to have effective control of the company, including the ability to pass any special resolutions.

Accumulated tax loss dilution

- 8.12 Non-Associated Shareholders will dilute their share of accumulated tax losses. However, we note that such tax losses are only available if the Company is able to be recapitalised and would likely be forfeited if the Recapitalisation Proposal is not completed.

9 Opinions

- 9.1 The proposed Recapitalisation Proposal, including the proposal outlined in Resolution 2 of the NoM that allows for the issue of up to 92,000,000 ordinary share to Crest is considered **FAIR** and **REASONABLE** to the Non-Associated Shareholders of Freedom as at the date of this report.

10 Shareholders Decision

- 10.1 SIS was engaged to prepare an IER setting out whether in its opinion the Recapitalisation Proposal is fair and reasonable and to state reasons for that opinion. SIS was not engaged to provide a recommendation to shareholders on whether to approve the Recapitalisation Proposal.
- 10.2 The decision whether to approve Resolution 2 pertaining to the Recapitalisation Proposal or not is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposal under Resolution 2, shareholders should consult their own professional advisor.
- 10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Freedom. This is an investment decision upon which SIS does not offer an opinion and is independent on whether to accept the proposal under Resolution 2. Shareholders should consult their own professional advisor in this regard.

11 Source of Information

- 11.1 In making our assessment as to whether the proposed Recapitalisation Proposal, including the terms under Resolution 2, are fair and reasonable, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussion with the management of Freedom about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report we have relied in part on information provided by the directors and management of Freedom.
- 11.2 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of Freedom to 11 November 2020
 - Discussions with representatives of Freedom
 - Details of historical market trading of Freedom shares to 8 August 2019
 - Freedom half year report for the half year ended 30 June 2019
 - ASX announcements made by the Company to 11 November 2020
 - The Deed of Company Arrangement dated 27 October 2020
 - The Report to Creditors of Freedom prepared by Nicols and Brien, dated 16 October 2020
- 11.3 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

A handwritten signature in black ink, appearing to read 'Samir', with a stylized flourish extending from the end.

Samir Tirodkar
Director

APPENDIX A

GLOSSARY

	Definition
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Company	Freedom Oil and Gas Ltd
Creditors Trust	The trust created for creditors of Freedom from which any distribution will be made
Crest	Crest Advisory Berhad
DCF	Discounted cash flows valuation methodology
Deed Administrator	Steve Nicols of Nicols and Brien
DOCA	Deed of Company Arrangement
ES	Explanatory Statement
FME	Capitalisation of future maintainable earnings valuation methodology
Freedom	Freedom Oil and Gas Ltd
FSG	Financial Services Guide
Holding DOCA	The holding deed of company arrangement entered on 25 June 2020
IER	Independent Expert's Report
Net Assets	Net Asset based valuation methodologies
Nicols and Brien	Nicols and Brien Chartered Accountants
NoM	Notice of Meeting
Non-Associated Shareholders	The Freedom shareholders who are not excluded from voting on the proposal contemplated under Resolution 2 of the NoM
Recapitalisation Proposal	The proposal to recapitalise and restructure the Company, including the issue of 92,000,000 ordinary shares to Crest for \$420,000
RG74	ASIC Regulatory Guide 74: Acquisitions approved by Members.
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
S606	Section 606 of TCA
s611	Section 611 of TCA
SIS	Stantons International Securities Pty Ltd
TCA	The Corporations Act 2001
Wells Fargo	Wells Fargo Bank, N.A.
VWAP	Volume weighted average price

APPENDIX B

VALUATION METHODOLOGIES

Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of value of a business, business ownership interest, security or intangible asset. Within each valuation approach there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

i) **Income Approaches**

Provides an indication of value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method (“**DCF**”)
- The capitalisation of future maintainable earnings method (“**FME**”)

ii) **Asset/Cost Approaches**

Provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

iii) **Market Approaches**

Provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done

for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation. The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under FME below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows to provide an estimate for the overall value of the business.

The DCF method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective, sometimes leading to a valuation conclusion presented that is too wide to be useful.

A DCF approach is usually preferred when valuing:

- Early stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

2. Capitalisation of Future Maintainable Earnings Method

The FME method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a DCF, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The FME methodology involves the determination of:

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

Revenue – mostly used for early stage, fast growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA – most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBITA – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business

EBIT – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation)

NPAT – relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full year impact of any changes (such as acquisitions or disposals) made part way through a given financial year.

The selected multiple to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money captured in a single number. Multiples can be derived from three main sources.

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. The method is less appropriate for valuing companies or assets if:

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

3. Asset or Cost Approaches

The asset approach to value is based on the assumption that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

The asset-based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset-based methods including:

- Orderly realization
- Forced liquidation

- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

The asset/cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than the economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset/cost approach will be the most appropriate method.

An asset-based approach is a suitable method of valuation when:

- An enterprise is loss making and not expected to become profitable in the foreseeable future
- Assets are employed profitably but earn less than the cost of capital
- A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- It is relatively easy to enter the industry (e.g. small machine shops and retail establishments)

Asset based methods are not appropriate if:

- The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all of its assets and liabilities.

4. Analysis of Recent Trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

5. Industry Specific Rule of Thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

Selecting an Appropriate Valuation Approach and Method

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.