Appendix 4E

Preliminary final report

Period ending 31 December 2019

Name of entity	Freedom Oil and Gas Ltd
ABN	48 128 429 158
Financial year ended	Year ended 31 December 2019
Previous corresponding reporting period	Year ended 31 December 2018

Results for announcement to the market

	For the year ended 31 December 2019 US$'000	**Movement over previous corresponding period US$'000**	**Percentage increase (decrease) over previous corresponding period**
Revenue from ordinary activities	16,436	(5,350)	24.56%
(Loss) from ordinary activities after tax attributable to members	(100,570)	(99,648)	108.07%
Net (loss) for the period attributable to members	(100,570)	(99,648)	108.07%

Dividends

No dividends were paid or proposed to members during the year ended 31 December 2019.

Brief explanation of results

The Company reported consolidated revenue from operations for the year ended 31 December 2019 of $16.4 million.

The Company reported a consolidated net loss after income tax for the year ended 31 December 2019 of $100.5 million (2018: net loss of $0.9 million).

General and administrative expense was $4.2 million in 2019 (2018: $9.8 million). Finance costs decreased $0.7 million in 2019. The Company incurred an expense of $86.4 million (2018: $nil) in relation to impairment of oil and gas assets

Refer to the Administrator's Report, operating and financial review, financial statements and supporting notes in the Annual Report for the year ended 31 December 2019 for additional detail.

Statements

The following statements and supporting notes are included in the attached Annual Report for the year ended 31 December 2019:

Income statement
Statement of comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows

Dividend reinvestment plans

There are no dividend reinvestment plans in operation.

Net tangible assets per security

NTA backing	**Current period**	**Previous period**
Net tangible asset / (liability) backing per ordinary security (undiluted)	(4.3 cents)	6 cents

Control gained or lost during the period

There were no transactions entered into by the Company during the year ended 31 December 2019 that resulted in control being gained or lost over any entities.

Subsidiaries

The consolidated results incorporate the assets, liabilities and results of the following subsidiaries.

Name of entity	**Country of incorporation**	**Class of share**	**Equity holding 31 Dec 2019***	**Equity holding 31 Dec 2018***
Freedom Oil & Gas, Inc.	United States	Ordinary	100%	100%
Freedom Oil & Gas USA, Inc.	United States	Ordinary	100%	100%
Freedom Eagle Ford, Inc.	United States	Ordinary	100%	100%
Freedom Production, Inc.	United States	Ordinary	100%	100%
Maverick Drilling Company	United States	Ordinary	100%	100%
Maverick Production Company, Inc.	United States	Ordinary	100%	100%

* The proportion of ownership interest is equal to the proportion of voting power held.

Associates and joint venture entities

The company does not have any associates or joint venture entities.

Commentary on results for the period

Review of operations
Refer to the Administrator's Report, operating and financial review, financial statements and supporting notes in the Annual Report for the year ended 31 December 2019 for additional detail.

Report based on audited accounts

This report has been based on accounts which have been audited by an independent auditor. The audit report includes a qualified report on the basis that the auditor was unable to, and does not, express an opinion on whether the financial report gives a true and fair view or complies with the accounting standards and corporations regulations.

Freedom Oil and Gas Ltd

(Subject to Deed of Company Arrangement)

ABN 48 128 429 158

Annual report
for the year ended 31 December 2019

Freedom Oil and Gas Ltd ABN 48 128 429 158
(Subject to Deed of Company Arrangement)
Annual report – 31 December 2019

Contents

Corporate directory

Directors

L A Clarke CFP
Non-executive director

W M Talbert BBA, MBA
Non-executive director

J R Porter
Non-executive director

D Casey

Non-executive director

W M Talbert BBA, MBA
Non-executive director

H Sumrow

Non-executive director

Following the appointment of the Administrator on 21 March 2020, the directors' powers were suspended and the Administrator assumed control of the Company's affairs.

Principal registered office in Australia	Suite 2 24 Bolton Street Newcastle NSW 2300 Telephone +61 2 4925 3659
Principal office in the United States	5151 San Felipe, Suite 800 Houston, Texas 77056 Telephone +1 281.416.8575
Share register	Link Market Services Limited Level 21 10 Eagle Street Brisbane QLD 4000 Telephone +61 7 3320 2200
Auditor	Stantons International 2/1 Walker Ave West Perth, WA, 6005
Stock exchange listings	Freedom Oil and Gas Ltd shares are listed on the Australian Securities Exchange (ASX) under ticker symbol **FDM**. Freedom Oil and Gas Ltd American Depositary Receipts (ADRs) are quoted on the International OTCQX under the ticker **FDMQY**. Each ADR represents fifteen Freedom Oil and Gas Ltd ordinary shares. Additionally, shares of FDM are quoted on the OTCQX under the ticker **FDMQF**.

DEED ADMINISTRATOR'S REPORT

The Deed Administrator of Freedom Oil and Gas Ltd (subject to Deed of Company Arrangement) presents his report on the consolidated entity (referred to hereafter as "Freedom," or "the Company") consisting of Freedom Oil and Gas Ltd and the entities it controlled at the end of, or during, the year ended 31 December 2019.

DIRECTORS

Directors who held office at any time during the year ended 31 December 2019 were as follows. Directors were in office from 1 January 2019 unless otherwise noted.

J M Yeager (retired 29 May 2019)

N H Smith (retired 29 May 2019)

L A Clarke

J C Camuglia (retired 1 April 2019)

W M Talbert

J R Porter (appointed 15 January 2019)

D Casey (appointed 1 April 2019)

H Sumrow (appointed 1 April 2019)

Following the appointment of the Administrator on 21 March 2020, the directors' powers were suspended and the Administrator assumed control of the Company's affairs.

PRINCIPAL ACTIVITIES

The Company is under Administration and is suspended from trading on the ASX.

PRESENTATION CURRENCY

Items included in the directors' report and financial statements of Freedom are presented in US dollars unless otherwise stated.

DIVIDENDS

No dividends were paid to members during the year ended 31 December 2019 or the year ended 31 December 2018.

REVIEW OF OPERATIONS

The Company operated in oil and gas in the United States of America.

OPERATING RESULT

Freedom experienced a net loss after income taxes of $100.57 million for the year ended 31 December 2019 (year ended 31 December 2018: net loss after income taxes of $0.9 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company entered voluntary suspension from the Australian Securities Exchange during the year ended 31 December 2019, and remains in suspension as at the date of this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

From 1 July 2019 through to 23 March 2020 the Company worked closely with its primary lender Wells Fargo and preferred equity holder Ramas Capital Management, however, the oil price environment combined with COVID-19's impact on the global equity markets impacted the Company's opportunities to recapitalise and led to the Directors decision to put the Company into voluntary administration appointing Mr Steven Nicols of Nicols + Brien as Administrator pursuant to Part 5.3A of the Corporations Act 2001 on 21 March 2020.

On 25 June 2020, the Creditors of the Company resolved to place the Company into a Deed of Company Arrangement ("DOCA") with the purpose being to explore the possibility of recapitalizing the ASX listed Company, vie the DOCA and Creditors Trust Mechanism. A copy of the Holding Deed of Company Arrangement was lodged with ASIC on 25 June 2020.

The DOCA proposal contains the following key terms:

The objective of the DOCA is to provide sufficient time for the Deed Administrator to explore the possibility of a restructure and/or recapitalization of the Company in order to sell the ASX listed shell and maximise the likely outcome to Creditors.

During the Term of the Deed, the Deed Administrator will have control of, and will be responsible for the day to day management, control, supervision and administration of the Company's business, property and affairs and the administration and implementation of the DOCA.

DEED ADMINISTRATOR'S REPORT (continued)

On 11 May 2020, the Company entered into Chapter 11 Bankruptcy proceedings in relation to its subsidiary companies in the USA. The proceedings were filed in the Southern District of Texas, Houston Division, and were substantially entered into to finalise steps for sale of the business assets of the US subsidiaries. The sale of the assets was settled on 10 September 2020 for a total sale price of $7,049,335.

On 16 December 2020, the Company announced that in August 2020 Marcus Liew of Crest Advisory Berhad submitted a proposal to restructure and recapitalise the Company. Creditors accepted the proposal and significant steps were taken by Freedom to prepare a Notice of Meeting, prepare and Explanatory Memorandum, obtain an Independent Experts Report and submit an application to FIRB. The shareholders meeting of some 4,618 shareholders was called and set down for Friday 18 December 2020.

However despite this, Marcus Liew informed the Company on 16 December 2020 that he and Crest Advisory Berhad would not proceed with the transaction. Accordingly, the meeting set down for 18 December 2020 was abandoned.

The Administrator is continuing to seek options in order to recapitalise the Company.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results, or financial position or may do so in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Administrator is currently focused on recapitalising the Company. Given this, the likely developments of the Company are uncertain and dependent on future capital being raised.

ENVIRONMENTAL REGULATION

Freedom's operations are all located in the United States in the state of Texas and are therefore not subject to any environmental regulation under either Australian commonwealth or state legislation. However, Freedom is subject to extensive federal, state and local laws and regulations in Texas and the United States in general. The Administrator believes that the Company has adequate systems in place for the management of its environmental requirements in Texas and is not aware of any significant breach of these requirements.

COMPANY SECRETARY

The Company secretary is Andrew James Arthur Crawford. Mr. Crawford has over 18 years' chartered and commercial accounting experience having commenced his career with KPMG in 2001. Mr. Crawford is a Chartered Accountant and Registered Tax Agent and holds a Bachelor of Commerce and Diploma of Financial Services. As Company Secretary, Mr. Crawford is considered an officer of the Company, but not a key management person.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 31 December 2019 and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of audit risk management committee	
	A	B	A	B
J M Yeager	7	7	1	1
N H Smith	7	7	1	1
L A Clarke	16	17	2	2
J C Camuglia	4	4	1	1
W M Talbert	16	17	2	2
J R Porter	17	17	-	-
D A Casey	13	13	1	1
H A Sumrow	13	13	1	1

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the period.

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Key management personnel covered in this report

Non-executive directors and executive director
J M Yeager
N H Smith
L A Clarke
J C Camuglia
W M Talbert
J R Porter
D Casey
H Sumrow

Other key management personnel
Nil

Remuneration policy and link to performance

Principles used to determine the nature and amount of remuneration

The objective of Freedom's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The board ensures that executive reward satisfies the following key criteria:

- competitiveness and reasonableness for the current challenges
- acceptability to shareholders
- performance linkage based on equity incentives
- transparency of actual accomplishments and achievement of objectives
- overall individual skills for the Company's objectives.

The Company feels it has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth
- attracts and retains high calibre executives

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides recognition for contribution

There is no separate remuneration committee of the board of directors. The entire board is responsible for the review of remuneration policies and other terms of employment for executive directors, other senior executives and non-executive directors. Where necessary, the board obtains independent advice on the remuneration packages offered to potential employees. Executive directors do not participate in discussions regarding their own remuneration.

Remuneration for executives is based on a combination of fixed salary, short-term cash incentives, and share-based awards.

Remuneration for non-executive directors is limited to a fixed salary. There are no incentive programs for non-executive directors.

All key management personnel (KMP's) in the executive group, with the exception of Mr. Yeager, have been hired within the most recent two years. Although the Company has not engaged consultants specifically to benchmark its hiring remuneration packages against those of similarly situated companies, the search processes undertaken for these executives was robust. Management believes the remuneration packages granted to these executives were and still are reasonably in line with median rates and structures of remuneration for similar companies in the industry.

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT (continued)

Elements of remuneration

Fixed remuneration

Fixed remuneration includes cash and health insurance. It is reviewed annually, or upon promotion. The goal of the Company is to provide fair and competitive salaries, comparable to those for similarly situated companies. Salaries are affected by these considerations in addition to market-based information:

- Responsibilities of the position
- Experience the employee brings to the position
- Past performance of the employee
- Increases recognising a promotion.

Short-term incentives

Short term incentives consist of discretionary bonuses paid in cash. The awards are determined typically in February, upon review of the prior year's results. The board determines each award, in a discretionary decision for each executive. The board may consider:

- Individual progress in the executive's own area of responsibility, which may include operational, reserves-based, and/or financial objectives
- Production growth
- Reserves replacement
- Stock price performance
- The Company's current and projected liquidity.

Share-based incentives

The Company has granted share-based incentives on an individual basis. This includes share-based incentive awards to Mr. Yeager when he was hired in 2013, and to Mr. Porter upon his commencement of employment in January 2019. Mr. Porter's shares are subject to shareholder approval.

These incentives have consisted of share-based awards in the form of time-vesting share rights, convertible to ordinary unrestricted shares upon vesting.

The award for Mr. Porter was included in his initial remuneration package. The objective of this award was to entice his acceptance of employment, encourage his ownership in the Company, and to align his interests with those of shareholders.

The Company also made a discretionary award of shares to Mr. Mabile in recognition of his 2018 performance.

The objective of such share-based awards are to:

- Encourage ownership in the Company
- Align the employee's interest with that of shareholders
- Reward performance
- Enhance employee retention, when awards are time-vesting.

Retirement benefits

A portion of Mr. Yeager's cash remuneration, $300,000 annually, was granted in lieu of formal retirement benefits in 2018. It is treated herein as part of total cash salary.

Other than this arrangement, there are no retirement benefits provided, other than statutorily required benefits paid to Australia-based non-executive directors.

Post-termination and change in control benefits

Post-termination and change in control benefits are granted individually. Generally these benefits recognise marketplace norms. Specific benefits granted to Messrs. Yeager and Porter, are detailed below, under the caption "Service agreements."

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT (continued)

Allocation of remuneration between fixed and at-risk elements

The relative proportions of actual remuneration that were linked to performance and those that were fixed are as follows:

Name	Fixed Remuneration		At risk - STI		At risk - LTI	
	Year ended 31 Dec 2019	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2018	Year ended 31 Dec 2019	Year ended 31 Dec 2018
Non-executive directors of Freedom Oil and Gas Ltd						
R B Clarke	-	100%	-	NA	-	NA
N H Smith	-	100%	**NA**	NA	**NA**	NA
L A Clarke	**100%**	100%	**NA**	NA	**NA**	NA
J C Camuglia	**100%**	100%	**NA**	NA	**NA**	NA
W M Talbert	-	100%	**NA**	NA	**NA**	NA
J R Porter	**NA**	NA	**NA**	NA	**NA**	NA
D Casey	**100%**	NA	**NA**	NA	**NA**	NA
H Sumrow	**NA**	NA	**NA**	NA	**NA**	NA
Executive directors of Freedom Oil and Gas Ltd						
Executive directors						
J M Yeager	-	100%	**NA**	NA	**NA**	NA
Other key management personnel of the Company						
M J Mabile (a)	-	66%	**NA**	NA	**NA**	NA
H K Selzer (b)	-	100%	**NA**	NA	**NA**	NA

(a) Mr. Mabile was not considered a key member of management until 1 July 2018.
(b) Mr. Selzer served as Chief Financial Officer of the Company until March 2017.

Mr. Mabile's remuneration package maximum potential placed approximately 40% of his total remuneration at risk. This is based on a fixed salary, plus the potential of a target of 40% of salary awarded as a cash bonus, and a target of approximately 25% of that salary awarded as share-based compensation.

Statutory performance indicators

The table below shows measures of the Company's financial performance over the most recent five years as required by the *Corporations Act 2001*. These factors are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to key members of management. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	FY 31 Dec 2019	FY 31 Dec 2018	FY 31 Dec 2017	FY 31 Dec 2016	FY 31 Dec 2015	6 Months 31 Dec 2014
Revenue from continuing operations	$16.4 million	$21.8 million	$4.1 million	--	$10.6 million	$12.7 million
(Loss)/Profit before income tax	($100.1 million)	($1.6 million)	($11.4 million)	($46.1 million)	($39.2 million)	($21.1 million)
(Loss)/Profit after tax	($100.5 million)	($0.9 million)	($11.4 million)	($46.1 million)	($39.2 million)	($18.7 million)
(Loss)/Earnings per share	(8.85) cents	(0.1) cents	(1.4) cents	(7.8) cents	(7.2) cents	(3.5) cents
Share price 1 July	A$0.029	A$0.29	A$0.085	A$0.055	A$0.105	A$0.225
Share price period end	A$0.013	A$0.14	A$0.275	A$0.084	A$0.066	A$0.160

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT (continued)

Details of remuneration

Details of the remuneration of the directors and key management personnel ("KMP's") of Freedom (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

The Company has been in voluntary administration since 21 March 2020 and the financial statements have been prepared in February 2021. The Administrator cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Remuneration Report.

Year ended 31 December 2019	Fixed Remuneration				Variable Remuneration		
Name	Cash salary and fees	Sign-on Bonus	Non-monetary benefits	Super-annuation	Cash Bonus	Unre-stricted shares	Total
	$	$	$	$	$	$	$
Non-executive directors							
N H Smith	-	-	-	-	-	-	-
L A Clarke	43,021	-	-	4,087	-	-	47,108
J C Camuglia	11,045	-	-	1,049	-	-	12,094
W M Talbert	-	-	-	-	-	-	-
J R Porter	-	-	-	-	-	-	-
D Casey	51,369	-	-	4,880	-	-	56,249
H Sumrow	-	-	-	-	-	-	-
Sub-total non-executive directors	**105,435**	**-**	**-**	**10,016**	**-**	**-**	**115,451**
Executive directors							
J M Yeager	-	-	-	-	-	-	-
Other key management personnel							
-	-	-	-	-	-	-	-
Total key management personnel compensation	**105,435**	**-**	**-**	**10,016**	**-**	**-**	**115,451**

Year ended 31 December 2018	Fixed Remuneration				Variable Remuneration		
Name	Cash salary and fees	Sign-on Bonus	Non-monetary benefits	Super-annuation	Cash Bonus	Unre-stricted shares	Total
	$	$	$	$	$	$	$
Non-executive directors							
R B Clarke	45,951	-	-	4,365	-	-	50,316
N H Smith	75,000	-	-	-	-	-	75,000
L A Clarke	45,951	-	-	4,365	-	-	50,316
J C Camuglia	45,951	-	-	4,365	-	-	50,316
W M Talbert	6,250	50,000	-	-	-	-	56,250
Sub-total non-executive directors	**219,103**	**50,000**	**-**	**13,095**	**-**	**-**	**282,198**
Executive directors							
J M Yeager	800,000	-	57	-	-	-	800,057
Other key management personnel							
M J Mabile	186,000	-	12,942	-	74,500(1)	-	273,442
Total key management personnel compensation	**1,205,103**	**50,000**	**12,999**	**13,095**	**74,500**	**-**	**1,355,697**

(1) The cash bonus of $74,500 reflects the estimated portion of the cash bonus earned after promotion to KMP.

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT (continued)

Service agreements

J R Porter, Executive Director, President and Chief Executive Officer from 14 January 2018
Mr. Porter's service agreement is effective 14 January 2019. His annual salary is $500,000, with a potential annual cash bonus of 90% of his salary. The bonus is awarded at the discretion of the board of directors in the first quarter following the end of each calendar year. Under his contract, Mr. Porter will be awarded, upon shareholder approval at the 2019 shareholder meeting, certain time-vesting share rights.

Mr. Porter's agreement entitles him to certain benefits if he is terminated without cause, as defined in the agreement, and upon a change in control. Generally, he would receive 1.5 times his salary and target bonus in case of termination without cause, and 1 times his salary and target bonus in case of a change in control, which would also cause any unvested share rights to vest.

J M Yeager, Executive Chairman of the Board and Chief Operating Officer, to 14 January 2019
Mr. Yeager's previous agreement of employment was renewed annually each October by the board of directors. The approved base salary was $500,000 per annum and additional compensation of $300,000 per annum in lieu of formal retirement benefits. Mr. Yeager's remuneration has decreased to $75,000 annually in 2019 as he is serving as Non-executive Chairman of the Board. There is no agreement of employment.

The Company has been in voluntary administration since 21 March 2020 and the financial statements have been prepared in February 2021. The Administrator cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Remuneration Report.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. Non-executive directors abstain from any discussions regarding their own remuneration.

Aggregate remuneration to non-executive directors approved by the shareholders at the annual general meeting on 16 November 2012 is not to exceed A$500,000 per annum unless further approval is obtained.

Effective 1 April 2016 the board approved fees for the non-executive directors of A$67,500 per annum, with the exception of Mr. Smith. Mr. Smith's annual fee was set at US$75,000 per annum. Mr. Talbert, who joined the board in December 2019, is also paid US$75,000 per annum. Mr. Talbert also received a sign-on bonus of US$50,000. Mr. Yeager, in his new role as Non-executive Chairman of the Board, will receive US$75,000 annually beginning in February 2019. Non-executive directors do not receive incentive remuneration. There are no provisions for any retirement benefits other than statutory requirements. There is no additional remuneration for service on board committees.

The sign-on bonus awarded to Mr. Talbert was a market-based award to encourage him to join the Company and bring his expertise to the board.

The Company has been in voluntary administration since 21 March 2020 and the financial statements have been prepared in February 2021. The Administrator cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Remuneration Report.

Performance-based remuneration earned

Year ended 31 December 2019	Total STI Bonus Cash and Share Awards			
Name	Cash Award $	Shares Award $	Shares #	Estimated Value per share
-	-	-	-	-

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT (continued)

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Freedom Oil and Gas Ltd and other key management personnel of the Company, including their personally related parties, are set out below.

Year ended 31 December 2019 Name	Balance at the start of the period	Net acquisitions and disposals during the period	Shares Granted	Other changes during the period	Balance at the end of the period / at resignation
Ordinary shares					
J M Yeager	28,920,935	-	-	-	28,920,935
N H Smith	6,000,000	-	-	-	6,000,000
L A Clarke	25,440,000	-	-	-	25,440,000
J C Camuglia	24,000,000	-	-	-	24,000,000
J R Porter	-	-	-	-	-
D Casey	-	-	-	-	-
H Sumrow	-	-	-	-	-

Year ended 31 December 2018 Name	Balance at the start of the period	Net acquisitions and disposals during the period	Shares Granted	Other changes during the period	Balance at the end of the period
Ordinary shares					
J M Yeager	28,920,935	-	-	-	28,920,935
R B Clarke	14,166,666	333,334	-	-	14,500,000
N H Smith	5,000,000	1,000,000	-	-	6,000,000
L A Clarke	25,440,000	-	-	-	25,440,000
J C Camuglia	23,700,000	300,000	-	-	24,000,000
M J Mabile [(a)]	NA	100,000	-	307,692	407,692

There were no unvested, or vested but unexercised, equity securities held by KMPs as at 31 December 2018.

There were no equity securities forfeited or exercised by KMP's during 2018.

Share trading policy

The trading of shares issued to participants through participation in share-based incentive compensation plans is subject to, and conditional upon, compliance with the Company's employee share trading policy as detailed in the Company's Corporate Governance Charter.

The Company has been in voluntary administration since 21 March 2020 and the financial statements have been prepared in February 2021. The Administrator cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Remuneration Report.

DEED ADMINISTRATOR'S REPORT (continued)

REMUNERATION REPORT (continued)

Related Party Transactions

A previous director, R B Clarke, is a shareholder of Morgans Financial Limited. R B Clarke's shareholding in Morgans Financial Limited is less than 1%. Morgans Financial Limited acted as lead manager and underwriter of the entity's institutional and sophisticated investor placement in September 2018 and December 2017 and was paid fees of $831,899 and 778,838 for these services, respectively. The contracts for these services were based on normal commercial terms and conditions.

A director, L A Clarke, is the director of Lee Clarke & Co Pty Ltd. In July 2017 Lee Clarke & Co was paid a fee of $190,200 in connection with provision of the A$5 million debt facility. The contract for these services was based on normal commercial terms and conditions. In December 2017 and in September 2018 Lee Clarke & Co Pty Ltd took a firm allocation of stock from the lead manager of the December 2017 and September 2018 capital raises. The agreement between the lead managers and Lee Clarke & Co Pty Ltd and the fees paid by the lead manager to Lee Clarke & Co Pty Ltd were based on normal commercial terms and conditions.

	Year Ended 31 Dec 2019 $	Year Ended 31 Dec 2018 $
Amounts recognised directly in equity		
Transaction costs arising on share issue	-	**831,899**
		831,899
Amounts recognised directly in short-term financing		
Transaction costs arising on short-term financing	-	-
		-
Amounts recognised as expense		
General and administrative expense	-	**2,511**
	-	**2,511**

The Company has been in voluntary administration since 21 March 2020 and the financial statements have been prepared in February 2021. The Administrator cannot attest to the completeness of financial records and accordingly disclaims any responsibility for the accuracy of this Remuneration Report.

End of remuneration report

DEED ADMINISTRATOR'S REPORT (continued)

SHARES UNDER OPTION

SHARES ISSUED ON THE EXERCISE OF OPTIONS OR WARRANTS OR IN CONNECTION WITH PERFORMANCE RIGHTS
There were no exercises of options, warrants, or share rights during the year ended 31 December 2018.

LOANS TO DIRECTORS AND EXECUTIVES
There are no loans to directors or executives as at 31 December 2018.

The Company has been in voluntary administration since 21 March 2020 and the financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

INSURANCE OF OFFICERS
During the financial year, the Company paid a premium for a contract insuring the Directors and Officers of the Company against liability incurred as such a Director or Officer, other than conduct involving wilful breach of duty in relation to the Company, to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has been in voluntary administration since 21 March 2020 and the financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

PROCEEDINGS ON BEHALF OF FREEDOM
No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporation's *Act 2001.*

The Company has been in voluntary administration since 21 March 2020 and the financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

NON-AUDIT SERVICES
The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with Freedom are important.

During the year ended 31 December 2019, no amounts were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

AUDITOR'S INDEPENDENCE DECLARATION
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

ROUNDING OF AMOUNTS
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR
Stantons International continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed by Steven Nicols in his capacity as Deed Administrator.

Nicols

Sydney, Australia
26 February 2021

Stantons International Audit and Consulting Pty Ltd
trading as
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26 February 2021

Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement)
c/o Nicols and Brien Business Recovery Pty Ltd
Level 2, 350 Kent Street
SYDNEY NSW 2000

Dear Sirs

RE: FREEDOM OIL AND GAS LIMITED (SUBJECT TO A DEED OF COMPANY ARRANGEMENT)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement).

As Audit Director for the audit of the financial statements of Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement) for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED

Martin Michalik

Martin Michalik
Director

CORPORATE GOVERNANCE STATEMENT

The 2019 corporate governance statement is dated as at 31 December 2019 and reflects the corporate governance practices in place throughout the year ended 31 December 2019. The corporate governance statement has been approved by the Board.

SCOPE OF RESPONSIBILITY OF THE BOARD
Responsibility for Company's proper corporate governance rests with the board. The board's guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly, in accordance with the law, in the interests of shareholders (with a view to building sustainable value for them), employees and other stakeholders.

The board's broad function is to:

(a) chart strategy and set financial targets for the Company;

(b) monitor the implementation and execution of strategy and performance against financial targets; and

(c) appoint and oversee the performance of executive management and generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the board – consistent with its function as outlined above. These areas include:

(a) the composition of the board including appointment and retirement or removal of directors;

(b) oversight of the Company including its control and accountability systems;

(c) where appropriate, ratifying the appointment and the removal of senior executives;

(d) reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance;

(e) monitoring the implementation of strategy by senior executives, and ensuring appropriate resources are available;

(f) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and sales;

(g) approving and monitoring financial and other reporting;

(h) performance of investment and treasury functions;

(i) monitoring industry developments relevant to the Company and its business;

(j) developing suitable key indicators of financial performance for the Company and its business;

(k) having input in and granting final approval of corporate strategy and performance objectives developed by management;

(l) the overall corporate governance of the Company including its strategic direction and goals for management and monitoring the achievement of these goals; and

(m) oversight of committees.

COMPOSITION OF THE BOARD
The board performs its roles and function, consistent with the above statement of its overall corporate governance responsibility, in accordance with the following principles:

(a) The Chairman is responsible for leadership of the board and for the efficient organisation and conduct of the board.

(b) The Chairman should facilitate the effective contribution by all directors and promote constructive and respectful relations between directors and between the board and the senior executives.

(c) The board must comprise:

(i) members with a broad range of experience, expertise, skills and contacts relevant to Freedom and its business;

(ii) no less than three directors; and

(iii) no more than ten directors.

CORPORATE GOVERNANCE CHARTER

The Corporate Governance Charter outlines the practices to which the board and each director are committed. The charter outlines board duties, standing rules and expected behaviour. The Company's Corporate Governance Charter has been formally adopted.

The board has adopted a charter (which will be reviewed and amended from time to time as the board considers appropriate) to give formal recognition to the matters outlined above. This charter sets out various other matters that are important for effective corporate governance including the following:

(a) a detailed definition of 'independence';

(b) a framework for the identification of candidates for appointment to the board and their selection;

(c) a framework for individual performance review and evaluation;

(d) proper training to be made available to directors both at the time of their appointment and on an on-going basis;

(e) basic procedures for meetings of the board and its committees – frequency, agenda, minutes and private discussion of management issues among non-executive directors;

(f) ethical standards and values – formalised in a detailed code of ethics and values;

(g) dealings in securities – formalised in a detailed code for securities transactions designed to ensure fair and transparent trading by directors and senior management and their associates; and

(h) communications with shareholders and the market.

These initiatives, together with other matters provided for in the board's charter, are designed to institutionalise good corporate governance and, generally, to build a culture of best practice in the Company's own internal practices. The Company is committed to achieving and maintaining high standards of conduct and has undertaken various initiatives designed to achieve this objective.

The following are tangible demonstrations of the Company's corporate governance commitment.

INDEPENDENT PROFESSIONAL ADVICE

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as directors. Any costs incurred are borne by Freedom.

CODE OF ETHICS AND VALUES

Included in the Corporate Governance Charter is a section providing a detailed code of ethics and values to guide directors in the performance of their duties.

CODE OF CONDUCT FOR TRANSACTIONS IN SECURITIES OF FREEDOM

Included in the Corporate Governance Charter is a section providing a code of conduct for transactions in securities of the Company to regulate dealings in securities by directors and senior management and their associates. This is designed to ensure fair and transparent trading in accordance with both the law and best practice.

STANDING RULES FOR COMMITTEE

To ensure the committees formed by the board have guidelines upon which to operate, standard rules have been adopted by the board, which can be summarised as follows:

(a) their role is to improve the efficiency of the board through delegation of tasks;

(b) they must report to the board following each committee meeting; and

(c) the review and evaluation of each committee is conducted against the board charter as well as any criteria determined by the Chairman.

AUDIT AND RISK MANAGEMENT COMMITTEE

The purpose of this committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

The committee performs a variety of functions relevant to risk management and internal and external reporting and reports to the board following each meeting. Other matters for which the committee is responsible are the following:

(a) putting in place appropriate board and committee structure to facilitate a proper review function by the board;

(b) monitoring the establishment, operation, and improvement of an appropriate system of internal controls, including information systems;

(c) assessing corporate risk and ensuring compliance with internal controls;

(d) overseeing business continuity planning and risk mitigation arrangements;

(e) reviewing reports on any material misappropriation, frauds and thefts from the Company;

(f) reviewing reports on the adequacy of insurance coverage;

(g) monitoring compliance with relevant legislative and regulatory requirements (including continuous disclosure obligations) and declarations by the Company's secretary in relation to those requirements;

(h) reviewing material transactions which are not a normal part of the Company's business;

(i) reviewing the nomination, performance and independence of the external auditors, including recommendations to the board for the appointment or removal of any external auditor;

(j) liaising with the external auditor and ensuring that the annual audit is adequate for shareholder needs and is conducted in an effective manner that is consistent with Audit and Risk Management Committee members' information and knowledge;

(k) reviewing management processes supporting external reporting;

(l) reviewing financial statements and other financial information distributed externally;

(m) preparing and recommending for approval by the board the corporate governance statement for inclusion in the annual report or any other public document;

(n) reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management; and

(o) reviewing and monitoring compliance with the code of conduct.

Meetings will be held at least three times each year. A broad agenda will be laid down for each regular meeting according to an annual cycle. The committee will invite the external auditor to attend each of its meetings.

COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPALS AND RECOMMENDATIONS
Principle 1: Lay solid foundations for management and oversight

The role of the board and delegation to management have been formalised in the Company's board charter. The charter will be reviewed and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed Company.

The Company has reviewed the performance of senior executives during the reporting period as discussed in the directors' and remuneration report on pages 7 to 13.

The Company does not have a formal diversity policy due to its size. However, the Company's workforce is currently made up of individuals with diverse skills, values, backgrounds and experiences. Freedom values this diversity and recognises the organisational strength, deeper problem solving ability and opportunity for innovation that it brings. In order to attract and retain a diverse workforce, Freedom is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities available at work. Specifically, diversity at Freedom refers to all characteristics that make individuals different from each other, including religion, race, ethnicity, language, gender, sexual orientation, disability and age. Diversity at Freedom is about committing to equality and treating all individuals with respect. The board will be responsible for assessing Freedom's gender diversity objectives and Freedom's achievement of those objectives on an annual basis.

At 31 December 2019, the Company employed nil women, which equates to approximately nil% of the Company's employed workforce. There are no women on the board.

The Company does not fully comply with guideline 1.6, which recommends periodic review of non-executive directors' performance. Executives have had informal performance reviews by the board of directors.

Principle 2: Structure the board to add value

The Company has a six member board comprising non-executive directors. Together, the directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Company and its business. The names, qualifications, experience, years of service and details of attendance at board and committee meetings for each director are set out in the directors' report on pages 4 to 5. The Board has undertaken a review of the mix of skills and experience of members on the Board in light of the Company's principal activities and direction and considers the current mix is sufficient to meet the requirements of the Company.

The board does not comply with the Guidelines of recommendation 2.1 because the board believes that a nomination committee is not warranted given the Company's size and the nature of its operations. In effect, the full board acts as the nomination committee.

The Company does not comply with Recommendation 2.6, which recommends a professional development plan for the members of the board of directors. Members are expected to provide for their professional development individually.

The Company does not comply with Recommendation 2.2 as it has not disclosed a skills matrix. The Board considers the current mix of directors is sufficient to meet the requirements of the Company.

Principle 3: Promote ethical and responsible decision making

Freedom has a board charter which is incorporated into the corporate governance charter. It includes a detailed code of ethics and values and a detailed code of conduct for transactions in securities of the Company.

Freedom has separately adopted a detailed Code of Conduct that all employees and directors must follow as a condition of employment. The Freedom Code of Conduct can be inspected on its website at www.freedomog.com/our-company/corporate-governance/.

The purpose of these codes is to guide directors in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities. Both codes have been designed to encourage the highest ethical and professional standards as well as compliance with legal obligations and the Guidelines.

Principle 4: Safeguard integrity in financial reporting

The Audit and Risk Management Committee has been established with its own charter The Company's external auditor attended its May 2019 AGM and was available to answer questions from security holders relevant to the audit.

Principles 5: Make timely and balanced disclosure

The Company's current practice on disclosure is consistent with the Guidelines. Policies and procedures for compliance with ASX Listing Rule disclosure requirements are included in the Company's corporate governance charter.

Principles 6: Respect the rights of shareholders

The board communicates with shareholders regularly and clearly by electronic means as well as by traditional methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditor (Stantons International) will attend the annual general meeting and will be available to answer shareholders' questions. The Company's policies comply with the Guidelines in relation to the rights of shareholders.

Principle 7: Recognise and manage risk

The Company does not have an internal audit function. However, the board, together with management, has established processes to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved. The issue of risk management is formalised in the Company's corporate governance charter (which complies with the Guidelines in relation to risk management) and will be kept under regular review.

Principle 8: Remunerate fairly and responsibly

The board does not comply with best practice recommendation 8.1, because given the Company's size and the nature of its operations, the board believes that a remuneration committee is not warranted.

The remuneration of the Company's executive directors will be reviewed by the non-executive directors on an annual basis. The board will take into consideration the consequences of Freedom's performance on shareholder wealth.

However, in practice all directors approve all changes in senior management remuneration and are made aware of all staff remuneration actions. There is not a policy in place to prevent participants in the equity based remuneration scheme from entering into transactions which limit the economic risk of participating in the scheme.

Remuneration of directors and executives is fully disclosed in the Company's annual report.

	Notes	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Revenue from continuing operations	5	**16,436**	21,786
EXPENSES			
Cost of sales	6	**(11,980)**	(9,667)
Impairment of oil and gas assets		**(86,417)**	-
Gross profit / (loss)		**(81,961)**	12,119
Other income	5	**1**	5
General and administrative expense	4	**(4,258)**	(9,869)
Impairment of other assets		**(11,305)**	-
Share based payment expense		**(65)**	-
Other gains / (losses) — net	4, 22	**487**	20
Finance costs	4	**(3,077)**	(3,852)
Loss before income tax		**(100,178)**	(1,577)
Income tax (expense) benefit	7	**(392)**	655
Loss from continuing operations		**(100,570)**	(922)
Gain / (loss) from discontinued operation		**-**	-
Loss for the year		**(100,570)**	(922)
Loss is attributable to:			
Owners of Freedom Oil and Gas Ltd		**(100,570)**	(922)
Non-controlling interests		**-**	-
		(100,570)	(922)
		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share	33	**(8.85)**	**(0.1)**
Diluted loss per share	33	**(8.85)**	(0.1)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share	33	**(8.85)**	(0.1)
Diluted loss per share	33	**(8.85)**	(0.1)

The above consolidated income statement should be read in conjunction with the accompanying notes.

	Notes	**Year ended 31 Dec 2019 $'000**	Year ended 31 Dec 2018 $'000
Loss for the year		**(100,570)**	(922)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of derivative contracts (net of tax)	10, 22	**(1,551)**	2,465
Total comprehensive (loss) / income for the year		**(102,121)**	1,543
Total comprehensive loss) / income for the year is attributable to:			
Owners of Freedom Oil and Gas Ltd		**(102,121)**	1,543
Non-controlling interests		**-**	-
		(102,121)	1,543

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	Notes	31 Dec 2019 $'000	31 Dec 2018 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**11**	13,570
Trade and other receivables	9	**87**	2,387
Inventory		**7**	10
Derivative financial instruments	10	**-**	2,004
Total current assets		**105**	17,971
Non-current assets			
Oil and gas assets	12	**7,049**	68,880
Undeveloped leasehold	13	**-**	12,305
Property, plant and equipment	14	**-**	363
Intangible assets		**-**	66
Derivative financial instruments	10	**-**	1,116
Deferred tax assets	15	**-**	39
Other non-current assets		**-**	220
Total non-current assets		**7,049**	82,989
Total assets		**7,154**	100,960
LIABILITIES			
Current liabilities			
Trade and other payables	16	**6,197**	20,088
Borrowings	17	**39,295**	-
Total current liabilities		**47,196**	20,088
Non-current liabilities			
Borrowings	17	**-**	17,407
Restoration provision	18	**1,704**	1,451
Total non-current liabilities		**1,704**	18,858
Total liabilities		**47,196**	38,946
Net (liabilities) / assets		**(40,042)**	62,014
EQUITY			
Contributed equity	20	**177,451**	177,451
Other equity reserves	22	**11,175**	12,927
Accumulated loss	21	**(228,668)**	(128,364)
Capital and reserves attributable to owners of Freedom Oil and Gas Ltd		**(40,042)**	62,014
Non-controlling interests		**-**	-
Total equity / (deficiency)		**(40,042)**	62,014

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

		Attributable to the owners of Freedom Oil and Gas Ltd			
		Contributed equity	**Other equity reserves**	**Accumulated loss**	**Total equity**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**
Balance, 31 December 2017		159,146	7,764	(127,442)	39,468
Total comprehensive loss for the year ended 31 December 2018		-	-	(922)	(922)
Other comprehensive income (loss)					
Hedging gain, net of reclassifications to profit / (loss)	22	-	2,465	-	2,465
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	20	18,305	-	-	18,305
Options issued	22	-	-	-	-
Warrants issued	22	-	2,698	-	2,698
Balance, 31 December 2018		177,451	12,927	(128,364)	62,014
Total loss for the year ended 31 December 2019		-	-	**(100,570)**	**(100,570)**
Other comprehensive income (loss)					
Hedging gain, net of reclassifications to profit / (loss)		-	**(1,551)**	-	**(1,551)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	20	-	-	-	-
Performance rights issued		-	**65**	-	**65**
Warrants expired	22	-	**(266)**	**266**	-
Balance, 31 December 2019		**177,451**	**11,175**	**(228,668)**	**(40,042)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	**Year ended 31 Dec 2019 $'000**	Year ended 31 Dec 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**21,903**	27,620
Payments to suppliers and employees (inclusive of goods and services tax)		**(14,314)**	(17,626)
		7,589	9,994
Taxes other than income tax		**-**	(969)
Interest received		**1**	-
Interest paid		**(535)**	(60)
Other income		**487**	-
Settlements of commodity derivative contracts		**-**	149
Net cash (outflow) from operating activities	30	**7,542**	9,114
Cash flows from investing activities			
Payments for property, plant and equipment		**(11)**	(41)
Payments for oil and gas assets		**(40,472)**	(44,540)
Proceeds from sale of property, plant and equipment		**36**	-
Net cash (outflow) inflow from investing activities		**(40,447)**	(44,581)
Cash flows from financing activities			
Proceeds from issues of shares	20	**-**	18,503
Proceeds from borrowings		**20,000**	10,000
Share issue transaction costs	20	**-**	(895)
Debt issue costs		**(65)**	(615)
Repayment of borrowings		**(500)**	(3,983)
Lease repayments		**(89)**	-
Net cash inflow from financing activities		**19,346**	23,010
Net decrease in cash and cash equivalents		**(13,559)**	(12,457)
Cash and cash equivalents at the beginning of the financial year		**13,570**	25,971
Effects of exchange rate on cash and cash equivalents		**-**	56
Cash and cash equivalents at end of year	8	**11**	13,570

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Freedom Oil and Gas Ltd is a for-profit listed public company. The financial statements are for the consolidated entity consisting of Freedom Oil and Gas Ltd and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS
The consolidated financial statements of Freedom Oil and Gas Ltd and its subsidiaries also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, except for the following:

- Derivative financial instruments measured at fair value.

Going Concern

The Administrator has prepared the financial report of the consolidated entity on the going concern basis.

On 21 March 2020 Mr Steven Nicols of Nicols + Brien Chartered Accountants was appointed as Administrator pursuant to Part 5.3A of the Corporations Act 2001.

On 25 June 2020, the Creditors of the Company resolved to place the Company into a Deed of Company Arrangement ("DOCA") with the purpose being to explore the possibility of recapitalizing the ASX listed Company, via the DOCA and Creditors Trust Mechanism. A copy of the Holding Deed of Company Arrangement was lodged with ASIC on 25 June 2020.

Since the recapitalization is incomplete, there is significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

As the Company is in voluntary administration, the financial statements have been prepared on a liquidation basis.

The financial report contains adjustments relating to the recoverability and classification of recorded assets to the amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Incomplete Records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Company since it entered voluntary administration on 21 March 2020.

To prepare the financial report, the Administrator has reconstructed the financial records of Freedom Oil and Gas Ltd (subject to Deed of Company Arrangement) using data extracted from the Consolidated Entity's accounting systems and the record of receipts and payments during the Administration of the Company and relied on information provide by in-country management of the subsidiaries for the period from the Administrator's appointment.

Although due care has been taken in preparing the financial statements, based on the information available, it is not possible to state that the financial information is complete or accurate. Neither is it possible to state that the financial information was subject to the accounting and internal control processes that are relevant to the preparation and presentation of the financial report.

Although the Administrator has prepared the financial report to the best of his knowledge based on the information made available to him, he is of the opinion that it is not possible to state that the financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Consolidated Entity's financial position.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Freedom Oil and Gas Ltd ("Company" or "parent entity") as at 31 December 2019 and the results of all subsidiaries for the year then ended. Freedom Oil and Gas Ltd and its subsidiaries together are referred to in this financial report as the Company, the consolidated entity or Freedom.

1 Summary of significant accounting policies (continued)

(b) Principles of consolidation (continued)

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

Intercompany transactions, balances and unrealised gains on transactions between Company subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, statements of comprehensive income and balance sheets respectively.

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US dollars, which is Freedom Oil and Gas Ltd's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in the profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Company subsidiaries
The results and financial position of all the Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates at prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of
such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

1 Summary of significant accounting policies (continued)

(e) Revenue recognition

(i) Accounting policies applied from 1 January 2019

Revenue recognition

Revenue is recognised for the major business activities as follows:

Sale of oil

The company produces oil and recognises revenue when the crude oil buyer collects the oil from the field. This is the point in time when control of the product passes to the customer and the risk of loss passes to the customer. The transaction price is recognised based on the contract price agreed multiplied by the volume collected. Production tax paid to state jurisdictions is recorded as a cost of sale.

Sale of natural gas and natural gas liquids

Revenues from the sales of natural gas and natural gas liquids are recognised when the buyer purchases the hydrocarbons at the tailgate of the gas processing plant, or earlier if purchased in the field or upstream of the gas processing plant.

These are considered to be the points in time when control of the product passes to the customer and the risk of loss passes to the customer. For both natural gas and natural gas liquids, the transaction price is recognised on the agreed contract price multiplied by the volume collected. Production tax paid to state jurisdictions, the cost of transporting the gas to the plant and the cost of processing the natural gas liquids out of the raw gas stream at the plant are all included in cost of sales.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1 Summary of significant accounting policies (continued)

(f) Income tax (continued)

(i) Investment allowance
Companies within the consolidated entity may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(ii) Tax consolidation registration
Freedom Oil and Gas, Inc. is the head entity for United States tax consolidation purposes. The United States entities included in this tax consolidated group are all the subsidiaries of Freedom Oil and Gas, Inc.

(g) Leases

Lease payments are discounted using the rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are comprised of computer and copying equipment.

(h) Intangible assets

Intangible assets generally consist of purchased software and costs of installation. The Company amortises such software licenses over a life of 3 years. Costs associated with maintaining software programs are expensed as incurred.

Impairment
Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method.

Policies for impairment of trade receivables are described at note 1(l)(iv).

(k) Inventories

Crude oil
Crude oil inventories are stated at the lower of cost or net realisable value.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets

(i) Classification

From 1 January 2019, the Company classifies its financial assets in the follow measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income [OCI], or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through OCI (FVOCI). For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the condensed consolidated income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses). Impairment expenses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Commodity derivative contracts
For accounting policy for commodity derivative contracts, see note 10.

(iv) Impairment of financial assets

From 1 January 2019, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

1 Summary of significant accounting policies (continued)

(l) Investments and other financial assets (continued)

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company bases expected losses on historical credit losses experienced. The Company currently has two customers, and a history of approximately one year or less with each of them. The Company has experienced no losses with these customers and has not observed other indicators of impairment to the receivables, and accordingly, has not recorded a provision for credit loss.

Commodity derivative contracts are recorded at fair value at the balance sheet date.

(v) Accounting policies applied until 31 December 2018

The Company has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Classification

Until 31 December 2017, the Company classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement
The measurement at initial recognition did not change on adoption of AASB 9, see description above.

Loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Impairment
The Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses are incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets were impaired.

Assets carried at amortised cost
For loans, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in the consolidated income statement. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Company could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in the consolidated income statement.

Impairment testing of trade receivables was assessed on the incurred loss model. Debts which were known to be uncollectible were written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) was used when there was objective evidence that the Company would not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) were considered indicators that the trade receivable was impaired.

The impairment loss was recognised in profit or loss within other expenses. Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

1 Summary of significant accounting policies (continued)

(m) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets is depreciated using the straight line method over their useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates are as follows:

Asset	Useful life
- Motor vehicles	5 years
- Furniture, fittings and office equipment	3-7 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Impairment of property, plant and equipment

The carrying amount of buildings, plant and equipment is reviewed annually by management to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

(n) Exploration and evaluation assets

Exploration and evaluation expenditures are accounted for under the successful efforts method and grouped by geographic areas of interest. Capitalised costs include leasehold acquisition, directly attributable general administration costs, geological and geophysical costs, and the costs of exploratory wells. The costs of exploratory wells are initially capitalised pending evaluation of whether potentially economic reserves of hydrocarbons have been discovered. Costs are expensed where the well does not result in the successful discovery of potentially economically recoverable hydrocarbons. When an exploratory oil and gas lease is relinquished, the carrying value of the relinquished component of this acreage is written off.

Capitalised costs remain in exploratory and evaluation assets so long as activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. If a determination is made that the capitalised exploration and evaluation costs will not be recovered through development or sale of the asset, such costs are written off to profit and loss in the period in which that determination is made.

When an oil or gas field has been approved for development, the accumulated exploration and evaluation costs are tested for impairment and transferred to 'Oil and gas assets'.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible assets, or whenever facts and circumstances indicate impairment. Impairment indicators for exploration and evaluation expenditures could include: 1) upcoming expiration of exploration mineral lease(s) with no intent to renew; 2) discontinuation of exploration activities in the area, typically evidenced by capital budget and expenditure plans. An impairment loss is recognised for the amount by which the exploration and evaluation assets' carrying amount exceeds their estimated recoverable amount. The recoverable amount is the higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

Impairment testing that occurs upon transfer to Oil and gas assets is similar to testing for producing assets, that is, based upon the reserve report values. See (o)(v) below.

1 Summary of significant accounting policies (continued)

(o) Oil and gas assets

(i) Assets in development
The costs of oil and gas assets in development are separately accounted for and include past exploration and evaluation costs, development drilling and other subsurface expenditure, surface plant and equipment and any associated land and buildings. When the committed development expenditure programs are completed and production commences, these costs are transferred to producing assets. When an oil and gas lease included in assets in development is relinquished, the carrying value of the relinquished component of this acreage is written off.

(ii) Producing assets
The costs of oil and gas assets in production are separately accounted for and include past exploration and evaluation costs, past development costs and the ongoing costs of continuing to develop reserves for production and to expand or replace plant and equipment and any associated land and buildings. These costs are subject to amortisation.

(iii) Restoration costs
Site restoration costs are capitalised with the cost of the associated assets and included in the balance sheet based upon estimated present values. The estimated costs to abandon wells and facilities and restore locations is based on judgements and assumptions regarding removal dates and future costs, discounted to present value. The unwinding of discount is included within finance expenses on the Consolidated income statement. Restoration costs are included in capitalised costs when computing depletion. Restoration provisions are presented as current assets or liabilities to the extent they are expected to be settled within twelve months after the end of the reporting period.

(iv) Amortisation of oil and gas assets
Oil and gas assets in production are presented on the Consolidated balance sheet net of any accumulated depreciation, depletion, amortisation or impairment.

Costs of oil and gas assets in production are amortised on a units-of-production basis, applied at the well level. Costs of producing assets, are amortised over the remaining estimated units of the wells. The remaining estimated units of the wells are based on the Company's estimated proved developed and probable reserves at the balance sheet date.

Facilities that serve multiple wells and are expected to serve additional future wells are depreciated on a straight-line basis over 20 years. This time frame is expected to approximate the life of the group of wells served.

Restoration costs are depreciated on a straight-line basis over 20 years.

No depletion is charged during the exploration and evaluation phase or while assets are still in development and sales have not commenced.

(v) Impairment of oil and gas assets in production

Oil and gas assets in production are reviewed for impairment semi-annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Oil and gas properties are impaired when the carrying value of the properties exceeds the recoverable amount as estimated in the current reserve report. The reserve report provides the present value of estimated cash flows of proved oil and natural gas reserves expected to arise from the continued use of the asset. For purposes of assessing impairment, assets are grouped at the field level.

An impairment loss is recognised if the production assets' carrying amount exceeds their estimated recoverable amount, as evidenced by the reserve report. Any excess carrying value is written off to profit and loss.

The costs of oil and gas mineral leases relinquished or expected to be relinquished without exploration or production activity are written off when their future utility to the Company becomes $nil.

(vi) Reserves
The estimated reserves are management assessments and take into consideration assumptions regarding commodity prices, discount rates, future production and transportation costs, and interpretations of geological and geophysical models to make assessments of the quality of reservoirs and their anticipated recoveries.

The 31 December 2018 evaluation of reserves referred to in the operating and financial review was undertaken by Netherland, Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organisations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. NSAI's technical principals meet or exceed the education, training, and experience requirements set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers; both are proficient in judiciously applying industry standard practices to engineering and geoscience evaluations as well as applying United States Security and Exchange and other industry reserves definitions and guidelines. NSAI's technical principals are qualified persons as defined in ASX Listing Rule.

1 Summary of significant accounting policies (continued)

(o) Oil and gas assets (continued)

5.22. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Securities Exchange (ASX) Listing Rules. Compensation for the required investigations and preparation of third party reserve reports are not contingent upon the results obtained and reported, and the third party reserve engineers have not performed other work for the Company that would affect their objectivity.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. The fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The accrual of dividends on these preference shares are recognised in profit or loss as finance costs.

Borrowings are removed from the balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(r) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they occur.

(s) Provisions

Provisions for legal claims, service warranties and make-good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Restoration provision
See o(iii) above for policy regarding restoration provision.

1 Summary of significant accounting policies (continued)

(t) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current obligations in the Consolidated balance sheet.

(ii) Employment relationships
For the year ended 31 December 2019, the Company does not have any liabilities for accumulating sick leave or long service leave in respect of any of its employees. The Australian parent entity directors and Company secretary do not accrue any such benefits for their roles. All United States employees are employed under the laws of Texas. Under these laws the Company does not have any long service leave pension or health care obligations in relation to any of its Texas employees. For the year ended 31 December 2018, the Company has a liability for annual leave and this liability accrues according to individual employment agreements or Company policy.

(iii) Share-based payments

Employee shares

The Company may elect to award ordinary shares to employees on an individual basis, for no cash consideration, and vesting immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Deferred shares

The fair value of deferred shares granted to employees for nil consideration is recognised as an expense over the relevant service period, being the year to which the award relates (if for prior performance) and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

(u) Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preferred shares are classified as borrowings (see note 17).

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(v) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year (note 33).

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In periods of loss, diluted loss per share is typically the same as basic loss per share as the effects of potential ordinary shares outstanding would be anti-dilutive.

1 Summary of significant accounting policies (continued)

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheets.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(x) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(y) Parent entity financial information

The financial information for the parent entity, Freedom Oil and Gas Ltd, disclosed in note 32, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Freedom Oil and Gas Ltd.

2 Critical accounting estimates and judgements

(a) Significant estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Freedom makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Assumptions regarding liquidity
For the year ended 31 December 2019, the Company recorded a loss after tax of $100.57 million (2018: loss of $1.1 million) and a net decrease in cash of $13.6 million (2018: decrease of $12.4 million). As at 31 December 2019, the Company had net current assets of negative $47.091 million (2018: negative $2.3 million).

The Company as of 21 March 2020 is in voluntary administration. The financial statements have been prepared on a liquidation basis.

(ii) Estimates of reserve quantities
The estimated quantities of hydrocarbon reserves reported by Freedom are integral to the calculation of depletion and depreciation expense and to assessments of impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared annually in accordance with Freedom's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers. Reserves estimates are updated semi-annually and whenever events or circumstances indicate a significant change.

1 Summary of significant accounting policies (continued)

(a) Significant estimates and judgments (continued)

If reserves are adjusted downward, earnings could be affected by higher depreciation expense or an immediate write-down of the asset's carrying value.

(iii) Impairment of oil and gas assets in production
Freedom assesses whether oil and gas assets in production are impaired at least semi-annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets belong (fields or basins). The Company produces a reserve report of cash flow projections by field, based on reserve estimate volumes. The reserve report is based on the reserve quantities described in (ii) above. Financial estimates, such as future prices and costs to develop, are applied to these estimated product quantities. See note 12 for further detail regarding estimations and assumptions used in the reserve report.

The carrying value of the assets are compared to the reserve report estimation of value of cash flows. If the carrying value exceeds the reserve report valuation, the difference is written off to profit and loss.

(iv) Impairment of exploration and evaluation assets

Freedom assesses whether exploration and evaluation assets are impaired at least semi-annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If reserves have been found, the estimation process for reserves and related present value of cash flow, described in (iii) for impairment of oil and gas assets in production, is relied upon. If the assets have not been explored or reserves conclusions are still pending, the assessment relies upon estimates and judgements about future activities to assess the recoverability of the assets. Significant judgements include forecasted exploration and capital spending plans supporting the continued potential for recovery of past expenditures.

Such estimations may change as new information becomes available. If the Company concludes that it is unlikely to recover the expenditure by future exploitation or sale of the asset to a third party, then the relevant capitalised amount will be written off to profit and loss.

(b) Changes in key estimates

As detailed in accounting policy note 1(o)(iv) costs of producing assets are amortised on a units of production basis via a depletion charge. Exploration and development costs are amortised over the remaining estimated units of the wells. The remaining estimated units of the wells are based on Freedom's estimated quantities of proved developed and probable reserves for each well.

Reserve estimates and cash flow projections for oil and gas assets are also critical to determination of impairment.

For the year ended 31 December 2019, depletion calculations utilised estimated remaining units of the Eagle Ford field based on reserve balances as prepared by NSAI as described in note 1(o) above. Depletion expense for 2019 was $nil million (2018: $5.4 million).

3 New standards adopted

As of 1 January 2019 the Company adopted the provisions of AASB 16 *Leases*. The Company chose the modified retrospective method of adoption. Prior year balances are not restated. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6%. The Company had no leases classified as finance leases prior to 1 January 2019.

Reconciliation of future lease payments as at 31 December 2018 to adjusted opening lease liability amount as at 1 January 2019:

	2019 $'000
Operating lease commitments disclosed as at 31 December 2018	**1,221**
Discounted using the lessee's incremental borrowing rate of 6% at the date of initial application	**1,193**
Less: short term leases recognised on a straight line basis as expense	**(128)**
Less: short term leases recognised on a straight line basis as additions to oil and gas properties	**(1,065)**
Add: contract reassessed as a lease	**141**
Lease liability recognised as at 1 Jan 2019	**141**
Current lease liabilities	**2**
Non-current lease liabilities	**139**
	141

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	31 Dec 2019 $'000	1 Jan 2019 $'000	31 Dec 2018 $'000
Oil and gas assets	**158**	141	-
Property, plant and equipment	**664**	-	-
Less: impairment expense	**(822)**	-	-
	-	141	-

	31 Dec 2019 $'000	1 Jan 2019 $'000	31 Dec 2018 $'000
Lease liabilities, current	**1,478**	2	-
Lease liabilities, non-current	**-**	139	-
	1,478	141	-

The effect of adoption on the balance sheet at 1 January 2019 was to increase both assets (right-of-use assets) and liabilities (lease liabilities) by approximately $141,000. There was no material effect on retained earnings and none was recognised.

Lease liabilities and right-of-use assets at 31 December 2019 would have been $nil had the adoption not occurred. Had the adoption not occurred, the Company would have recorded a liability of approximately $52,000 in deferred rent as at 31 December 2019 ($28,000 current liability, $24,000 non-current liability).

Net loss at 31 December 2019 would have been lowered by approximately $11,000 had the adoption not occurred.

(b) Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the standard:

3 New standards adopted (continued)

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases.

(c) Leasing activities and how they are accounted for

Lease payments are discounted using the rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets are comprised of computer and copying equipment.

4 Segment information

(a) Description of segments

Management has determined Freedom's operating segments based on the reports reviewed by the Chief Executive Officer to make strategic decisions. Management reports the business as one segment, oil and gas exploration and production.

(b) Segment information provided to the Chief Executive Officer

The segment information provided to the board for the reportable segments for the years ended 31 December 2019 and the 31 December 2018 is as follows:

Oil and gas exploration and production	31 Dec 2019 $'000	31 Dec 2018 $'000
Total segment revenue	**16,436**	21,786
Revenue from external customers	**16,436**	21,786
Loss for the year	**(100,570)**	(922)
General and administrative expense	**(4,258)**	(9,869)
Other gains / (losses) - net	**487**	20
Finance costs	**(3,077)**	(3,852)
Income tax (expense)/benefit	**(392)**	655
Total segment assets	**7,154**	100,960
Total assets includes:		
Additions to non-current assets (other than financial assets and deferred tax)	**-**	63,205
Total segment liabilities	**47,196**	38,946

(c) Other segment information

(i) Segment revenue

The revenue from external parties reported to the board is measured in a manner consistent with that in the Consolidated income statement.

Revenues from external customers are derived from the sale of oil, natural gas, and natural gas liquids to third parties and are presented before production taxes.

(ii) Segment expense

In 2018, Other gains/(losses) – net relates to the revaluation of certain warrants for Company stock issued in conjunction with the 2017 issuance of mandatorily redeemable preferred stock. The warrants were subsequently modified such that they meet the definition of an equity instrument, and revaluation recognition is no longer required.

See further information at note 17 and note 22.

Transaction expenses in 2018 related to a significant transaction that management ultimately determined would not be pursued.

It was not able to be determined from the accounting records the amount of finance costs that included cash and accrued costs (2018: $0.2 million) or the amount to obtain and service debt (2018: $3.7 million) in non-cash amortisation of other costs of debt. Other debt costs subject to amortisation include both cash costs and non-cash equity items (such as the warrants described above) incurred with the origination of new debt in 2018. Non-cash finance costs also include accretion of discount on preferred stock, and accretion of discount on restoration provision.

4 Segment information (continued)

Segment revenue reconciles to total revenue from continuing operations as follows:

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Total segment revenue from continuing operations	**16,436**	21,786

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Revenue from continuing operations	**16,436**	21,786
Other revenue from continuing operations		
Interest from financial assets not at fair value through profit or loss	**1**	5
	1	5

The parent entity is domiciled in Australia. No sales revenue is generated from customers in Australia. Freedom generates all of its sales revenue from external customers in the United States.

(iii) Segment assets
The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Segment assets	**7,154**	100,960
Total assets as per the balance sheet	**7,154**	100,960

All of Freedom's non-current assets are located in the United States.

4 Segment information (continued)

(iv) *Segment liabilities*
The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Segment liabilities	**47,196**	38,946
Total liabilities as per the balance sheet	**47,196**	38,946

5 Revenue and other income

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Oil sales	**12,798**	16,882
Realised gains from oil derivative contracts	**-**	386
	12,798	17,268
Natural gas sales	**1,713**	1,811
Sales of natural gas liquids	**1,925**	2,707
Revenue from continuing operations	**16,436**	21,786
Other revenue from continuing operations		
Interest from financial assets not at fair value through profit or loss	**1**	5
	1	5

6 Breakdown of expenses

Expenses by nature

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Consumables and external services used	*	4,420
Employee benefits expense	**247**	6,017
Depletion, depreciation, and amortisation included in cost of sales	-	5,368
Depreciation and amortisation expense included in general and administrative expense	**151**	127
Relinquishment of leases	-	555
Professional fees	**194**	1,043
Insurance expense	**122**	448
State and local tax expense	-	1,161
Net foreign exchange losses	-	6
Listing and registration costs	**41**	124
Impairment of oil and gas assets	**86,417**	-
Finance costs	**3,077**	3,852
Impairment of other assets	**11,375**	-
Share based payment expense	**65**	-
Other	**15,483**	247
Total all costs of sales and other expenses	**117,102**	23,368

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

Costs of sales

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Lease operating expenses	*	2,276
Taxes other than income	*	1,076
Transportation expense	*	234
Oil and gas processing	*	158
Depletion, depreciation, and amortisation	*	5,368
Relinquishment of leases	*	555
Total cost of sales	*	9,667

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

7 Income tax expense (benefit)

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
(a) Income tax expense (benefit)		
Current tax	*	(40)
Deferred tax	*	40
	*	-
Income tax is attributable to:		
(Loss) Profit from continuing operations	*	-
Aggregate income tax expense (benefit)	*	-
Deferred income tax expense (benefit) included in income tax expense (benefit) is comprised of:		
Decrease (increase) in deferred tax assets (note 15)	*	436
(Decrease) increase in deferred tax liabilities (note 19)	*	(396)
	*	40
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax payable		
(Loss) from continuing operations before income tax	*	(1,577)
Profit from discontinued operations before income tax	*	-
Tax at the Australian tax rate of 27.5% (December 2018 - 27.5%)	*	(434)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
40-880 deductions	*	-
Non-deductible expenses — Australian parent	*	229
Non-deductible expenses — United States subsidiaries	*	802
	*	597
Difference in overseas tax rates	*	44
Previously unrecognised tax losses used to reduce deferred tax expense	*	(1,316)
Net deferred tax asset not brought to account, including impact of	*	20
Income tax expense (benefit) recognised in profit and loss	*	(655)
Income tax expense (benefit) recognised in Other comprehensive income see note (c) below	*	655
Total income tax expense (benefit)	*	-

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

The income tax expense presented above for the year ended 31 December 2019 and 31 December 2018 relates solely to the United States entities.

7 Income tax expense (benefit) (continued)

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
(c) Income tax expense (benefit) recognised in Other comprehensive income		
Other comprehensive income before income tax expense (benefit)	*	3,120
Tax at the Australian tax rate of 27.5% (December 2018 - 27.5%)	*	858
Difference in overseas tax rates	*	(203)
Income tax expense (benefit) recognised in Other comprehensive income	*	655
(d) Tax losses		
Unused income tax losses for which no deferred tax asset has been recognised	*	90,925
Unrecognised net deferred tax asset relating to the above tax losses at 27.5%	*	19,094
(e) Unrecognised temporary differences		
Temporary difference relating to net foreign exchange losses	*	-
Unrecognised net deferred tax asset relating to the above temporary difference at 27.5%	*	-

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

The tax losses incurred before 2019 expire at various dates from 2031 to 2037. The tax losses incurred after 2018 can be carried forward indefinitely.

8 Current assets - Cash and cash equivalents

Reconciliation to cash at the end of the year:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash at bank and in hand	**11**	13,570
	11	13,570

Risk exposure

Information about Freedom's exposure to credit risk, interest rate risk and foreign currency risk in relation to cash and cash equivalents is provided in note 28.

9 Current assets - Trade and other receivables

	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade receivables	**3,343**	1,714
Prepayments	**429**	396
Other receivables	**49**	277
Impairment provision	**(3,734)**	-
Total trade receivables and other current assets	**87**	2,387

(a) Trade receivables

Trade receivables include receivables for sales of oil, natural gas, and natural gas liquids of $3.343 million as at 30 June 2019 (31 December 2018: $1.7 million). The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of Freedom. Receivables for settlements of derivative contracts are also included (2019: $0.1 million; 2018: $0.2 million). All other receivables are current as at 31 December 2019 and 31 December 2017.

(c) Foreign exchange and interest rate risk

Information about Freedom's exposure to credit risk, interest rate risk and foreign currency risk in relation to trade and other receivables is provided in note 28.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. Freedom does not hold any significant collateral in relation to any of these receivables.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 28 for more information on the risk management policy of Freedom and the credit quality of the entity's trade receivables.

10 Derivative financial instruments

The Company's natural gas and natural gas liquids revenue streams are also subject to commodity price fluctuations. The Company has not elected to hedge these revenue streams.

Accounting for cash flow hedging contracts
The Company has designated these contracts as cash flow hedges, based on the high correlation between the benchmark reference prices and the Company's actual sales contract. The Company documents the economic relationship between the hedging instruments and hedged items (oil sales), including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. Hedging ineffectiveness is recognised in profit or loss. Hedging ineffectiveness may arise from divergence, over time, of the timing and volume of hedged sales of oil and the maturation of the related derivative contracts. The Company recognised no profit or loss due to hedging ineffectiveness in 2019.

The derivative instruments are carried on the Consolidated balance sheet at fair value. See note 11 for a discussion of how fair values are determined. Derivative contracts are presented as current assets or liabilities to the extent they are expected to be settled within twelve months after the end of the reporting period.

Changes in the fair value of the contracts are recognised in Other comprehensive Income (FVOCI), net of tax effect, and on the Consolidated balance sheet in Other equity reserves (Accumulated other comprehensive income). When a contract month is closed, the net gain or loss is reclassified from accumulated other comprehensive income to profit and loss, and included as revenues from operations in the Consolidated income statement. See note 22 for movements in the equity reserve Accumulated other comprehensive Income.

The Company did not discontinue hedge accounting for any of the derivative financial instruments during 2019.

Fair values of derivative contracts
The table below summarises the fair value and classification of derivative instruments.

	31 Dec 2019 $'000	31 Dec 2018 $'000
Financial assets at fair value through Other Comprehensive Income		
Current		
Derivative financial instruments - commodity contracts	*	2,004
Non-current		
Derivative financial instruments - commodity contracts	*	1,116
Total financial assets at fair value through Other Comprehensive Income	*	3,120

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

The Company had no financial liabilities at fair value at either 31 December 2019 or 31 December 2018.

11 Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy.

Level 1: Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

Level 2: Fair value is based on inputs that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers of financial assets or liabilities between levels during either 2019 or 2018.

		$000's		
31 Dec 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Derivative commodity contracts	*	*	*	*
Liabilities measured at fair value				
NONE	-	-	-	-
Total net fair value	*	*	*	*
31 Dec 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value				
Derivative commodity contracts	-	3,120	-	3,120
Liabilities measured at fair value				
NONE	-	-	-	-
Total net fair value	-	3,120	-	3,120

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

Valuation techniques
Specific valuation techniques used to value financial instruments may include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The present value of the estimated future cash flows based on observable yield curves
- Other techniques, such as discounted cash flow analysis, may be used to determine fair value for some financial instruments.

(i) Valuation of derivative instruments
Freedom's commodity derivative contracts consist of oil price swaps and basis differential swaps. See note 28 for a listing. The Company calculates the value of its commodity derivative contracts using the present value of the estimated future cash flows based on observable yield curves for the quoted oil price (West Texas Intermediate, for oil swaps) and for the two prices in the basis differential swaps (West Texas Intermediate and Argus WTI Houston). These are Level 2 valuations. Cash flows are discounted to present using an interest rate curve based on LIBOR.

(ii) Valuation of receivables and payables
The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(iii) Valuation of current borrowings
The fair value of current borrowings as at 31 December 2018 approximated the carrying amount, as the impact of discounting was not significant and the interest rate was floating. There were no current borrowings as at 31 December 2019.

11 Fair value measurement (continued)

(iv) Valuation of non-current borrowings

The fair value of financial liabilities carried at amortised cost is estimated for disclosure purposes (note 17, non-current borrowings from Ramas, estimated fair value of $39.295 million (2018: $24.1 million). The fair value of the Ramas mandatorily redeemable preferred stock was calculated by discounting the future contractual cash flows at an estimated market interest rate available to Freedom for similar financial instruments as at 31 December 2018. This is a level 3 valuation.

12 Non-current assets - Oil and gas assets

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cost		
Opening balance	**75,493**	14,985
Additions / (disposals)	**17,973**	60,197
Impairment	**(86,417)**	-
Transfer from undeveloped leasehold	**-**	311
Closing balance at period end	**7,049**	75,493
Accumulated depletion		
Opening balance	**6,613**	1,245
Depletion expense / (write back on disposal)	**(6,613)**	5,368
Closing balance at period end	**-**	6,613
Net book amount		
At beginning of period	**68,880**	13,740
At period end	**7,049**	68,880

Depletion expense

As detailed in accounting policy note 1(o)(iv) costs of producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs are amortised over the remaining estimated units of the wells. The remaining estimated units of the wells are based on Freedom's proved developed and probable reserves.

For the year ended 31 December 2019 the estimated remaining units of the wells were based on the Eagle Ford reserve report balances as at 31 December 2018.

Impairment

The Company performed impairment testing of the Eagle Ford acreage as at 31 December 2019. Oil and gas properties are impaired when the carrying value of the properties exceeds the recoverable amount as estimated in the current reserve report. The reserve report represents the present value of estimated cash flows of proved oil reserves (including both developed and undeveloped proved reserves), expected to arise from the continued use of the asset as at 31 December 2019 (Level 3 on the fair value hierarchy). The estimated recoverable value for the Company's Eagle Ford proved reserves as at 31 December 2019 was not able to be ascertained by the Administrator from the accounting records (2018: $158.0 million). Significant assumptions and key estimates included in the cash flow model are:

- Volume of proved oil reserves are based on deterministic methods including performance and volumetric analysis, relying on various forms of well and geologic data such as well logs, geologic maps, seismic data, well test data and production data;
- Timing of future production is based on estimated production decline curves and the Company's plans and expectations regarding future development;
- Future expenses of operation, future capital expenditures to develop undeveloped proved reserves, and the timing of these expenditures is based on the Company's historical and projected costs and on its development plans;
- A standard discount rate of 10% was used; and
- Projected prices of products were based on an average of projections by industry analysts in December 2019, adjusted for location and quality differentials.

12 Non-current assets - Oil and gas assets (continued)

	Estimated future prices			
	2020	**2021**	**2022**	**thereafter**
Oil price, per BBL	$65.85	$66.48	$67.52	$67.52
Natural gas price, per MCF	$3.01	$2.90	$2.88	$2.88
Avg price of natural gas liquids, per BBL	$22.91	$23.13	$23.50	$23.50

13 Non-current assets – Undeveloped leasehold

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cost		
Opening balance	**12,305**	10,478
Additions	**-**	2,967
Transfer to oil and gas assets	**-**	(311)
Transfers to Property, Plant, and Equipment	**-**	(274)
Relinquishment of leases	**(12,305)**	(555)
Closing balance at period end	**-**	12,305

Relinquishment of leases

During 2019 certain oil and gas mineral leases lapsed and were not renewed. Management did not consider the acreage strategically located for future development. The value of the assets was written off. The total expense for relinquishment of leases was $12.3 million (2018: $0.6 million).

14 Non-current assets - Property, plant and equipment

	Land $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
Year ended 31 December 2018				
Opening net book amount	-	66	71	137
Additions		41		41
Transfer from Oil and Gas Assets	274			274
Depreciation charge		(18)	(71)	(89)
Closing net book amount	274	89	-	363
At 31 December 2018				
Cost	274	125	832	1,231
Accumulated depreciation		(36)	(832)	(868)
Net book amount	274	89	-	363
At 31 December 2018				
Cost	274	125	832	1,231
Accumulated depreciation		(36)	(832)	(868)
Net book amount	274	89	-	363
Year ended 31 December 2019				
Opening net book amount	274	89	-	363
Additions / (disposals)	(274)	(89)	-	(363)
Transfer from Oil and Gas Assets	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book amount	-	-	-	-
At 31 December 2019				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net book amount	-	-	-	-

(a) Non-current assets pledged as security

Refer to note 17 for information on non-current assets pledged as security by the Company.

15 Non-current assets - Deferred tax assets

The balance comprises temporary differences attributable to:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Tax losses	*	1,419
Tax credit	*	39
Property, plant and equipment	*	32
Trade and other payables	*	145
Total deferred tax assets	*	1,635
Set-off of deferred tax liabilities pursuant to set-off provisions	*	(1,596)
Net deferred tax assets	*	39
Deferred tax assets expected to be recovered within 12 months	*	-
Deferred tax assets expected to be recovered after more than 12 months	*	1,635
	*	1,635

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

Movements	Tax Credit $'000	Tax Losses $'000	Trade and other Payables $'000	Property, plant and equip-ment $'000	Total $'000
At 31 December 2017	79	1,464	528	-	2,071
(Charged) / credited to income statement	(40)	(45)	(383)	32	(436)
At 31 December 2018	39	1,419	145	32	1,635
(Charged) / credited to income statement	*	*	*	*	*
At 31 December 2019	*	*	*	*	*

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

16 Current liabilities - Trade and other payables

	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade payables	**4,719**	1,782
Other payables	**1,478**	18,306
	6,197	20,088

(a) Risk exposure

Due to the short-term nature of these payables, their carrying amount is assumed to approximate their fair value.

17 Borrowings

	31 Dec 2019			31 Dec 2018		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured borrowings						
Short-term financing	-	-	-	-	-	-
Total secured borrowings	-	-	-	-	-	-
Unsecured borrowings						
Mandatorily redeemable preferred stock	**39,295**	-	**39,295**	-	17,407	17,407
Total unsecured borrowings	**39,295**	-	**39,295**	-	17,407	17,407
Total borrowings	**39,295**	-	**39,295**	-	17,407	17,407

17 Borrowings (continued)

(b) Non-current borrowings

	31 Dec 2019 $'000	31 Dec 2018 $'000
Non-current borrowings		
Mandatorily redeemable preferred stock	-	17,407
Total redeemable preferred stock	-	17,407

(c) Assets pledged as security

As noted in (a) above, all significant assets of the Company are securitised as collateral for the Wells Fargo facility. There were no borrowings under the Wells Fargo facility at either 31 December 2019 or 31 December 2018. The carrying amounts of assets pledged as security for borrowings are:

	31 Dec 2019 $'000	31 Dec 2018 $'000
ASSETS		
Current assets		
Cash and cash equivalents	*	13,570
Trade and other receivables	*	2,387
Inventory	*	10
Derivative financial instruments	*	2,004
Total current assets pledged as security	*	17,971
Non-current assets		
Property, plant and equipment	*	363
Oil and gas assets	*	68,880
Undeveloped leasehold	*	12,305
Derivative financial instruments	*	1,116
Total non-current assets pledged as security	*	82,664
Total assets pledged as security	*	100,635

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

(d) Risk exposures

Details of Freedom's exposure to risks arising from current and non-current borrowings are set out in note 28.

18 Current and Non-current liabilities – Restoration provision

	31 Dec 2019 $'000	31 Dec 2018 $'000
At beginning of period	**1,451**	327
Additional provision recognised	**253**	1,111
Discount on unwind of provision	**-**	13
At end of period	**1,704**	1,451

19 Non-current liabilities - Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Unrealised hedge gain	*	655
Property, plant and equipment	*	-
Oil and gas assets	*	941
Total deferred tax liabilities	*	1,596
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	*	(1,596)
Net deferred tax liabilities	*	-
Deferred tax liabilities expected to be settled within 12 months	*	-
Deferred tax liabilities expected to be settled after more than 12 months	*	1,596
	*	1,596

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

Movements	Property, plant and equipment $'000	Unrealised hedge gains $'000	Oil and gas assets $'000	Total $'000
At 31 December 2017	29	-	1,963	1,992
Charged/(credited)				
-to income statement	**(29)**	-	**(1,022)**	**(1,051)**
-to Other comprehensive income	-	**655**	-	**655**
At 31 December 2018	**-**	**655**	**941**	**1,596**
Charged/(credited)				
-to income statement	*	*	*	*
-to Other comprehensive income	*	*	*	*
At 31 December 2019	*	*	*	*

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

20 Equity

(a) Share capital

	Notes	31 Dec 2019 shares	31 Dec 2018 shares	31 Dec 2019 $'000	31 Dec 2018 $'000
Ordinary shares					
Fully paid	(b)	**1,077,022,552**	1,077,022,552	**177,451**	177,451
		1,077,022,552	1,077,022,552	**177,451**	177,451

(b) Movements in ordinary share capital:

Date	Details	Notes	Number of shares	Issue Price	$'000
31 Dec 2017	Balance		907,500,115		159,146
14 Feb 2018	Employee stock award		2,855,770	$0.24	697
	Less: Transaction costs arising on shares issued				(4)
10 Aug 2018 and 25 Sep 2018	Institutional and sophisticated investor placement	(d)	166,666,667	$0.11	18,503
	Less: Transaction costs arising on shares issued		-		(891)
31 Dec 2018	Balance		1,077,022,552		177,451
31 Dec 2019	Balance		1,077,022,552		177,451

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

20 Equity (continued)

(d) Institutional and sophisticated investor placements

The Company issued 166,666,667 shares in 2018 at A$0.15 per share, raising $18.5 million (A$25 million) which netted $17.6 million after related costs.

All capital was raised principally to fund additional investment in the Eagle Ford property.

(e) Options

On 4 July 2017, the Company issued 25,000,000 options to the lender under the short-term financing term loan at no cost to the option holder. The options are immediately exercisable with an exercise price of A$0.20 and expire 30 June 2019. See note 22 for additional information.

(f) Warrants

During 2017 the Company issued 46,777,734 warrants for its fully paid ordinary shares to Ramas, the holder of the mandatorily redeemable preferred shares in Freedom Eagle Ford described in note 17. The Company issued 16,481,696 additional identical warrants to Ramas in 2018. The warrants were issued at no cost to Ramas and become exercisable on the earlier of 18 March 2022 or such date as Freedom's ordinary shares become listed on a United States exchange.

See notes 17 and 22 for additional information regarding the 63,259,430 outstanding warrants.

(g) Capital risk management

Management controls the capital of Freedom with the goal of maintaining a good debt to equity ratio, providing the shareholders with adequate return, and ensuring that Freedom can fund its operations and continue as a going concern.

Freedom's debt and capital include ordinary share capital and financial liabilities, supported by financial assets..

Management effectively manages Freedom's capital by assessing Freedom's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

During the years ended 31 December 2018, Freedom did not have any specific strategy in respect of gearing ratios. The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	Notes	**31 Dec 2019 $'000**	31 Dec 2018 $'000
Total borrowings	17	**39,295**	17,407
Less: cash and cash equivalents	8	**(11)**	(13,570)
Net debt		**39,284**	3,837
Total equity / (deficiency)		**(34,782)**	61,825
Total capital		**(74,066)**	65,662
Gearing ratio		**(98%)**	6%

21 Retained earnings

Movements in Retained earnings were as follows:

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Balance beginning of year	**(100,570)**	(127,442)
Net (loss) for the year	**(95,310)**	(922)
Expiry of warrants	**266**	-
Balance end of year	**(228,668)**	(128,364)

22 Other equity reserves

Movements in Other equity reserves were as follows:

	Notes	**Other Compre-hensive Income $'000**	**Warrants and Options $'000**	**Total Other Reserves $'000**
Balance, 1 January 2018		-	7,764	7,764
Accumulated other comprehensive income, unrealised hedging gain	(a)	3,506	-	3,506
Accumulated other comprehensive income, hedging gains reclassified to profit and loss	(a)	(386)	-	(386)
Deferred tax, other comprehensive income	(a)	(655)	-	(655)
Transactions with owners in their capacity as owners				
Warrants issued, at fair value	(b)	-	2,698	2,698
Balance, 31 December 2018		2,465	10,462	12,927
Accumulated other comprehensive income, hedging gains reclassified to profit and loss	(a)	(1,551)	-	(1,551)
Performance rights issued		-	65	65
Warrants expired and transferred to accumulated losses	(b)	-	(266)	(266)
Balance, 31 December 2019		914	10,261	11,175

22 Other equity reserves (continued)

(a) Accumulated other comprehensive income

Other reserves includes items in accumulated other comprehensive income that have not been recognised in profit or loss. Derivative financial instruments designated as hedges are carried at fair value on the balance sheet. Movements in the fair value of these instruments are recorded as unrealised gains or losses, net of deferred tax effect, in other comprehensive income until they are cash settled. Cash settlements are reclassified from accumulated other comprehensive income to profit and loss.

(b) Warrants

On 19 September 2017 the Company issued 46,777,734 warrants for its ordinary shares to Ramas, the holder of the mandatorily redeemable preferred shares in Freedom Eagle Ford described in note 17. The warrants were issued at no cost to Ramas.

On 3 April 2018 the Company issued additional mandatorily redeemable shares to Ramas (see note 17) and an additional 16,481,696 warrants with the same terms as those issued to Ramas in 2017.

The Company calculated the value of the warrants upon issue using an arithmetic approach with the following inputs:

	Grant Date	Expiry Date	Share Price at Grant Date A$ per share	Share Price Discount Factor	Exercise Price A$ per share	Fair Value per warrant US$
Warrants	3 Apr 2018	none	$0.285	25%	$0.001	$0.1637
Warrants	19 Sep 2017	none	$0.100	25%	$0.001	$0.0592

A share price discount factor was used to reflect the estimated market discount from the closing price on the grant date that would have been required for a successful equity raise of new shares at the time. The computed fair value of the 2018 warrants was $2.7 million. The computed fair value of the 2017 warrants was $2.8 million.

The 2017 warrants were determined to be derivative liability instruments carried at fair value. Agreement was reached with the warrant holder on 29 December 2017 that the warrant terms be varied to have the warrants meet the definition of an equity instrument from 29 December 2017 onward. Accordingly, the warrants were revalued as at 29 December 2017, using the same methodology and an updated share price of A$0.275. The fair value of the warrants was then transferred to Other equity reserves. The increase in fair value through 29 December 2017 was $4.7 million, recorded as a non-cash expense in Other (gains)/losses – net. Foreign exchange gain of $61,000 was also recorded. After the modification in terms the warrants did not require periodic revaluation, and are carried in equity at their 29 December 2017 value.

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

(c) Options

On 4 July 2017, the Company issued 25,000,000 options to the lender under the short-term financing term loan at no cost to the option holder. The options are immediately exercisable with an exercise price of A$0.20 and expiration date of 30 June 2019. The Company calculated the value of the options upon issue using the Black Scholes model. The inputs to the model were:

	Grant Date	Expiry Date	Share Price at Grant Date A$ per share	Share Price Discount Factor	Exercise Price A$ per share	Expected Volatility	Risk-free interest rate	Fair Value per option US$
Stock options	4 Jul 2017	30 Jun 2019	$0.105	25%	$0.20	75%	1.69%	$0.0107

A share price discount factor was used to reflect the estimated market discount from the closing price on the grant date that would have been required for a successful equity raise of new shares at the time. The computed fair value of the options was $266,000 and was recorded to Other equity reserves.

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

23 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2019 $'000	2018 $'000
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	133	157
Total remuneration for audit and other assurance services	133	157
Stantons International	30	-

24 Contingencies

(a) Contingent liabilities

The Company had no contingent liabilities at 31 December 2019 or 31 December 2018.

(b) Contingent assets

The Company had no contingent assets at 31 December 2019 or 31 December 2018.

25 Commitments

(a) Capital commitments

The Company had no capital commitments at 31 December 2019 or 31 December 2018.

(b) Other commitments

Commitments for minimum lease payments and other short-term contractual commitments in relation to non-cancellable operating leases include primarily office rent and an agreement for drilling services.

	31 Dec 2019 $'000	31 Dec 2018 $'000
Within one year		
Office rent	-	129
Drilling services	-	956
Later than one year but not later than five years	-	-
Total operating lease commitments	-	1,085

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

26 Related party transactions

(a) Parent entities

The parent entity within the consolidated entity is Freedom Oil and Gas Ltd.

(b) Subsidiaries

Interests in subsidiaries are set out in note 27.

(c) Key management personnel

	Year ended 31 Dec 2019 $	Year ended 31 Dec 2018 $
Short-term employee benefits	**105,435**	1,342,602
Post-employee benefits	**10,016**	13,095
	115,451	1,355,697

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 13.

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

(d) Transactions with related parties

A director, R B Clarke, is a shareholder of Morgans Financial Limited. R B Clarke's shareholding in Morgans Financial Limited is less than 1%. Morgans Financial Limited acted as lead manager and underwriter of the entity's institutional and sophisticated investor placement in September 2018 and December 2017 and was paid fees of $831,899 and 778,838 for these services, respectively. The contract for these services was based on normal commercial terms and conditions.

A director, L A Clarke, is the director of Lee Clarke & Co Pty Ltd. In July 2017 Lee Clarke & Co was paid a fee of $190,200 in connection with provision of the A$5 million debt facility. The contract for these services was based on normal commercial terms and conditions. In December 2017 and in September 2018 Lee Clarke & Co Pty Ltd took a firm allocation of stock from the lead manager of the December 2017 and September 2018 capital raises. The agreement between the lead managers and Lee Clarke & Co Pty Ltd and the fees paid by the lead manager to Lee Clarke & Co Pty Ltd were based on normal commercial terms and conditions.

A J A Crawford is the Director of Box One Corporate Pty Ltd. Box One Corporate Pty Ltd charges Freedom entities for A J A Crawford's services to the Company, a total of $50,016 for 2018. The agreement for these services was based on normal commercial terms and conditions.

	Year Ended 31 Dec 2019 $	Year Ended 31 Dec 2018 $
Amounts recognised directly in equity		
Transaction costs arising on share issue	*	831,899
	*	831,899
Amounts recognised directly in short-term financing		
Transaction costs arising on short-term financing	*	-
	*	-
Amounts recognised as expense		
General and administrative expense	*	2,511
Professional fees	*	50,016
	*	52,527

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

26 Related party transactions (continued)

(d) Transactions with related parties (continued)

Aggregate amounts payable to key management personnel of the Company and other related parties at the end of the reporting period relating to the above types of other transactions:

	Year Ended 31 Dec 2019 $	Year Ended 31 Dec 2018 $
Current liabilities	-	12,587

All other related parties of the Company are wholly owned subsidiaries of the parent. As a result there are no additional transactions to be disclosed as all transactions between subsidiaries and the parent have been eliminated on consolidation.

(e) Outstanding balances arising from sales/purchases of goods and services

All other related parties of the Company are wholly owned subsidiaries of the parent. As a result there are no additional balances outstanding to be disclosed as all balances between subsidiaries and the parent have been eliminated on consolidation.

(f) Loans from related parties

There are no loans from related parties as at 31 December 2018, and no related party interest income or expense.

All subsidiaries are wholly owned subsidiaries of the parent. As a result there are no additional loans to be disclosed as all loans between subsidiaries and the parent have been eliminated on consolidation.

(g) Guarantees

The consolidated entity has not provided any guarantees in respect of any related parties.

(h) Terms and conditions

Terms and conditions in relation to key management personnel transactions are provided in the remuneration report on pages 7 to 13.

All other related parties of the Company are wholly owned subsidiaries of the parent. As a result, there are no additional terms to be disclosed as all transactions between subsidiaries and the parent have been eliminated on consolidation.

27 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity Holding * 31 Dec 2019 %	Equity Holding * 31 Dec 2018 %
Freedom Oil & Gas, Inc.	United States	Ordinary	100	100
Freedom Oil & Gas USA, Inc.	United States	Ordinary	100	100
Freedom Eagle Ford, Inc.	United States	Ordinary	100	100
Freedom Production, Inc.	United States	Ordinary	100	100
Maverick Production Company, Inc.	United States	Ordinary	100	100
Maverick Drilling Company	United States	Ordinary	100	100

* The proportion of ownership interest is equal to the proportion of voting power held.

28 Financial risk management

Freedom's activities expose it to a variety of financial risks: commodity price risk, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Freedom's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by executive directors and management. Freedom does not hedge any risk exposures other than commodity oil prices with derivative financial instruments. Freedom uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Freedom holds the following financial instruments:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Financial assets		
Cash and cash equivalents	**11**	13,570
Trade and other receivables	**87**	1,991
Derivative financial instruments, current	**-**	2,004
Derivative financial instruments, non-current	**-**	1,116
	98	18,681
Financial liabilities		
Trade and other payables	**6,197**	20,277
Borrowings	**39,295**	17,407
	45,492	37,684

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

28 Financial risk management (continued)

(a) Market risk

(i) Commodity price risk

Freedom's revenue is exposed to commodity price fluctuations, in particular oil prices.

The Company's policy, beginning in the fourth quarter of 2018, is to hedge at least 50%, and no more than 80%, of forecasted future production from proved reserves in accordance with the terms of the Company's credit facility (note 17), using forward swap contracts. See note 10 for further details about the hedging program.

The Company's natural gas and natural gas liquids revenue streams are also subject to commodity price fluctuations. Contracts for sale of these commodities reference a natural gas pricing publication. As of 31 December 2018, the Company has not elected to hedge these revenue streams.

Sensitivity
Based on the derivative financial instruments held at 31 December 2019, had the oil benchmark futures prices for West Texas Intermediate been higher or lower by 10%, with all other variables held constant, the impact on profit or loss would be nil, as all derivative contracts are FVOCI. Movements in fair value are not reflected in profit or loss until realised and cash settled. The table below reflects the impact on the values of the derivative assets and related equity reserves of a hypothetical 10% increase/decrease in WTI futures.

31 December 2019 Derivative financial instruments	**Assets $'000**	**Liabilities $'000**	**Accumulated OCI**
West Texas Intermediate Oil			
Increase / Decrease:			
increase 10%	-	-	-

31 December 2018 Derivative financial instruments	**Assets $'000**	**Liabilities $'000**	**Accumulated OCI**
West Texas Intermediate Oil			
Increase / Decrease:			
increase 10%	(947)	-	(947)
decrease 10%	947	-	947

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

(ii) Foreign exchange risk

Freedom operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar / Australian dollar exchange rate.

Foreign exchange risk arises when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency. All operations are carried out in the functional currency which results in minimal exposure to foreign exchange risk.

The risk is measured using sensitivity analysis and cash flow forecasting. As the functional and presentation currency of all entities within the Company is US dollars, the foreign exchange risk relates to assets and liabilities denominated in Australian dollars.

Freedom had no foreign currency hedges at 31 December 2018.

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

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash and cash equivalents	**11**	83
Trade and other payables	**87**	(116)
Short-term financing	**39,295**	-

28 Financial risk management (continued)

Sensitivity
Based on the financial instruments held at 31 December 2019 and 31 December 2018, had the US dollar weakened/ strengthened by 10% against the Australian dollar with all other variables held constant there would have been no material impact on Freedom's pre-tax loss for the year ended 31 December 2019 or the year ended 31 December 2018. Freedom did not have exposure to any other foreign currencies in the years ended 31 December 2019 or 31 December 2018.

(iii) Cash flow and fair value interest rate risk
As at 31 December 2019, Freedom had no borrowings subject to interest rate risk as defined in AASB 7 (31 December 2018: $nil). All borrowings and receivables are fixed rate and are carried at amortised cost.

Freedom does not currently use any derivatives to manage cash flow interest rate risk.

(b) Credit risk

Credit risk is managed on a consolidated basis. Credit risk arises from cash and cash equivalents, credit exposures to customers including outstanding receivables and committed transactions, as well as from other receivables outside the normal course of operations. Credit risk is assessed by executive directors and management based on past experience and other factors.

Details on cash and cash equivalents subject to credit risk is included below:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash at bank and cash equivalents		
National Australia Bank	**11**	16
Wells Fargo	**-**	13,554
Total	**11**	13,570

	31 Dec 2019 $'000	31 Dec 2018 $'000
Trade receivables and accrued income		
Existing customers with no past defaults	*	1,714
Total trade receivables and accrued income	*	1,714
Other items disclosed as part of trade and other receivables		
Other receivables and other financial assets	*	277
Total trade and other receivables	*	1,991

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

All trade receivables as at 31 December 2018 were aged one month and no impairments against them had been recorded through profit and loss. The Company had two customers as at 31 December 2018. One was a Fortune 500 company subsidiary. The other is a regional natural gas pipeline and processing company. The Company has experienced no losses with these customers. Management is comfortable with the credit quality of these customers.

The amount disclosed as "other" totalling $277,000 as at 31 December 2018 primarily relates to realised gains on derivative contracts. Freedom is comfortable with the credit quality of these receivables based on their past dealings with these parties.

28 Financial risk management (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At 31 December 2019 the Company held cash and cash equivalents of $1.537 million (31 December 2018: $13.6 million) that are expected to readily generate cash inflows for managing liquidity risk.

Management monitors the Company's cash and cash equivalents (note 8) on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these.

Financing arrangements
On 11 October 2018 the Company executed new five year, $500 million lending facility agreements with Wells Fargo Bank, N.A. The facility provides Freedom with a further instrument to pursue its development strategy to grow into a multi-asset exploration and production company. As at 31 December 2019 there were no outstanding borrowings against the facility. The borrowing base was $20 million. On 8 January 2019, the Company drew down $20 million. See note 17 for further information.

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

Maturities of financial liabilities
The tables below analyse Freedom's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

28 Financial risk management (continued)

Contractual maturities of financial liabilities:

At 31 December 2019	Less than 6 months $'000	6 - 12 months $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contract-ual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Trade payables and other commitments	7,901	-	-	-	-	7,901	7,901
Borrowings	39,295	-	-	-	-	39,295	39,295
Total	47,196	-	-	-	-	47,196	47,196

At 31 December 2018	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables and other commitments	20,226	27	-	-	-	20,253	20,253
Borrowings	-	-	-	40,000	-	40,000	17,407
Total	20,226	27	-	40,000	-	60,253	37,660

29 Events occurring after the reporting period

From 1 July 2019 through to 23 March 2020 the Company worked closely with its primary lender Wells Fargo and preferred equity holder Ramas Capital Management, however, the oil price environment combined with COVID-19's impact on the global equity markets impacted the Company's opportunities to recapitalise and led to the Directors decision to put the Company into voluntary administration appointing Mr Steven Nicols of Nicols + Brien as Administrator pursuant to Part 5.3A of the Corporations Act 2001 on 21 March 2020.

On 25 June 2020, the Creditors of the Company resolved to place the Company into a Deed of Company Arrangement ("DOCA") with the purpose being to explore the possibility of recapitalizing the ASX listed Company, vie the DOCA and Creditors Trust Mechanism. A copy of the Holding Deed of Company Arrangement was lodged with ASIC on 25 June 2020.

The DOCA proposal contains the following key terms:

The objective of the DOCA is to provide sufficient time for the Deed Administrator to explore the possibility of a restructure and/or recapitalization of the Company in order to sell the ASX listed shell and maximise the likely outcome to Creditors.

During the Term of the Deed, the Deed Administrator will have control of, and will be responsible for the day to day management, control, supervision and administration of the Company's business, property and affairs and the administration and implementation of the DOCA.

On 11 May 2020, the Company entered into Chapter 11 Bankruptcy proceedings in relation to its subsidiary companies in the USA. The proceedings were filed in the Southern District of Texas, Houston Division, and were substantially entered into to finalise steps for sale of the business assets of the US subsidiaries. The sale of the assets was settled on 10 September 2020 for a total sale price of $7,049,335.

On 16 December 2020, the Company announced that in August 2020 Marcus Liew of Crest Advisory Berhad submitted a proposal to restructure and recapitalise the Company. Creditors accepted the proposal and significant steps were taken by Freedom to prepare a Notice of Meeting, prepare and Explanatory Memorandum, obtain an Independent Experts Report and submit an application to FIRB. The shareholders meeting of some 4,618 shareholders was called and set down for Friday 18 December 2020.

However despite this, Marcus Liew informed the Company on 16 December 2020 that he and Crest Advisory Berhad would not proceed with the transaction. Accordingly, the meeting set down for 18 December 2020 was abandoned.

The Administrator is continuing to seek options in order to recapitalise the Company.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected the Company's operations, results, or financial position or may do so in future years.

30 Cash flow information

(a) Reconciliation of profit after income tax to net cash inflow from operating activities

	Year ended 31 Dec 2019 $'000	Year ended 31 Dec 2018 $'000
Loss for the year	**(100,570)**	(922)
Depletion, depreciation and amortisation expense included in cost of sales	**-**	5,368
Depreciation and amortisation expense included in general and administrative expenses	**151**	127
Impairment of oil and gas assets	**86,417**	-
Impairment of other assets	**11,305**	-
Relinquishment of leases	**-**	555
Amortisation of debt costs	**-**	3,647
Share-based compensation	**65**	697
Interest income	**-**	(5)
Net exchange differences	**-**	6
Change in operating assets and liabilities		
(Increase) Decrease in trade debtors and other receivables	**(1,401)**	(268)
(Increase) Decrease in inventory	**3**	(7)
Increase (Decrease) in other assets	**25,171**	(147)
Increase (Decrease) in trade and other payables	**(13,891)**	705
Increase (Decrease) in other liabilities		-
Deferred tax benefit	**39**	(655)
Increase (Decrease) in provisions	**253**	13
Net cash inflow from operating activities	**7,542**	9,114

(b) Reconciliation of net debt

	Assets	**Liabilities**		**Net**
	Cash $'000	**Borrowings due within one year $'000**	**Borrowings due after one year $'000**	**Total $'000**
Net debt as at 1 Jan 2019	*	*	*	*
Cash flows				
Non-cash adjustments:				
Foreign exchange adjustments	*	*	*	*
Non-cash deferred debt costs	*	*	*	*
Debt settled	*	*	*	*
Net debt as at 31 Dec 2019	*	*	*	*

* The Administrator was unable to determine from the accounting records this disclosure as at 31 December 2019. Accordingly, only comparative year information is disclosed.

	Cash	Borrowings due within one year	Borrowings due after one year	Total
Net debt as at 1 Jan 2018	25,971	(3,778)	(6,966)	15,227
Cash flows	(12,457)	3,965	(9,634)	(18,126)
Non-cash adjustments:				
Foreign exchange adjustments	56	(62)	-	(6)
Non-cash deferred debt costs	-	18	2,698	2,716
Amortisation of deferred debt costs	-	(143)	(3,505)	(3,648)
Net debt as at 31 Dec 2018	13,570	-	(17,407)	(3,837)

31 Share-based compensation

The Company issued 2,855,770 shares of ordinary common stock to employees on 14 February 2018 as performance awards. The non-cash compensation expense recognised in the year ended 31 December 2018 was $0.7 million. The stock was valued at $0.24 per share (A$0.31 per share), the closing price on date of issuance, 14 February 2018. All the shares were unrestricted and fully vested upon issuance.

32 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity, Freedom Oil and Gas Ltd, show the following aggregate amounts:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Balance sheet		
Current assets	**99**	106
Total assets		70,491
Current liabilities	**196**	116
Total liabilities	**196**	116
Shareholders' equity		
Issued capital	**177,451**	177,451
Other equity reserves	**11,175**	12,927
Retained earnings	**(188,723)**	(17,538)
	97	70,375
(Loss) for the year	**(171,185)**	(905)
Total comprehensive loss	**(169,973)**	1,543

(b) Guarantees entered into by the parent entity

As at 31 December 2018 the parent entity had guaranteed the borrowings under the credit facility and the mandatorily redeemable preferred stock (redemption price $40 million). The shares and any borrowings under the credit facility are liabilities of Freedom Eagle Ford, as described in note 17.

(c) Contingent liabilities of the parent entity

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

(d) Contractual commitments

The Company has been in voluntary administration since 21 March 2020. The financial statements and records have been reconstructed to the maximum extent possible, however, the Administrator cannot attest to the completeness of these records and disclaims any responsibility for the accuracy of this report.

33 Loss per share

(a) Basic loss per share

	2019 Cents	2018 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(8.85)	(0.1)
From discontinued operations	-	-
Total basic loss per share attributable to the ordinary equity holders of the Company	(8.85)	(0.1)

(b) Diluted loss per share

	2019 Cents	2018 Cents
From continuing operations attributable to the ordinary equity holders of the Company	(8.85)	(0.1)
From discontinued operations	-	-
Total diluted loss per share attributable to the ordinary equity holders of the Company	(8.85)	(0.1)

(c) Reconciliations of loss used in calculating loss per share

	2019 $'000	2018 $'000
Basic loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating basic loss per share:		
From continuing operations	(100,570)	(1,111)
From discontinued operations	-	-
	(100,570)	(1,111)
Diluted loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share:		
From continuing operations	(100,570)	(1,111)
From discontinued operations	-	-
	(100,570)	(1,111)

(d) Weighted average number of shares used as the denominator

	2019 Number of shares	2018 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	1,077,022,552	971,505,509
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	1,077,022,552	971,505,509

The Company has nil outstanding options and 63,259,430 warrants that are not included in the calculation of diluted earnings per share because they are antidilutive for each of the years ended 31 December 2019 and 31 December 2018. The options and warrants are antidilutive by definition when the consolidated income statement reflects a loss for the period.

The options and warrants could potentially dilute basic and/or diluted earnings per share in the future.

The Administrator has had to rely upon the books and records of Freedom Oil and Gas Ltd (Subject to Deed of Company Arrangement) and its subsidiaries, its staff and external service providers in this report and the financial accounts. All due care has been taken in preparing the Report and financial information, however, the Administrator cannot give warranties in relation to the information in this report.

The administrator further notes that the Company's auditor makes clear that they cannot vouch for the correctness or completeness of any of the information used in preparing this report. This report should not be relied on in making decisions about the Company.

Incomplete Records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Company since it entered voluntary administration on 21 March 2020.

To prepare the financial report, the Administrator has reconstructed the financial records of Freedom Oil and Gas Ltd (subject to Deed of Company Arrangement) using data extracted from the Consolidated Entity's accounting systems and the record of receipts and payments during the Administration of the Company and relied on information provide by in-country management of the subsidiaries for the period from the Administrator's appointment.

Although due care has been taken in preparing the financial statements, based on the information available, it is not possible to state that the financial information is complete or accurate. Neither is it possible to state that the financial information was subject to the accounting and internal control processes that are relevant to the preparation and presentation of the financial report.

Subject to the previous paragraph and set out in Note 1 to the Consolidated Financial Statements, in the opinion of the Administrator of Freedom Oil and Gas Ltd (Subject to Deed of Company Arrangement):

(a) Although the Administrator has taken all due care in preparing the Report and the financial statements to the best of his knowledge based on the information given to him, he is of the opinion that it is not possible to state that the Consolidated Financial Statements and Notes of Freedom Oil and Gas Ltd (Subject to Deed of Company Arrangement) for the year ended 31 December 2019 are in accordance with the Corporations Act, including:

(i) giving a true and fair view of the financial position as at 31 December 2019 and the performance for the year ended on that date of the consolidated entity; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) As at the date of this Report, the Administrator does not have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, unless there is a successful implementation of the Deed of Company Arrangement. That is, if the Deed of Company Arrangement is not effectuated, then the Company is not in a position to pay its debts as and when they become due and payable.

This report is made with the resolution of the Administrator of Freedom Oil and Gas Ltd (Subject to Deed of Company Arrangement).

Signed by Steven Nicols in his capacity as Deed Administrator.

Sydney, Australia
26 February 2021

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QUALIFIED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREEDOM OIL AND GAS LIMITED (SUBJECT TO A DEED OF COMPANY ARRANEMENT)

Report on the Audit of the Financial Report

Disclaimer of Opinion

We have audited the financial report of Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement) (or the "Company"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Opinion paragraph noted below, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of Freedom Oil and Gas Limited (subject to a Deed of Company Arrangement) is in accordance with the Corporations Act 2001,

(i) giving a true and fair view of the Company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Disclaimer of Opinion

The company was placed into voluntary administration on 21 March 2020. Consequently, as the former management and former directors of the Company were not present when compiling the financial report, the collation of the financial information relating to the period under review was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.

The financial statements of Freedom Oil and Gas Limited (subject to a Deed of Company Arrangement) for the year ended 31 December 2018 and period ended 30 June 2018, were audited and reviewed by another auditor who expressed an unmodified opinion on those statements on 28 February 2019. We were unable to obtain access to the predecessor's audit and review files to ensure these opening balances were stated fairly.

As stated in Note 1, the deed administrators are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

We have determined that there are no key audit matters to communicate in our report.

Other Information

The Deed Administrators of Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement) are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Deed Administrators for the Financial Report

The Deed Administrators of Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement) are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Deed Administrators are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 11 of the directors' report for the year ended 31 December 2019. The Deed Administrators of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Disclaimer of Opinion on the Remuneration Report

In our opinion, because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether in our opinion the Remuneration Report of Freedom Oil and Gas Limited (Subject to a Deed of Company Arrangement) for the year ended 31 December 2019 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
26 February 2021

The shareholder information set out below was applicable as at 27 March 2020.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding

	Class of equity security		
Holding	Ordinary shares	Options	Warrants
1 - 1,000	426	-	-
1,001 - 5,000	795	-	-
5,001 - 10,000	551	-	-
10,001 - 50,000	1,300	-	-
50,001 - 100,000	508	-	-
100,001 and over	1,035	17	1
	4,615	**17**	**1**

There were 2,775 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary shares	
Name	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,822,164	5.37%
LEXBAND PTY LTD	35,000,001	3.25%
J. MICHAEL YEAGER	28,020,935	2.60%
CITICORP NOMINEES PTY LIMITED	22,199,160	2.06%
MR ANTHONY CAMUGLIA & MRS ROSEMARIE CAMUGLIA	19,339,922	1.80%
MR JOHN LAWRENCE TUCKERMAN	19,165,723	1.78%
OH BOSS PTY LTD	16,900,000	1.57%
MR PETER MURRAY JACKSON	16,000,000	1.49%
S M PROVIDENT PTY LTD	15,597,490	1.44%
MR JOHN CAMUGLIA & MRS NATASHA CAMUGLIA	13,500,000	1.25%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	13,471,836	1.25%
MR JOSEPH CAMUGLIA & MRS KIRSTEN CAMUGLIA	11,315,064	1.05%
KOALA SUPER FUND PTY LIMITED	10,958,598	1.02%
MR BARRY FITZGERALD & MRS HELEN FITZGERALD	10,000,000	0.93%
CLERICUS PTY LTD	8,500,000	0.79%
VIGON PTY LTD	8,482,766	0.79%
GEORGIA HENRICH	8,431,002	0.78%
MR DUNCAN FRASER FORREST & MRS JUDY MARIE FORREST	8,000,000	0.74%
LUCALI PTY LIMITED	7,730,000	0.72%
MR ROBERT DUNN & MR NOEL BRUCE HOSKING	7,559,000	0.70%
TOTAL	337,993,661	31.38%

Shareholder information (continued)

Unquoted equity securities

All of the 63,259,430 warrants for ordinary shares are held by Ramas Energy Capital I, L.P.

Of the 25,000,000 ordinary share options, there are two parties owning 20% or more of the outstanding options:

	Number Held
BRANTAZ PTY LIMITED ACN 003 811 916	5,000,000
J&J PENSIONS PTY LTD ACN 617 346 577 ATF ABLE PENSION FUND	6,000,000

C. Substantial holders

There was one substantial holders in the Company as at 27 March 2020, being HSBC Custody Nominees (Australia) Limited with 5.37% of the issued capital.

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(a) Options

No voting rights.

(b) Warrants
No voting rights.

(c) Redeemable preferred shares in 100% owned subsidiary Freedom Eagle Ford, Inc.
No voting rights. The owner of the redeemable preferred shares, Ramas Energy Capital I, L.P has the right to appoint a non-voting observer to the board of directors of the Company, and has done so.

E. Stock exchanges on which the Company's securities are quoted

The Company's listed equity securities are quoted on the Australian Securities Exchange under the ticker "FDM."

F. Petroleum Exploration Licences

Below is a list of the Company's interest in petroleum exploration licences granted, where the licences are situated, and the percentage held.

	Acreage		
U. S. Leases	Gross	Net	Ownership percentage
Texas (Eagle Ford)	10,103	9,337	100%

G. On-market buy-back

There is currently no on-market buy-back.