

## Freedom Executes Subscription Agreement With Ramas Capital For USD 30 Million

**Houston, Texas - January 27, 2020:** Further to the ASX announcement dated January 21, 2020, Freedom Oil and Gas Ltd (ASX: FDM, US OTC: FDMQF) (“Freedom”) has agreed to terms with Wells Fargo to repay the senior credit facility (USD 18 million outstanding balance) in full by 31 January 2020, for USD 14 million plus accrued interest and fees. To fund the repayment, Freedom and Freedom Eagle Ford, Inc., a wholly-owned subsidiary of Freedom, as guarantor, have entered into a loan note subscription agreement with an affiliate of Ramas Capital Management (“RCM”), pursuant to which RCM will subscribe for loan notes with a face value of USD 30 million. The loan note subscription will be settled in two tranches, with the first tranche settlement occurring on 30 January, 2020 for USD 14 Million and the second settlement of USD 16 Million on 14 February, 2020. Proceeds from the first tranche will be used by Freedom to retire the Wells Fargo senior facility in full. Proceeds from the second tranche will be used to reduce current outstanding accounts payable balances and for general working capital. The subscription agreement is subject to the receipt of necessary consents from Wells Fargo, which Freedom expects to be forthcoming this week.

The terms of the loan notes are summarised below:

- Interest on the loan notes will accrue at 12% per annum, effective 31 March 2020.
- Freedom must redeem the face value and any accrued interest, if any, on the loan notes:
  - with the proceeds of any equity capital raising;
  - after an event of default, at the request of a majority of the noteholders.
- If Freedom does not complete an equity raising to redeem the notes by 31 March 2020, the notes are due within 45 days and the payment necessary to redeem the notes will be 1.25 times the face value and accrued interest. If Freedom is prohibited by law or contractual obligation from redeeming the notes by 31 March 2020, then Freedom must redeem the notes as soon as legally permitted, but in any event no later than 31 December 2021, at 3.5 times the face value and accrued interest.
- The loan notes are not convertible on issue, however, the holder may require that Freedom seek shareholder approval for conversion of the notes.
- If conversion of the notes is approved by shareholders, the holder may convert the face value of the notes together with any accrued interest to fully paid ordinary shares:
  - at 0.5 cents (AUD 0.005) per share;
  - absent any material breach by Freedom, and subject to receipt of all necessary shareholder approvals, after 31 March 2020;
  - immediately after a change of control of Freedom.

RCM has agreed to provide the loan note funding given the near-term need for capital to repay Wells Fargo and other creditors. Freedom intends to raise capital to repay the loan notes prior to 31 March 2020. In particular, Freedom proposes to undertake an 8 for 1 rights issue at 0.5 cents (AUD 0.005) per share. The rights issue will be partially underwritten (up to USD 30 million) by RCM. Funds raised from that offer will be applied to redeem the loan notes. Freedom is well advanced in negotiations with RCM



in respect of a formal underwriting commitment in respect of the offer. More details on the rights offer, including a disclosure document, will be provided to the market by mid-February 2020 with a view that the rights issue would complete by 31 March 2020.

This ASX announcement has been approved and authorised for release by J. Russell Porter (President & Chief Executive Officer).

## **CONTACT**

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**About Freedom Oil and Gas Ltd ACN 128 429 158 (ASX: FDM, US OTC: FDMQF)**

Freedom Oil and Gas Ltd is a development stage independent oil and gas company. Freedom has commenced the drilling of its acreage in the liquids rich area of the Eagle Ford Shale in South Texas, in the United States. For more information, visit [www.freedomog.com](http://www.freedomog.com).