ABN 48 128 429 158
P +61 24925 3659
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Suite2, 24 Bolton Street, Newcastle NSW 2300

Company Announcements
Australian Stock Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

24 February 2017

Annual report for the year ended 31 December 2016

Please find attached the following documents relating to Freedom Oil and Gas Ltd's results for the year ended 31 December 2016:

1. ASX Appendix 4E
2. Annual Report

Commentary from the Chief Executive Officer

As 2016 comes to a close, the worldwide oil and gas industry is just beginning to come out of a very difficult two year period. This low oil and gas price environment has severely damaged almost every company and has resulted in the bankruptcy of many. In my 35 years in the industry this was the longest period of low prices I have experienced with oil prices declining from $120.00 per barrel to below $30.00 per barrel, and overall staying very low for a long period of time. The results of this severe downturn were an immediate and prolonged halt in investment and a drying up of almost all acquisition opportunities due to the uncertainty of a price recovery. Survival became the goal of many. Freedom Oil and Gas was no different than any other company in having to deal with this difficult environment, but I am proud to share with you the major accomplishments during this difficult year that we are very proud of.

Despite record low oil prices, we were able to manage our Blue Ridge field in a cash positive position. This meant being smart about the amount of spending we could afford, and taking the very difficult actions necessary to lower costs but maintain our production and revenue. The result of these actions at Blue Ridge was that we were able to keep the production strong, and ultimately sold the field in two transactions totalling $9.1 million. This was a very difficult accomplishment in this business environment where we had a very limited number of buyers due to the lack of capital available for purchases. But we were able to get it done, and to do so within our expected value range.

The actions necessary for us to preserve our cash for our most valuable activities went well beyond tightly managing our Blue Ridge expenses. Additionally we reduced overall headcount, froze all employee salaries, issued no bonuses, offered no new benefits and reduced both the salary of the CEO and the fees of the Board of Directors. Everyone within Freedom was very aware of the business environment and the fact that our shareholders were not benefitting from any increase in our share price during this severe downturn. Therefore everyone contributed to the successful year by supporting these difficult actions but remaining committed to the long term future of the Company. We are very grateful for their mature view of what was necessary.

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All of these actions allowed us to have our maximum financial capability available to grow the Company. With there being very few commercial opportunities to add new assets, we nonetheless successfully continued our strategy of acquiring undrilled Eagle Ford acreage that offsets proven production. At year end we totalled approximately 8,000 net acres in the highly desired volatile oil and condensate window of the Eagle Ford trend, and also in the thickest part of the entire Eagle Ford reservoir at approximately 400 feet thick. Our cost to acquire the acreage averaged approximately $1,000 per acre, and recent large commercial transactions immediately adjacent to us have resulted in purchases for acreage far in excess of this amount. Also, our acreage being so close to proven production has allowed us to record 6.4 million barrels of oil equivalent into our end of year Proved Reserves assessment as determined by our independent reserves evaluator, Netherland, Sewell & Associates, Inc.

With the sale of Blue Ridge under contract and our Eagle Ford acreage position increasing, we went to our shareholders in November 2016 and raised A$15 million (US$11 million). We are using these funds, and the proceeds from the sale of Blue Ridge, to secure the remainder of the Eagle Ford acreage and more importantly to fund the drilling of two wells in early 2017. We are now in full execution mode to drill having signed a drilling rig contract, and expect to commence drilling in April 2017. Also, as a part of the new direction of the Company, we asked our shareholders to rename the Company. We are very pleased to now be known as Freedom Oil and Gas as we begin this new phase in our Company's life.

Lastly, we have taken all of the necessary measures in our financial accounts to completely close out all of the obligations from our prior Blue Ridge field ownership, disposed of the Company-owned drilling equipment and removed all other assets associated with our previous operating activities. Most of these accounting actions were taken at midyear, but the remainder was removed from our books in the end of year accounts. Our balance sheet now reflects only our new Eagle Ford acreage and our cash on hand, so we have a very simple financial position going into the drilling of our first two Eagle Ford wells.

So despite the very difficult year, we were able to accomplish all of our major goals. As oil prices are gradually improving and as we commence our drilling, we are very excited about the possibilities ahead of us. We have much to do, and we must execute with precision on our drilling, but we are excited about our future. We will keep you fully informed and we thank you for your support.

Sincerely,

J. Michael Yeager

J. Michael Yeager
Executive Chairman and Chief Executive Officer
Freedom Oil and Gas Ltd

Appendix 4E

Preliminary final report

Period ending 31 December 2016

Name of entity	Freedom Oil and Gas Ltd
ABN	48 128 429 158
Financial year ended	Year ended 31 December 2016
Previous corresponding reporting period	Year ended 31 December 2015

Results for announcement to the market

	For the year ended 31 December 2016 US$'000	Movement over previous corresponding period US$'000	Percentage increase (decrease) over previous corresponding period
Revenue from ordinary activities	0	0	0%
(Loss) from ordinary activities after tax attributable to members	(46,175)	(6,951)	(18%)
Net (loss) for the period attributable to members	(46,175)	(6,951)	(18%)

Dividends

No dividends were paid or proposed to members during the year ended 31 December 2016.

Brief explanation of results

The company discontinued its operations in the Blue Ridge field, and disposed of all its oil and gas assets in the field, as well as related drilling equipment, effective 1 November 2016. The revenues and expenses of this line of business are included in Loss from discontinued operations in the Consolidated income statement in both years 2016 and 2015. Results from 2015 have been restated to conform to the new presentation for these discontinued operations.

The Company reported consolidated revenue from operations for the year ended 31 December 2016 of $0 (2015: $0). All revenues during the two years were from Blue Ridge field and are included in Loss from discontinued operations.

The company reported a consolidated net loss before income tax for the year ended 31 December 2016 of $46,175,000 (2015: net loss of $39,224,000). The loss included $9,433,000 in loss from continuing operations (2015: loss of $11,960,000), primarily due to the expenses of continuing operations and overhead associated with Company headquarters with no revenue supporting. The loss from discontinued operations for the year ended 31 December 2016 was $36,742,000 (2015: loss of $27,264,000). Such losses included non-cash expenses as follows: depreciation and amortisation expense of $544,000 (2015: $2,141,000), depletion and amortisation expense of $3,036,000 (2015: $6,691,000), and impairment of $33,055,000 (2015: $22,431,000). The Impairment of oil and gas properties of $29,449,000 for 2016 (2015: $14,646,000) related to the Blue Ridge field and was driven primarily by management's decision to sell the property in 2016. Market realizations in 2016 reflected only the value of proved developed reserves, rather than proved developed and undeveloped reserves. The Blue Ridge Field had significant proved undeveloped reserves that the Company had previously expected to recover over the life of the asset. Impairment of property, plant and equipment and assets held for sale in 2016 was $3,606,000 (2015: $7,785,000). These drilling related equipment assets were written down to their estimated market value less costs to sell when management determined a sale was likely in 2016. The 2016 loss on the sale of discontinued operations, which includes disposal of all Blue Ridge field oil and gas properties and related drilling equipment, was $1,094,000 (2015: $0). Losses from discontinued operations also include lease operating expense of $2,470,000, (2015: $5,437,000). The decline represents the shortened period of ownership in 2016, as well as other savings that were realized through cost reduction efforts in 2016.

Refer to the directors' report, operating and financial review, financial statements and supporting notes in the attached Annual Report for the year ended 31 December 2016 for additional detail.

Statements

The following statements and supporting notes are included in the attached Annual Report for the year ended 31 December 2016:

Income statement
Statement of comprehensive income
Balance sheet
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 backing per ordinary security (undiluted)	3 cents	11 cents

Control gained or lost during the period

There were no transactions entered into by the company during the year ended 31 December 2016 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 2016*	Equity holding 31 Dec 2015*
Freedom Oil & Gas, Inc. (formerly Maverick Drilling & Exploration USA, 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%
Maverick Drilling Company	United States	Ordinary	100%	100%
Maverick Production Company, Inc.	United States	Ordinary	100%	100%
Freedom Production, Inc. (formerly Maverick Holdings, Inc.)	United States	Ordinary	100%	100%

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

** Companies incorporated in 2015 but not active until 2016.

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 directors' report, operating and financial review, financial statements and supporting notes in the attached Annual Report for the year ended 31 December 2016 for additional detail.

Report based on audited accounts

This report has been based on the attached accounts which have been audited.

Freedom Oil and Gas Ltd

ABN 48 128 429 158

Annual report
for the year ended 31 December 2016

Freedom Oil and Gas Ltd ABN 48 128 429 158
Annual report – 31 December 2016

Contents

Corporate directory

Directors	J M Yeager BSc, MSc *Executive Chairman and Chief Executive Officer* R B Clarke BCom, CA *Vice Chairman – Non-executive director* N H Smith BSc *Non-executive director* L A Clarke CFP *Non-executive director* J C Camuglia BBus *Non-executive director*
Principal registered office in Australia	Suite 2 24 Bolton Street Newcastle NSW 2300 Telephone +61 2 4925 3659 Contact: Andrew Crawford
Principal office in the United States	5151 San Felipe, Suite 800 Houston, Texas 77056 Telephone +1 281.416.8575 Contact: Howard Selzer
Share register	Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000 Telephone +61 2 8280 7111
Auditor	PricewaterhouseCoopers 45 Watt Street Newcastle, NSW 2300
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**.
Website address	www.freedomog.com

Executive Chairman and Chief Executive Officer Letter

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Sincerely,

J Michael Yeager

J. Michael Yeager
Executive Chairman and Chief Executive Officer
Freedom Oil and Gas Ltd

DIRECTORS' REPORT

The directors of Freedom Oil and Gas Ltd (formerly Maverick Drilling & Exploration Limited.) present their 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 2016.

DIRECTORS

The following persons were directors of Freedom Oil and Gas Ltd during the whole of the financial year and up to the date of this report:

J M Yeager
R B Clarke
N H Smith
L A Clarke
J C Camuglia

PRINCIPAL ACTIVITIES

During the year, the principal continuing activities of Freedom consisted of:

(a) Operation of oil and gas leases on the Blue Ridge Dome in south Texas until sale of these properties effective 1 November 2016 ;
(b) Disposal of all legacy assets of the Blue Ridge field and related drilling equipment for approximately $9.1 million;
(c) Increase in acres under lease in our Eagle Ford shale play, from 1,200 acres to 8,000 acres, an increase of 6,800 acres; the Company holds a 100% working interest in all of these leases;
(d) The identification and internal development of new oil drilling targets on currently held acreage.

PRESENTATION CURRENCY

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

DIVIDENDS – FREEDOM OIL AND GAS LTD

No dividends were paid to members during the year ended 31 December 2016 or the year ended 31 December 2015.

REVIEW OF OPERATIONS

The Company is currently focused on executing its strategy of developing the Eagle Ford acreage acquired in 2015-2016. Further information on developments and the results of 2016 are included in the Operational and Financial Review section on pages 20 to 23 of this Annual Report.

OPERATING RESULT

Freedom experienced a net loss after income taxes of $46,175,000 for the year ended 31 December 2016 (year ended 31 December 2015: net loss after income taxes of $39,224,000). Non-cash expenses for the year ended 31 December 2016 were $37,289,000 (year ended 31 December 2015: $31,871,000). Non-cash expenses include depletion expense, depreciation and amortization expense, impairment, and share-based compensation.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the year ended 31 December 2016 are detailed below.

Eagle Ford shale play

During the year ended 31 December 2016 Freedom increased its undeveloped acreage in an area of South Texas in the Eagle Ford shale trend, immediately offsetting an area of proved producing properties, from approximately 1,200 acres to approximately 8,000 acres, an increase of 6,800 acres. Freedom owns a 100% working interest in these new leases. Freedom increased proved undeveloped and probable reserves by 4.6 million barrels of oil (from 1.1 million BBL to 5.7 million BBL), 2.1 million barrels of natural gas liquids (from 0.7 million BBL to 2.8 million BBL), and 13.4 billion cubic feet of natural gas (from 3.7 BCF to 17.1 BCF).

The Company acquired seismic and core data and began the process of identifying and preparing drill sites for a drilling program expected to begin with two wells in the first half of 2017.

Discontinued operations

In the second half of 2016, the Company exited its legacy business of owning and operating oil and gas properties in the Blue Ridge field, together with drilling and related equipment used in recent years to enhance and maintain production in this field. Total cash proceeds were approximately $9.1 million. In anticipation of this divestiture, the Company recognized approximately $33 million in non-cash impairment expenses in the first half of the year, to write down these assets and related inventories to market values. Freedom also recorded a non-cash loss on the sale of these assets of $1,094,000 in the second half of 2016. All of these expenses and all oil revenues from Blue Ridge, which the Company operated through 31 October 2016, are included in Loss from discontinued operations in the Consolidated income statement in the financial statements herein.

Institutional and sophisticated investor placement-September-November 2016

The Company issued 250,000,000 fully paid ordinary shares in the second half of 2016 with an institutional and sophisticated investor placement that raised $11,572,000 (A$15,000,000) and netted $10,845,000 after related costs. This capital was raised principally to fund additional investment in the Eagle Ford property, including further acquisition of leasehold and drilling of initial wells.

Name change

The Company changed its name from Maverick Drilling & Exploration Limited to Freedom Oil and Gas Ltd. The name change and rebranding were made in conjunction with exiting the operations in the Blue Ridge field, including all internally focused drilling equipment operations, and initiating exploration and development of an entirely new area in the Eagle Ford shale play in South Texas.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the Company, the results of the operations of the Company, or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information on the strategy, prospects and risks of the Company is included in the operating and financial review on pages 20 to 23 of this annual report.

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 board 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.

INFORMATION ON DIRECTORS

J Michael Yeager BSc, MSc. *Chief Executive Officer and Executive Chairman. Age 63. Appointed October 2013.*

Experience and expertise
Mr. Yeager joined Freedom as the Chief Executive Officer and Executive Chairman. He has had a long career in the oil and gas business, including 26 years with ExxonMobil, where he held various global executive roles, and more than seven years as the Chief Executive of BHP Billiton Petroleum.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Executive Chairman.
Chief Executive Officer.

Interests in shares and options
28,920,935 ordinary shares in Freedom Oil and Gas Ltd.

Roger Brian Clarke BCom, CA. *Vice Chairman – Independent non-executive director. Age 68. Appointed December 2007.*

Experience and expertise
Mr. Clarke is the Vice Chairman of the board and has over 30 years' commercial experience in the investment banking industry, with responsibilities in fund management, banking and corporate finance. He is also the chairman of the advisory board of Morgans Financial Limited, and has been involved in a significant number of initial public offerings, capital raisings and corporate transactions. His understanding of the Australian corporate finance sector brings a level of expertise that has proved pivotal in establishing the strategic investment focus of Freedom. Mr. Clarke holds a Bachelor of Commerce degree and is a Chartered Accountant.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
Non-executive Chairman of Tissue Therapies Limited (Director February 2004 to May 2015).
Non-executive Chairman of NextDC Limited (Director June 2010 to April 2014).

Special responsibilities
Vice Chairman.
Chairman of audit and risk management committee.

Interests in shares and options
14,166,666 ordinary shares in Freedom Oil and Gas Ltd.

Nigel H. Smith BSc. Independent non-executive director. *Age 60. Appointed March 2015.*
Experience and expertise
Mr Smith is an international oil and gas industry executive with over 30 years of experience with BHP Billiton, BP, Atlantic Richfield Corporation (ARCO) and Shell International. Mr Smith held executive and senior management positions in engineering, project management, production and drilling operations, and planning and acquisitions. He has worked in Europe, USA, Asia, Africa and the Caribbean. Mr Smith graduated with a BSc in engineering from Nottingham University in UK.

Mr Smith was elected to the board 2 March 2015.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Member of audit and risk management committee commencing 14 January 2016.

Interests in shares and options
5,000,000 ordinary shares in Freedom Oil and Gas Ltd.

Lee Anthony Clarke CFP. *Independent non-executive director. Age 47. Appointed October 2009.*
Experience and expertise
Mr. Clarke is the principal and director of a private financial advisory and wealth management firm. He has over 25 years' of experience in the industry, working with private family groups, business owners and listed corporates. More recently he has focussed on business transactions and providing advice to business around succession and growth.

Mr Clarke also has direct experience with capital raisings and initial public offerings and brings a deep knowledge of the Australian securities market as well as an extensive investor network. He holds a Diploma of Financial Planning from Deakin University, Melbourne and is a Certified Financial Planner.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Member of audit and risk management committee.

Interests in shares and options
25,440,000 ordinary shares in Freedom Oil and Gas Ltd.

Joseph Charles Camuglia BBus. *Independent non-executive director. Age 53. Appointed April 2012.*
Experience and expertise
Mr. Camuglia has had over 25 years' experience as a Chartered Accountant and Certified Financial Planner. He started his career with Price Waterhouse as an accountant and in 1990 he established his own wealth management business. Mr Camuglia holds a Bachelor of Business from Queensland University of Technology Brisbane and a Diploma of Financial Planning from Deakin University Melbourne.

Other current directorships of listed entities
None.

Former directorships of listed entities in last 3 years
None.

Special responsibilities
Member of audit and risk management committee.

Interests in shares and options
23,700,000 ordinary shares in Freedom Oil and Gas Ltd.

COMPANY SECRETARY
The Company secretary is Andrew James Crawford. Mr. Crawford has over 16 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 2016 and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of non-executive directors		Meetings of audit risk management committee	
	A	B	A	B	A	B
J M Yeager	19	19	*	*	**	**
R B Clarke	18	19	-	-	4	4
N H Smith	17	19	-	-	3	4
L A Clarke	19	19	-	-	4	4
J C Camuglia	18	19	-	-	4	4

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.
* = Not a non-executive director
** = Not a member of the relevant committee.

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

With the collapse in oil prices in the fourth quarter of 2014, the Company has taken significant measures to preserve cash. Also, as shareholders have had no growth in the Company's share price during that time, the Board and management have not had any growth in remuneration, nor any awards for incentive compensation. In fact, the board and the Chief Executive Officer have reduced their remuneration to reflect market conditions.

So, in order to maximise cash and maintain alignment with shareholders, the following actions have been taken:

- The CEO recommended and the board approved a 56% reduction in the CEO's remuneration.
- The non-executive directors reduced their annual fees by 25% at the same time.
- Other executives' salaries were frozen for all of 2016.
- Total headcount on 1 January 2016 of 57 was reduced to 11 by 31 December 2016.
- No additional benefits were made available to the CEO or other executives in 2016.

As the new strategy for our Eagle Ford development matures, and the health of the Company's balance sheet becomes stronger, management plans to bring to the Board and shareholders a new executive compensation program for consideration.

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.

Until 31 March 2016, non-executive director base fees were A$90,000 per annum, except for N H Smith. Mr. Smith received US$100,000 annually. Non-executive directors do not receive incentive based remuneration. There are no provisions for any retirement benefits other than statutory requirements.

The board approved a reduction in fees for non-executive directors effective 1 April 2016 from A$90,000 to A$67,500 per annum. Mr. Smith's annual fee was reduced from US$100,000 to US$75,000 per annum on 1 April 2016.

Executive director

J M Yeager's fees as the Company's Executive Director and Chief Executive Officer for the year ended 31 December 2016 were set by contract as an annual base salary of $1,300,000 and additional compensation of $500,000 per annum in lieu of formal retirement benefits. Mr Yeager's total remuneration was reduced from $1,800,000 to $800,000 per annum, effective 1 May 2016.

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. A copy of the Company's Corporate Governance Charter is available on the Company's website at www.freedomog.com.

Details of remuneration

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

The key management personnel of Freedom during the years ended 31 December 2016 and 31 December 2015 the directors of Freedom Oil and Gas Ltd (see pages 5 to 6 above) and H K Selzer, Chief Financial Officer.

Year ended 31 December 2016	Short-term employee benefits			Post-employment benefits	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Total
	$	$	$	$	$
Non-executive directors					
R B Clarke	49,667	-	-	4,718	54,385
N H Smith	83,333	-	-	-	83,333
L A Clarke	49,667	-	-	4,718	54,385
J C Camuglia	49,667	-	-	4,718	54,385
Sub-total non-executive directors	**232,334**	**-**	**-**	**14,154**	**246,488**
Executive directors					
J M Yeager	1,133,333	-	157	-	1,133,490
Other key management personnel					
H K Selzer	365,000	-	5,173	-	370,173
Total key management personnel compensation	**1,730,667**	**-**	**5,331**	**14,154**	**1,750,152**

Year ended 31 December 2015	Short-term employee benefits			Post-employment benefits	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Total
	$	$	$	$	$
Non-executive directors					
R B Clarke	61,333	-	-	5,827	67,160
N H Smith *	83,333	-	-	-	83,333
L A Clarke	61,333	-	-	5,827	67,160
J C Camuglia	61,333	-	-	5,827	67,160
Sub-total non-executive directors	**267,332**	**-**	**-**	**17,481**	**284,813**
Executive directors					
J M Yeager	1,827,692	-	106	-	1,827,798
Other key management personnel					
H K Selzer	370,616	234,600	3,921	-	609,137
Total key management personnel compensation	**2,465,640**	**234,600**	**4,027**	**17,481**	**2,721,748**

*Mr Smith joined the board effective 2 March 2015.

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

Name	Fixed Remuneration		At risk - STI		At risk - LTI	
	Year ended 31 Dec 2016	Year ended 31 Dec 2015	Year ended 31 Dec 2016	Year ended 31 Dec 2015	Year ended 31 Dec 2016	Year ended 31 Dec 2105
Non-executive directors of Freedom Oil and Gas Ltd						
R B Clarke	**100%**	100%	**NA**	NA	**NA**	NA
N H Smith	**100%**	100%	**NA**	NA	**NA**	NA
L A Clarke	**100%**	100%	**NA**	NA	**NA**	NA
J C Camuglia	**100%**	100%	**NA**	NA	**NA**	NA
Executive directors of Freedom Oil and Gas Ltd						
Executive directors						
J M Yeager	**100%**	100%	**NA**	NA	**NA**	NA
Other key management personnel of the Company						
H K Selzer	**100%**	61%	**NA**	39%	**NA**	NA

	FY 31 Dec 2016	FY 31 Dec 2015	6 Months 31 Dec 2014	FY 30 Jun 2014	FY 30 Jun 2013
Revenue from continuing operations	-	$10.6 million	$12.7 million	$43.8 million	$27.5 million
(Loss)/Profit before income tax	($46.1 million)	($39.2 million)	($21.1 million)	($29.6 million)	$7.2 million
(Loss)/Profit after tax	($46.1 million)	($39.2 million)	($18.7 million)	($20.1 million)	$3.8 million
(Loss)/Earnings per share	(7.8) cents	(7.2) cents	(3.5) cents	(4.2) cents	0.8 cents
Share price 1 July	A$0.055	A$0.105	A$0.225	A$0.360	A$1.215
Share price period end	A$0.084	A$0.066	A$0.160	A$0.225	A$0.360

Service agreements, share-based sign on awards

J M Yeager's agreement of employment runs until 15 October 2016 and is renewed annually after that date. The contract provides an initial base salary of $1,300,000 per annum and additional compensation of $500,000 per annum in lieu of formal retirement benefits. As noted, Mr Yeager has accepted a reduction in total annual remuneration from $1,800,000 to $800,000 effective 1 May 2016.

H K Selzer's employment terms included an initial base salary of $365,000 per annum. In addition, H K Selzer's initial terms of employment included an award of 500,000 share rights in Maverick Drilling & Exploration Limited (the former name of the Company) as a sign on bonus. The 500,000 share rights vested and were converted into 500,000 ordinary shares on 5 January 2015.

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 2016 Name	Balance at the start of the period	Net acquisitions and disposals during the period	Vested rights	Other changes during the period	Balance at the end of the period
Ordinary shares					
J M Yeager	25,000,000	3,920,935	-	-	28,920,935
R B Clarke	6,000,000	8,166,666	-	-	14,166,666
N H Smith	-	5,000,000	-	-	5,000,000
L A Clarke	20,514,357	4,925,643	-	-	25,440,000
J C Camuglia	13,484,936	10,215,064	-	-	23,700,000
H K Selzer	500,000	500,000	-	-	1,000,000

Rights

The numbers of rights to deferred shares granted under the Sign on Performance Rights Plan that were held during the financial year by each director of Maverick Drilling & Exploration Limited and other key management personnel of Maverick, including their personally related parties, are set out below.

2015	Balance at the start of the period	Granted as compen-sation	Vested and exercised	Other changes	Balance at end of period	Vested and exercisable	Unvested
H K Selzer	500,000	-	(500,000)	-	-	-	-

Related Party Transactions

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 of the entity's institutional and sophisticated investor placement in September 2016. 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. Lee Clarke & Co Pty Ltd took a firm allocation of stock from the lead manager of the September 2016 capital raise. The agreement between the lead manager and Lee Clarke & Co Pty Ltd and the fees paid were based on normal commercial terms and conditions.

	Year Ended 31 Dec 2016 $	Year Ended 31 Dec 2015 $
Amounts recognised directly in equity	**638,833**	-
Transaction costs arising on share issue	**638,833**	-

End of remuneration report

SHARES UNDER OPTION
All options granted under any employee incentive plan were forfeited or cancelled as of 31 December 2015. None were held by key members of management during the years ended 31 December 2016 nor 31 December 2015. During the year ended 31 December 2015, 125,000 employee options became vested and 550,000 employee options outstanding were either forfeited or cancelled. The Senior Executive Option Plan was terminated in 2015.

SHARES UNDER EXECUTIVE RIGHTS AND PERFORMANCE RIGHTS
There were no unissued ordinary shares of Freedom Oil and Gas Ltd under executive rights or performance rights at the date of this report.

On 5 January 2015, the 500,000 executive rights held by H K Selzer were converted into ordinary shares.

Executive rights granted to key management personnel are disclosed on page 11 above. No executive rights or performance rights were granted to the directors in the years ended 31 December 2016 and 31 December 2016. All executive rights and performance rights issued to the five highest remunerated officers of the Company are disclosed in this remuneration report.

No executive rights or performance rights have been granted to directors or any of the five highest remunerated officers of the Company since 31 December 2016.

SHARES ISSUED ON THE EXERCISE OF OPTIONS OR IN CONNECTION WITH PERFORMANCE RIGHTS
There were no unissued ordinary shares of Freedom Oil and Gas Ltd under executive rights, performance rights, or options at the date of this report.

During the year ended 31 December 2015, 500,000 ordinary shares of Maverick Drilling & Exploration Limited (the former name of the Company) were issued as a result of the exercising of the performance rights granted 9 September 2014. The fair value of these rights on grant date was A$0.25 per right. The share price on issue date was A$0.15. No amounts are unpaid on any of the shares.

LOANS TO DIRECTORS AND EXECUTIVES
There are no loans to directors or executives as at 31 December 2016 or 31 December 2015.

INSURANCE OF OFFICERS
During the year ended 31 December 2016 the Company paid premiums of A$85,121 to insure the directors and officers of the Company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in Freedom, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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

NON-AUDIT SERVICES
Freedom 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 2016, 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. During the year ended 31 December 2015, $7,675 was paid or payable for non-audit services provided by the auditor of the parent entity or its related practices. Other services included consultation regarding US GAAP reporting requirements.

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 14.

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
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

This report is made in accordance with a resolution of directors.

J M Yeager
Chief Executive Officer and Executive Chairman

Houston, Texas
24 February 2017

Auditor's Independence Declaration

As lead auditor for the audit of Freedom Oil and Gas Ltd for the year ended 31 December 2016, I declare that to the best of my knowledge and belief, the only contraventions of

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

(b) any applicable code of professional conduct in relation to the audit;

are as set out below.

The previous lead audit engagement partner, while being ineligible to do so, played a significant role in the audit of Freedom Oil and Gas Ltd for the half-year ended 30 June 2016. This is a contravention of auditor rotation requirements and once these circumstances were identified the lead audit engagement partner ceased his involvement in the audit. I do not believe this matter has impacted the objectivity or impartiality of myself or PricewaterhouseCoopers in relation to the audit.

This matter was identified as part of our on-going quality control system. All reasonable steps were undertaken to ensure that this matter was resolved as soon as possible. I report that this matter has been resolved, and in doing so do not believe that this matter has impacted my objectivity and impartiality for the purpose of this audit.

This declaration is in respect of Freedom Oil and Gas Ltd and the entities it controlled during the period.

C. Mara

Caroline Mara
Partner
PricewaterhouseCoopers

Newcastle
24 February 2017

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CORPORATE GOVERNANCE STATEMENT

The 2017 corporate governance statement is dated as at 31 December 2016 and reflects the corporate governance practices in place throughout the year ended 31 December 2016. 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 and can be inspected on its website at www.freedomog.com.

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. Its current members are:

(a) Roger Brian Clarke;

(b) Lee Anthony Clarke;

(c) Joseph Charles Camuglia, and

(d) Nigel Henry Smith (appointed 14 January 2016).

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 8 to 11.

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 2016, the Company employed four women, which equates to approximately 36% of the Company's employed workforce. One woman is a senior executive; there are no women on the board. At 31 December 2015 six women were employed, one in a senior executive position and there were no women on the board.

The Company does not fully comply with guideline 1.6, which recommends periodic review of non-executive directors' performance, due to having undergone considerable change during the past 24 months.

Principle 2: Structure the board to add value

The Company has a five member board comprising four non-executive directors and one executive director. 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 7. 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.

Recommendations 2.4 and 2.5 of the Guidelines say that the majority of the board should be independent directors and that the Company's chairman should be independent. Recommendation 2.1 recommends that the board should establish a nomination committee. Recommendation 2.2 recommends that the board should disclose a skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

R B Clarke, L A Clarke, J C Camuglia, and N H Smith are the independent, non-executive directors on the board. Accordingly, the board complies with recommendation 2.4 as a majority of the board are independent.

At 31 December 2016 R B Clarke had a relevant interest in 1.78% of the issued capital of the Company. Notwithstanding that interest, the board considers that R B Clarke remains independent. The board will regularly assess each Director's independence.

At 31 December 2016 L A Clarke had a relevant interest in 3.2% of the issued capital of the Company through his holding of ordinary shares. Notwithstanding that interest, the board considers that L A Clarke remains independent. The board will regularly assess each Director's independence.

At 31 December 2016 J C Camuglia had a relevant interest in 2.98% of the issued capital of the Company. Notwithstanding that interest, the board considers that J C Camuglia remains independent. The board will regularly assess each Director's independence.

At 31 December 2016 N H Smith had a relevant interest in 0.63% of the issued capital of the Company. Notwithstanding that interest, the board considers that N H Smith remains independent. The board will regularly assess each Director's independence.

J M Yeager the Executive Chairman, is not independent and accordingly, the board will not comply with recommendation 2.2. In situations where it would be inappropriate for J M Yeager to act as Chairman of the board, R B Clarke will act as Chairman. The board will determine when such situations arise.

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.

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 and its current members are R B Clarke, L A Clarke, J C Camuglia and N H Smith, who was added to the committee as of 14 January 2016. As all members are independent and there is an independent chair, the Audit and Risk Management Committee complies with recommendation 4.2 of the Guidelines. The CEO and CFO have provided declarations recommended under principle 4. The Company's external auditor attended its May 2016 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 (PricewaterhouseCoopers) 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.

The board have received a declaration from the Executive Chairman and CFO in accordance with section 295A Corporations Act 2001 (Cth) and have received assurance from the Executive Chairman and CFO that the declaration is founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to the financial reporting risks.

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 Freedom's strategic change and the consequences of Freedom's performance on shareholder wealth.

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

OPERATING AND FINANCIAL REVIEW

The directors present their 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 2016.

During the second half of 2016, the board of directors of Freedom Oil and Gas Ltd elected to change the Company name from Maverick Drilling & Exploration Limited to Freedom Oil and Gas Ltd. The change reflects the completion of the strategic change in focus from drilling to exploration and development of oil and gas properties.

The consolidated financial statements comprise the financial statements of Freedom Oil and Gas Ltd and its subsidiaries as at 31 December 2016 and for the fiscal year then ended. The comparative period is for the year ended 31 December 2015.

During the second half of 2016, the Company sold all of its producing oil and gas properties and all of its drilling and related equipment. These sales represent an exit from the Blue Ridge field. All revenues and expenses from these activities, including any income tax effect, are reported as a net loss from discontinued operations in the accompanying financial statements, for both 2016 and 2015. Previously reported revenues and expenses from 2015 and from the first half of 2016 were reclassified to "Loss from discontinued operations." The Company also revised its classification of expenses from categorization based on the nature of the expense to categorization based on the function of the expense. Functional classification brings our financial reporting in alignment with other companies in the oil and gas exploration and production industry in the United States.

Loss from continuing operations

Freedom reported a consolidated loss from continuing operations before income tax for the year ended 31 December 2016 of $9,433,000 (2015: loss before tax of $11,960,000). This net loss consists primarily general and administrative expenses. The decrease in 2016 as compared to 2015 is primarily due to headcount and compensation reductions. This was partially offset by an increase of $0.8 million in transaction expense related to a significant transaction that management ultimately determined would not be pursued. Other expenses such as legal and professional fees and contract labor also contributed to the overall decrease.

Loss from discontinued operations

Freedom reported a consolidated loss from discontinued operations for the year ended 31 December 2016 of $36,742,000 (2015: loss of $27,264,000). Revenue from the Blue Ridge field decreased approximately $6.7 million due to sale of the field effective 1 November 2016 as well as declines in volumes produced and prices realized. The losses from discontinued operations included non-cash adjustments for depreciation and amortisation (2016: $1,198,000; 2015: $2,711,000), depletion (2016: $3,036,000; 2015: $6,691,000), and impairment (2016: $33,055,000; 2015: $22,431,000). The decreases in depreciation, depletion and amortisation in 2016 reflect the effect of impairments taken in 2016 and earlier on the basis of the assets being amortised.

The increased impairment expense in 2016 includes $29,449,000 in impairment of oil and gas properties (2015: $14,646,000). Producing oil and gas properties were written down to their estimated market value once the decision to sell the Blue Ridge field was taken. Declines in the value of the Company's producing properties reflect the downturn in the industry following the collapse of oil prices in 2014-2016.

Impairment expense also includes $3,606,000 impairment of drilling and related equipment in 2016 (2015: $7,629,000 for property plant and equipment and $156,000 for assets held for sale). All such equipment was sold in 2016 as the Company determined to purchase drilling and field services from third parties. Impairments in 2015 reflected a decline in the Company's ability to utilize much of the equipment as management reduced drilling activities. Declines in the market value of such equipment were also reflected in impairment of these assets in both 2016 and 2015.

Total lease operating expense for 2016 was $2,470,000 (2015: $5,437,000.) The decrease in expense reflects sale of the Blue Ridge field effective 1 November 2016 and reduction of activities in the field, reducing field crews and services to conserve cash.

Financial position

During the period, Freedom's oil and gas asset balance decreased by $35,423,000 to $8,992,000 (2015: $44,415,000). This decrease included impairment of $29,449,000 in the Blue Ridge field, and depletion expense of $3,036,000, partially offset by $8,440,000 of costs associated primarily with acquisition of new acreage in the Eagle Ford Shale play, as well as some recompletions of wells in the Blue Ridge field. The sale of Blue Ridge reduced oil and gas properties by $11,378,000.The depletion expense recorded by Freedom is based on a per barrel charge calculated based on the estimated cost to develop the relevant areas of interest divided by the estimated reserves for each area of interest. The reserve estimates used in the 31 December 2016 financial report are those prepared by Netherland, Sewell & Associates, Inc. in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007. For Blue Ridge field, the estimates used herein are based on the Netherland, Sewell & Associates, Inc. report dated August 15, 2016, which was addressed to Maverick Drilling & Exploration, Limited.

Freedom's working capital position at 31 December 2016 has increased since 31 December 2015, with current assets totalling $18,843,000 (31 December 2015: $16,491,000) consisting of cash of $18,454,000 (31 December 2015: $13,436,000), receivables and other current assets of $389,000 (31 December 2015: $1,977,000), inventories of $0 (31 December 2015: $978,000) and assets held for sale of $0 (31 December 2015: $100,000). Current liabilities at 31 December 2016 totalled $1,532,000 (31 December 2015: $2,224,000).

Freedom's property, plant and equipment assets at 31 December 2016 totalled $752,000 (31 December 2015: $4,967,000) following depreciation expense of $1,198,000, impairment of $2,657,000, and disposals and other activity of $360,000. At 31 December 2015, Freedom had no drilling rigs and three of its workover rigs in operation. The impairment of the drilling and related equipment in both 2015 and 2016 was based on the decline in value of such equipment as demand for drilling continued to decrease in response to the decline in the price of oil. The Company's older rigs were not capable of horizontal drilling and were disproportionately impacted. Further impairments were taken in 2016 when management determined to sell all of the equipment and utilize outside contractors for drilling services henceforth. All of the drilling and related equipment were sold in the second half of 2016.

Shares on issue

Freedom Oil and Gas Ltd had 795,000,115 shares on issue at 31 December 2016 (31 December 2015: 545,000,115). Shares issued during the year ended 31 December 2016 included 250,000,000 in new shares issued in the second half of the year. Shares issued during the year ended 31 December 2015 included 500,000 in vested rights.

Lease holdings

All of Freedom's lease holdings in the Blue Ridge field were sold effective 1 November 2016. The Company has increased its acreage in the Eagle Ford Shale from approximately 1,200 acres at 31 December 2015 to approximately 8,000 acres at 31 December 2016, an increase of 6,800 acres. All currently held acres are contiguous and near to producing developed acreage owned by others.

Reserves

The most recent reported reserves, as prepared by Netherland, Sewell & Associates, Inc. in accordance with the Society of Petroleum Engineers Petroleum Resource Management System (SPE-PRMS) 2007 are summarised by classification and product below:

	31 December 2016		
	Oil MMBBL	**Natural Gas Liquids MMBBL**	**Natural Gas BCF**
Proved developed	-	-	-
Proved undeveloped	3.3	1.6	9.6
Total 1P	3.3	1.6	9.6
Total probable undeveloped (2P)	2.4	1.2	7.5
	5.7	2.8	17.1

Proved 1P + Probable 2P reserve movement

	Oil MMBBL	**Natural Gas Liquids MMBBL**	**Natural Gas BCF**
Balance at 31 December 2015	5.1	0.7	3.7
Reserves sold	(3.6)		
Net production for the year ended 31 Dec 2016	(0.1)		
Additions due to leasing activity	4.6	2.1	13.4
Revision	(0.3)		
Balance at 31 December 2016	5.7	2.8	17.1

All reserves are located in the United States. "MMBBL" stands for millions of barrels. "BCF" stands for billions of cubic feet.

Reserve additions due to leasing activity include both proved undeveloped and probable undeveloped reserves attributable to certain leases acquired in 2016 that are immediately offsetting to an area of proven producing properties. Reserve estimates for this new acreage were based primarily on production data for the immediately offset area. The increase attributable to proved undeveloped reserves (1P) associated with the lease acquisition were 4.6 million barrels of oil, 2.1 million barrels of natural gas liquids, and 13.4 billion cubic feet of natural gas. No material concentrations of proved undeveloped reserves have remained undeveloped for more than five years from the date they were initially reported.

All production, revisions of prior estimates, and reserves sold were related to the Blue Ridge field.

Freedom's reserve reports are prepared by Netherland Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. Further information about NSAI can be found on page 23 of this report. NSAI relies on both externally sourced information and data provided by Company personnel to estimate reserve quantities. The Company has in place various review controls to assure the accuracy and completeness of data provided to NSAI. Company personnel calculate a mid-year reserve estimate in addition to the year-end estimate provided by NSAI and compare each new reserve estimate to previous reports for consistency and material changes. No employee's compensation is tied to the amount of reserves booked.

Production

Freedom's average quarterly production is presented below for the year ended 31 December 2016:

- January to March 2016 — 611 gross barrels per day (406 net)
- April to June 2016 — 509 gross barrels per day (319 net)
- July to September 2016 — 494 gross barrels per day (321 net)
- October 2016 — 450 gross barrels per day (385 net)

All production is from the Blue Ridge Field, which was sold effective 1 November 2016.

Drilling and recompletions

Freedom significantly reduced capital spending on drilling and development in the year ended 31 December 2016 as the focus turned to our undeveloped acreage in the Eagle Ford Shale play, and to divestiture of Blue Ridge field. The Company drilled no new wells in the Blue Ridge Field during the year ended 31 December 2016.

Freedom performed 24 recompletions in the year ended 31 December 2016, all in Blue Ridge field. Production from these additional producing zones mitigated natural production declines at comparatively low costs.

Employees

Freedom employed 11 people at 31 December 2016, a decrease of 81% from the number employed at 31 December 2015. Staff reductions have been taken at Blue Ridge field and in related office management positions. Remaining staff are concentrated in drilling and land services, preparing to drill the Eagle Ford acreage.

Strategy and Outlook

During the year ended 31 December 2016 Freedom completed its strategic shift in focus to the new acreage in the Eagle Ford Shale. The Company's legacy properties included the producing properties in the Blue Ridge Field and a portfolio of drilling and workover rigs and related equipment that management was unable to fully utilize for internal operations. During 2016, the Company continued work to improve efficiency and production volumes at Blue Ridge, including completing 24 recompletions, until making the decision to sell the asset mid-year. The field was sold effective 1 November 2016. Proceeds from this transaction, together with the separate disposal of certain wells in the field also in the second half of 2016, totalled approximately $9.1 million.

The Company also divested all drilling and related equipment, which for several years had been used exclusively in its own operations. Two drilling rigs were sold in August 2016 for $140,000. The remaining equipment was included in the sale of Blue Ridge. These divestitures provided cash flow and enabled management to focus on development of the Eagle Ford acreage.

Freedom has accumulated approximately 8,000 contiguous undeveloped acres in an area immediately offset to an area of proved producing properties, an increase of 6,800 acres from approximately 1,200 acres at the end of 2015. Freedom expects to continue to acquire acreage in the first half of 2017. With the cash proceeds from the sale of Blue Ridge Field and the share issue in the second half of 2016, Freedom is prepared to move forward in 2017 to the drilling phase of developing this significant new investment.

COMPETENT PERSON STATEMENT

The evaluation of reserves referred to in the operating and financial review are based on, and fairly represent, information and supporting documentation prepared by Richard B Talley, Jr., a qualified petroleum reserves and resources evaluator. Mr Talley is a Senior Vice President at Netherland, Sewell & Associates, Inc. ("NSAI"), a worldwide leader of petroleum property analysis for industry and financial organizations and government agencies. NSAI was founded in 1961 and performs consulting petroleum engineering services under Texas Board of Professional Engineers Registration No. F-2699. Mr Talley is a registered professional engineer licensed in the State of Texas, Registration No. 102425 and is a qualified petroleum reserves and resources evaluator. The reserves estimates are consistent with the definitions of proved reserves defined in the 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 us that would affect their objectivity. NSAI has consented to the use of the reserves figures in this report in the form and context in which they appear.

Contents

These financial statements cover the consolidated entity consisting of Freedom Oil and Gas Ltd and its subsidiaries. The financial statements are presented in US dollars.

Freedom Oil and Gas Ltd is a company limited by its shares, incorporated and domiciled in Australia. Its registered office and principal place of business in Australia is:

Suite 2
24 Bolton Street
Newcastle NSW 2300

Its principal office in the United States is:

5151 San Felipe, Suite 800
Houston Texas 77056

A description of the nature of the consolidated entity's operations and its principal activities is included in the operating and financial review on pages 20 to 23 and in the directors' report on pages 4 to 13, both of which are not part of these financial statements.

The financial statements were authorised for issue by the directors on 23 February 2017. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have insured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website at www.freedomog.com.

	Notes	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Revenue from continuing operations	5	**-**	-
Operating expenses		**-**	-
Gross profit		**-**	-
Other income		**10**	35
General and administrative expense		**(7,945)**	(11,396)
Depreciation and amortisation expense		**(654)**	(570)
Transaction expense		**(783)**	-
Other expenses		**(20)**	(12)
Finance costs		**(41)**	(17)
Loss before income tax		**(9,433)**	(11,960)
Income tax expense	7	**-**	**-**
Loss from continuing operations		**(9,433)**	(11,960)
Loss from discontinued operation (attributable to equity holders of the Company)	3	**(36,742)**	(27,264)
Loss for the year		**(46,175)**	(39,224)
Loss is attributable to:			
Owners of Freedom Oil and Gas Ltd		**(46,175)**	(39,224)
Non-controlling interests		**-**	-
		(46,175)	(39,224)
		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share	34	**(1.6)**	(2.2)
Diluted loss per share	34	**(1.6)**	(2.2)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share	34	**(7.8)**	(7.2)
Diluted loss per share	34	**(7.8)**	(7.2)

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

	Notes	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Loss for the year		**(46,175)**	(39,224)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(46,175)**	(39,224)
Total comprehensive loss for the year is attributable to:			
Owners of Freedom Oil and Gas Ltd		**(46,175)**	(39,224)
Non-controlling interests		**-**	-
		(46,175)	(39,224)

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

	Notes	31 Dec 2016 $'000	31 Dec 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**18,454**	13,436
Trade and other receivables	9	**389**	1,977
Inventories	10	**-**	978
Assets classified as held for sale	11	**-**	100
Total current assets		**18,843**	16,491
Non-current assets			
Other non-current assets	12	**152**	194
Property, plant and equipment	13	**752**	4,967
Oil and gas assets	14	**8,992**	44,415
Total non-current assets		**9,896**	49,576
Total assets		**28,739**	66,067
LIABILITIES			
Current liabilities			
Trade and other payables	16	**1,511**	2,042
Borrowings	17	**21**	97
Restoration provision	18	**-**	85
Total current liabilities		**1,532**	2,224
Non-current liabilities			
Borrowings	19	**-**	38
Restoration provision	20	**-**	1,396
Other non-current liabilities		**168**	40
Total non-current liabilities		**168**	1,474
Total liabilities		**1,700**	3,698
Net assets		**27,039**	62,369
EQUITY			
Contributed equity	22	**143,035**	132,190
Retained earnings	23	**(115,996)**	(69,821)
Capital and reserves attributable to owners of Freedom Oil and Gas Ltd		**27,039**	62,369
Non-controlling interests		**-**	-
Total equity		**27,039**	62,369

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

		Attributable to the owners of Freedom Oil and Gas Ltd				
	Notes	**Contribut-ed equity $'000**	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**	**Total equity $'000**
Balance, 31 December 2014		132,053	178	(30,673)	101,558	101,558
Total comprehensive loss for the year ended 31 December 2015		-	-	(39,224)	(39,224)	(39,224)
Transactions with owners in their capacity as owners:						
Shares issued – value of employee services	22, 23	137	(115)	-	22	22
Senior Executive Option Plan – value of employee services	23	-	13	-	13	13
Transfer of reserves Transfer reserves related to vested unexercised options to Retained Earnings	23		(76)	76		
Balance, 31 December 2015		132,190	-	(69,821)	62,369	62,369
Total comprehensive loss for the year ended 31 December 2016		-	-	(46,175)	(46,175)	(46,175)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs and tax	22	10,845	-	-	10,845	10,845
Balance, 31 December 2016		143,035	-	(115,996)	27,039	27,039

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

	Notes	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**4,874**	11,569
Payments to suppliers and employees (inclusive of goods and services tax)		**(11,326)**	(19,132)
Transaction costs related to the sale of Blue Ridge		**(268)**	-
		(6,720)	(7,563)
Interest paid		**(41)**	(17)
Income taxes paid		**-**	-
Net cash (outflow) from operating activities	32	**(6,761)**	(7,580)
Cash flows from investing activities			
Payments for property, plant and equipment		**(10)**	(549)
Payments for oil and gas assets		**(8,485)**	(7,885)
Deposits returned from the Railroad Commission of Texas		**-**	250
Proceeds from the sale of Blue Ridge field and related equipment	3	**9,280**	-
Proceeds from the sale of property, plant and equipment		**87**	81
Proceeds from the sale of assets held for sale		**113**	488
Interest received		**5**	12
Net cash (outflow) inflow from investing activities		**990**	(7,603)
Cash flows from financing activities			
Proceeds from issues of shares		**11,572**	-
Proceeds from borrowings		**228**	137
Share issue transaction costs		**(727)**	(3)
Repayment of borrowings		**(286)**	(98)
Net cash inflow from financing activities		**10,787**	36
Net increase (decrease) in cash and cash equivalents		**5,016**	(15,147)
Cash and cash equivalents at the beginning of the financial year		**13,436**	28,582
Effects of exchange rate on cash and cash equivalents		**2**	1
Cash and cash equivalents at end of year	8	**18,454**	13,436
Net cash inflow from discontinued operations	3		

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

Contents of the notes to the consolidated financial statements

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, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Company Interpretations and the Corporations Act 2001.

Reclassification of expense amounts

The Company has changed the presentation of expenses from classification based on the nature of the expense to classification based on the function of the expense. This decision was taken to synchronize the Company with other companies in the oil and gas exploration and production industry in the United States. Certain costs previously reported by nature have been classified together as “general and administrative expense” in our revised presentation of 2015 and our new presentation in 2016. For 2016, General and administrative expense of $7.9 million would have been presented as follows using the “by nature” classifications: Consumables and external services used, $1.3 million; Employee benefits expense, $4.8 million; Professional fees, $1.0 million; Insurance expense, $0.2 million, and Other expenses, $0.6 million. For 2015, General and administrative expense of $11.4 million would have been presented as follows using the “by nature” classifications: Consumables and external services used, $1.2 million; Employee benefits expense, $6.9 million; Professional fees, $2.2 million; Insurance expense, $0.3 million, and Other expenses, $0.8 million.

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).

New and amended standards adopted by the Company
None of the new standards and amendments to standards that are mandatory for the first time for the year beginning 1 January 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Early adoption of standards
The Company has not elected to apply other pronouncements before their operative date in the year beginning 1 January 2016.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(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 2016 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.

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another 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.

(b) Principles of consolidation (continued)

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.

(ii) Joint ventures
Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 19.

(iii) Changes in ownership interests
The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Freedom Oil and Gas Ltd.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(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 board of directors.

(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 recognised in the profit or loss, except when they are deferred in equity as 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 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 available-for-sale financial assets are recognised in other comprehensive income.

(d) Foreign currency translation (continued)

(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 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 where applicable. 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.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of oil

Revenue from the sale of oil is recognised when the significant risks and rewards of ownership have transferred to the buyer and can be measured reliably. These significant risks and rewards are considered transferred when the crude buyer collects the oil from the field. Oil revenue is presented net of production tax paid to state jurisdictions.

(ii) Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(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. However, the 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 for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(f) Income tax (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity 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.

(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

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are measured at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will 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) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(k) Inventories

Drilling and well equipment
Drilling and well equipment in inventories is stated at the lower of cost and net realisable value. Costs of drilling and well equipment are determined after deducting rebates and discounts.

(l) Investments and other financial assets

Classification
The Company classifies its investments 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 depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

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

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 9) in the balance sheet.

(iii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(iv) Available-for-sale financial assets
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

Financial assets - reclassification
The Company may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

(l) Investments and other financial assets (continued)

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition
Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. 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.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Company's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

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

Impairment
The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is 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) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can 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 is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may 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 can 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 is recognised in the consolidated income statement.

(ii) Assets classified as available-for-sale
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can

(l) Investments and other financial assets (continued)

be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(m) Property, plant and equipment

Land and buildings are measured at historical cost less accumulated depreciation on buildings, less any impairment losses recognised.

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of buildings, plant and equipment is reviewed annually by directors 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 have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the economic entity and the cost of the item can be measured reliably. All other 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
- Buildings	7 - 40 years
- Drilling rigs and drilling equipment	7 - 14 years
- Motor vehicles	5 years
- Furniture, fittings and office equipment	7 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Assets classified as held for sale assets are initially recognised at fair market value. Subsequent to initial recognition, these assets are measured at fair market value and changes therein are recognized as impairment losses.

(n) Exploration and evaluation assets

Exploration and evaluation expenditures are accounted for under the successful efforts method. Costs are expensed where the well does not result in the successful discovery of potentially economically recoverable hydrocarbons. For exploration wells, costs directly associated with the drilling of wells are initially capitalised pending evaluation of whether potentially economic reserves of hydrocarbons have been discovered.

All other exploration and evaluation expenditures including directly attributable general administration costs, geological and geophysical costs and new venture activity expenditures are charged as expenses in the income statement as incurred, except where:

(i) The expenditure relates to an exploration discovery that:

(A) at balance sheet date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete; or where
(B) a decision on additional major capital expenditure is pending; or
(C) additional exploration wells or appraisal work is underway or planned; or

(ii) The expenditure relates to a discovery well and it is expected that the expenditure will be recouped by future exploitation or sale.

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

(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 subject to amortisation and the accumulated costs are transferred to ‘Oil and gas assets – Producing assets’.

(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 via a depletion charge. Where asset costs incurred in relation to a producing field are under evaluation and appraisal, those costs will be continually reviewed for recoupment of those costs by future exploitation. When a determination has been made that those expenditures will not be recouped and/or no further appraisal will be undertaken, they will be written off.

Where an oil and gas lease within an area of interest is relinquished, the carrying value in respect of the relinquished component of this acreage is recognised in the income statement

(iii) Amortisation of oil and gas assets

Costs in relation to producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs, along with any future expenditure necessary to develop the assumed reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on the Company’s assessed hydrocarbon reserves and field production profiles. Producing assets under evaluation and appraisal are not subject to amortisation until such time as the evaluation and appraisal stage is complete.

(iv) Restoration costs

Site restoration costs are capitalised within the cost of the associated assets and the provision is stated in the balance sheet at total estimated present value. These costs are estimated and based on judgements and assumptions regarding removal dates, future environmental legislation and technologies. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The costs of restoration are brought to account in the profit and loss through depreciation of the associated assets over the economic life of the projects with which these costs are associated. The unwinding of the discount is recorded as an accretion charge within finance costs.

(v) Reserves

The estimated reserves are management assessments and take into consideration assumptions regarding commodity prices, exchange rates, 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 2016 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 organizations 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 5.22. The reserves estimates are consistent with the definitions of Proved and Probable hydrocarbon reserves defined in the Australian Stock 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 us 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 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. In this case, 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.

(q) Borrowings (continued)

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes.

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

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(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.

(t) Employee benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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. Any liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations
The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Employment relationships
For the year ended 31 December 2016, 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 years ended 31 December 2016 and 2015, the Company has a liability for annual leave and this liability accrues according to individual employment agreements or Company policy.

(iv) Share-based payments
Share-based compensation benefits are provided to employees via the Senior Executive Option Plan, Sign on Performance Rights and Sign on Ordinary Shares. Information relating to these plans is set out in note 35. The Senior Executive Option Plan was terminated in 2015.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any

(t) Employee benefits (continued)

market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of Sign on Performance Rights is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of Sign on Ordinary Shares granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the ordinary shares granted.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(v) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the reporting period.

(w) 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 34).

(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 the same as basic loss per share as the effects of potential ordinary shares outstanding would be anti-dilutive.

(x) 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.

(y) 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.

(z) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2016 reporting period. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2018).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. The Company does not expect any impact from the new classification, measurement and derecognition rule on the Company's financial assets and liabilities. The Company has no debt instruments classified as held-for-sale, nor any financial liabilities designated at fair value through profit or loss; those provisions of AASB 9 are not expected to significantly impact the Company when adopted. Hedge accounting, if the Company undertakes hedging activities in the future, will be based on AASB's more principles-based approach to determining those transactions properly accounted for as hedges. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Company has not determined how the impairment provision would affect its accounting for certain assets subject to credit risk. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosure about its financial instruments, particularly in the year of the adoption of the new standard. The Company does not intend to adopt AASB 9 early.

(ii) AASB 15 Revenue from contracts with customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 – Mandatory Effective Date of AASB 15 and Transition Disclosures (effective from 1 January 2018).

AASB 15 addresses the principal of revenue recognition. The standard will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for adoption.

The Company does not intend to adopt AASB 15 early. The impact on the Company's revenue accounting as a result of AASB 15 has yet to be fully determined.

(iii) AASB 16 – Leases–in January 2016, the IASB issued IFRS 16 Leases, replacing the existing IAS 17 (effective from 1 January 2019). The standard will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the Company's operating leases. As at 31 December 2016, the Company has non-cancellable operating lease commitments of $1,069,000 (see Note 30 (c)). However, the Company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows. The Company does not intend to adopt AASB 16 early.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(aa) Parent entity financial information

The financial information for the parent entity, Freedom Oil and Gas Ltd, disclosed in note 33, 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 2016, the Company recorded a loss after tax of $46.2m (2015: loss of $39.2m) and a net increase in cash of $5.0m (2015: decrease of $15.1m). As at 31 December 2016, the Company had net current assets of $17.3m (2015: $14.3m).

Freedom's focus is on developing oil and gas in the Eagle Ford field in 2017. In 2016 the Company disposed of the Blue Ridge field, which had been responsible for all revenues in the past several years. Until such time as the Eagle Ford field produces revenue, the Company will have no operating cash inflow. The Company's management has implemented cost structures and levels to conserve cash until revenues resume.

The Company expects to have available the necessary cash reserves to fund its operations into the foreseeable future, taking into account the following:

- the Company's cash balance of US$18.5 million at 31 December 2016;
- materially reduced budget/forecast expenditure over the coming 12 months;
- to the extent required, the potential to access the financing facility with Wells Fargo which may be used to develop the new lease to a stage resulting in net cash generation from operating activities within twelve months; and
- potential opportunities to farm out the new lease development.

Should it be necessary, the Company has the ability to access other funding measures as described above.

(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, exchange rates 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 in accordance with Freedom's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

(iii) Impairment of oil and gas assets
Freedom assesses whether oil and gas assets are impaired on a semi-annual basis. This requires an estimation of the recoverable amount of the cash-generating unit to which the assets belong. These calculations use cash flow projections based on reserve estimate volumes, current forward prices for oil, financial budgets approved by management covering a ten year period, past performance, other information from the reserve estimates, and expected future drilling capacity and use a pre-tax discount rate consistent with that used for the impairment testing of other assets. At 30 June 2016, the Company recognised an impairment of $29,449,000 of its oil and gas assets, attributable to Blue Ridge field, due to the expectation that management would sell the properties into a market still depressed by the collapse of oil prices in 2014-2015. In the second half of 2016, the sale was realized and the loss recognized in addition to the impairment was $1,094,000. At 31 December 2015, the Company recognised an impairment of $14,646,000 for the Blue Ridge field, due to oil price declines. These expenses are included in Loss from discontinued operations in our Consolidated income statement.

The carrying value of oil and gas assets at 31 December 2016 was $8,992,000 (31 December 2015: $44,415,000). The balance at 31 December 2016 represents the investment in the Eagle Ford acreage.

(b) Changes in key estimates

As detailed in accounting policy note (o)(iii) costs in relation to producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs, along with any future expenditure necessary to develop the assumed reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on Freedom's estimated quantities of hydrocarbon reserves.

2 Critical accounting estimates and judgements (continued)

For the year ended 31 December 2016, depletion calculations utilized estimated remaining units of the Blue Ridge field based on reserve balances as prepared by NSAI as described in note 1(o) above. The most recent reserve report available was as at 30 June 2016. Blue Ridge was operated for 10 months in 2016, and was sold effective 1 November 2016. For the year ended 31 December 2015 the estimated remaining units of the Blue Ridge field were based on the Blue Ridge reserve balances as prepared by NSAI as described in note 1(o) above.

The depletion expense for the year ended 31 December 2016 (representing ten months' operation of the field) was $3,036,000 (2015: $6,691,000.) These expenses are included in Loss from discontinued operations in our Consolidated income statement.

3 Discontinued operations

(a) Description

In the second half of 2016, management divested all legacy assets from the Blue Ridge field. This included all oil and gas properties other than the leases in the new Eagle Ford Shale play. The oil and gas properties, almost all of them in the Blue Ridge Field, were sold effective 1 November 2016. Proceeds from this transaction, together with the separate disposal of certain wells in the field also in the second half of 2016, totalled approximately $9.1 million.

The Company's future drilling operations in the Eagle Ford will utilize horizontal drilling and fracing techniques, services to be provided by experienced third parties. The Company's older style drilling and related equipment can no longer be internally utilized. Management therefore sold two drilling rigs effective 15 August 2016 for a cash price of $140,000. All other field equipment, including workover rigs, was included in the Blue Ridge sale.

Together these oil and gas properties and related field service equipment represent one operation, now discontinued. As of 30 June 2016, the assets were not presented in our financial statements as held for sale, as the decision to divest had not been finalized. However, based on the likelihood of divestiture in a soft market for such assets, the Company recognized significant non-cash impairment expense in the first half of 2016, reducing the carrying value of these assets as at 30 June 2016. All revenues and expenses of these discontinued operations, including such non-cash impairment charges, are presented in Loss from discontinued operations in our Consolidated income statement. The Consolidated income statement for 2015 has been restated to reflect that same classification with regard to losses generated by these operations.

(b) Financial performance and cash flow information

The financial performance and cash flow information for discontinued operations are presented for the ten months ended 31 October 2016 and the year ended 31 December 2015.

	10 Months ended 31 Oct 2016 $'000	12 Months ended 31 Dec 2015 $'000
Revenue	**4,394**	11,100
Expenses	**(40,042)**	(38,364)
Loss before tax	**(35,648)**	(27,264)
Income tax expense	**-**	-
Loss after income tax of discontinued operation	**(35,648)**	(27,264)
Loss on sale of oil and gas properties and related equipment and associated net assets	**(1,094)**	-
Total loss on sale of oil and gas	**(36,742)**	(27,264)
Net cash inflow from operating activities	**1,552**	4,144
Net cash inflow/(outflow) from investing activities	**8,652**	(5,656)
Net cash inflow from financing activities	**-**	39
Net increase in cash generated by the discontinued operations	**10,204**	(1,473)

3 Discontinued operations (continued)

(c) Details of the sale of the assets

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Consideration received:		
Cash for Blue Ridge field and related drilling equipment	**9,140**	-
Cash for two drilling rigs sold separately	**140**	-
Total disposal consideration	**9,280**	-
Carrying amount of net assets disposed	**(10,106)**	-
Expenses of the sale	**(268)**	
Loss on sale before income tax	**(1,094)**	-
Income tax (benefit) on loss	**-**	-
Loss on sale after income tax	**(1,094)**	-

The sale of two drilling rigs in August 2016 for $140,000 resulted in zero gain or loss, as the rigs had been impaired to that value previously, in June 2016. The cash proceeds are included in "Consideration received" above. The net carrying value of the equipment was $140,000, and has been included with Property, Plant and Equipment below, as if that sale had taken place on 31 October 2016.

The carrying amounts of assets and liabilities as at the effective date of sale (31 October 2016) were:

	31 Oct 2016 $'000
Oil and gas properties	**11,329**
Property, plant and equipment	**229**
Other assets and liabilities, net	**30**
Total assets	**11,588**
Restoration provision	**1,482**
Total liabilities	**1,482**
Net assets	**10,106**

4 Segment information

(a) Description of segments

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

(b) Segment information provided to the board

The segment information provided to the board for the reportable segments for the years ended 31 December 2016 and the 31 December 2015 is as follows:

Oil and gas exploration and production	31 Dec 2016 $'000	31 Dec 2015 $'000
Total segment revenue	**-**	**-**
Revenue from external customers	**-**	-
Loss for the year	**(46,175)**	(39,224)
General and administrative expense	**(7,945)**	(11,396)
Depreciation and amortisation expense	**(654)**	(570)
Transaction expense	**(783)**	-
Income tax (expense)/benefit	**-**	-
Total segment assets	**28,739**	66,067
Total assets includes:		
Additions to non-current assets (other than financial assets and deferred tax)	**8,450**	8,176
Total segment liabilities	**1,700**	3,698

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the board is measured in a manner consistent with that in the income statements.

Revenues from external customers are derived from the sale of oil to the crude oil gatherer and are presented before production taxes. In 2016 and 2015, all such revenues and production tax expenses are classified in the net total "Loss from discontinued operations."

(ii) Segment expense

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

4 Segment information (continued)

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

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Total segment revenue from continuing operations	**-**	-

All operational revenues during the years 2016 and 2015 were provided by the Blue Ridge Field oil and gas properties. These assets were sold in 2016. Revenues and expenses from these discontinued operations are included in the Loss from discontinued operation on the financial statements herein.

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.

(ii) 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 2016 $'000	31 Dec 2015 $'000
Segment assets	**28,739**	66,067
Total assets as per the balance sheet	**28,739**	66,067

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

(iii) *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 2016 $'000	31 Dec 2015 $'000
Segment liabilities	**1,700**	3,698
Total liabilities as per the balance sheet	**1,700**	3,698

5 Revenue and other income

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Revenue from continuing operations	**-**	-
Other revenue from continuing operations		
Interest from financial assets not at fair value through profit or loss	**5**	12
Rental income and other	**5**	23
	10	35

All operational revenues during the years 2016 and 2015 were provided by the Blue Ridge Field oil and gas properties. These assets were sold in 2016. Revenues and expenses from these discontinued operations are included in the Loss from discontinued operation on the Consolidated income statement herein.

6 Breakdown of expenses by nature

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Consumables and external services used	**1,316**	1,234
Employee benefits expense	**4,791**	6,919
Depletion expense (a)	**-**	-
Depreciation and amortisation expense (b)	**654**	570
Impairment of non-current assets (c)	**-**	-
Transaction costs (d)	**783**	-
Professional fees	**957**	2,187
Insurance expense	**217**	260
State and local tax expense	**4**	32
Net foreign exchange losses	**20**	12
Other expenses	**660**	764
Finance costs	**41**	17
	9,443	11,995

(a) Depletion expenses of $3,036,000 and $6,691,000 for the years 2016 and 2015, respectively, are included in Loss from discontinued operations.

(b) Depreciation and amortisation expenses of $544,000 and $2,141,000 for the years 2016 and 2015, respectively, are included in Loss from discontinued operations. See Note 13 for further information.

(c) Impairment expenses of $2,656,000 and $7,629,000 to property, plant and equipment for the years 2016 and 2015, respectively, are included in Loss from discontinued operations. See Note 13 for further information.

Impairment expenses of $29,449,000 and $14,646,000 to oil and gas properties for the years 2016 and 2015, respectively, are included in Loss from discontinued operations. See Note 14 for further information.

Impairment expense of $156,000 to assets held for sale for the year 2015 are included in Loss from discontinued operations.

Impairment expense of $950,000 on inventories related to property plant equipment and oil and gas properties for the year 2016 is included in Loss from discontinued operations.

(d) Transaction expenses related to a significant transaction that management ultimately determined would not be pursued.

7 Income tax expense

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(a) Income tax (benefit) expense		
Current tax	**-**	-
Deferred tax	**-**	-
	-	-
Income tax is attributable to:		
(Loss) Profit from continuing operations	**-**	-
Aggregate income tax expense/(benefit)	**-**	-
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 15)	**8,028**	8,549
(Decrease) increase in deferred tax liabilities (note 21)	**(8,028)**	(8,549)
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax (benefit)	**(9,433)**	(11,960)
Loss from discontinued operations before income tax (benefit)	**(36,742)**	(27,264)
Tax at the Australian tax rate of 30% (December 2015 - 30%)	**(13,853)**	(11,766)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**-**	4
40-880 deductions	**(23)**	(15)
Australian foreign exchange tax on US$ denominated	**-**	-
Australian held assets	**2**	2
Non-deductible expenses — Australian parent	**226**	227
Non-deductible expenses — United States subsidiaries	**32**	11
	(13,616)	(11,537)
Difference in overseas tax rates	**(1,825)**	(1,550)
Tax credit - United States subsidiaries	**-**	-
State taxes - United States subsidiaries	**-**	-
Previously unrecognised tax losses used to reduce deferred tax expense	**(42)**	(71)
Net deferred tax asset not brought to account - United States subsidiaries	**15,483**	13,158
Income tax (benefit) expense	**-**	-

The income tax expense for the year ended 31 December 2016 and 31 December 2015 relates solely to the United States entities.

The United States tax expense, which totals $0, is derived from the accounting loss of the United States incorporated entities adjusted for non-deductible United States based expenditures, share-based compensation, state taxes and credits and deferred tax asset not brought to account at the prevailing United States corporate tax rate of 34%. Due to the intangible drilling cost deductions available under United States tax legislation, no amount of United States tax is payable in the current period. There is no Australian component of income tax benefit or expense, due to the application of previous losses not brought into account against deferred tax.

7 Income tax expense (benefit) (continued)

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
(c) Tax losses		
Unused income tax losses for which no deferred tax asset has been recognised	**91,174**	48,812
Unrecognised net deferred tax asset relating to the above tax losses at 30%	**27,352**	14,643
(d) Unrecognised temporary differences		
Temporary difference relating to net foreign exchange losses	**23**	23
Unrecognised net deferred tax asset relating to the above temporary difference at 30%	**7**	7

The tax losses noted above, for which no deferred tax asset has been recognized, expire at various dates from 2030 to 2034.

8 Current assets - Cash and cash equivalents

Reconciliation to cash at the end of the year:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Cash at bank and in hand	**18,454**	10,497
Restricted cash	**-**	2,939
	18,454	13,436

Restricted cash of $2,939,000 at 31 December 2015 included the balance deposited in an escrow account toward the acquisition of a group of mineral leases. As at 31 December 2015, one half of the escrow was contractually obligated to be paid to the sellers in 2016 if Freedom failed to complete the transaction. The transaction closed in January 2016 and the escrowed funds were released to the sellers.

The above figures reconcile to cash at the end of the financial year as shown in the statement of cash flows as follows:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Balances as above	**18,454**	13,436
Balances per statement of cash flows	**18,454**	13,436

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 30. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

9 Current assets - Trade and other receivables

	31 Dec 2016 $'000	31 Dec 2015 $'000
Trade receivables	**-**	474
Amounts receivable from joint venture asset partners	**-**	1,130
Provision for impairment of joint venture asset receivables	**-**	(414)
	-	716
Prepayments	**302**	587
Other receivables	**87**	200
Total trade receivables and other current assets	**389**	1,977

(a) Trade receivables

Trade receivables include oil sales receivables of $0 as at 31 December 2016 (31 December 2015: $474,000).

(b) Joint venture asset receivables

Joint venture asset receivables related to charges to two different Blue Ridge working interest partners for their share in specific drilling and workover activities. These joint ventures ceased as a result of the sale of Blue Ridge field effective 1 November 2016.

	31 Dec 2016 $'000	31 Dec 2015 $'000
Current joint interest receivables	**-**	72
Joint interest receivables past due but not impaired	**-**	644
Joint interest receivables past due, impaired	**-**	414
	-	1,130
Provision for impairment of joint venture asset receivables	**-**	(414)
Net carrying value of joint interest receivables	**-**	716

As at 31 December 2015, joint interest receivables past due but not impaired included $427,000 for invoices less than 12 months past due and $217,000 for invoices 12 - 18 months past due.

(c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of Freedom. All other receivables are current as at 31 December 2016 and 31 December 2015.

(d) 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 30.

(e) 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 30 for more information on the risk management policy of Freedom and the credit quality of the entity's trade receivables.

10 Current assets – Inventories

	31 Dec 2016 $'000	31 Dec 2015 $'000
Well and drilling equipment and supplies	**-**	978
	-	978

Inventory expense

Write-downs of $950,000 and $297,000 were taken during the years ended 31 December 2016 and 31 December 2015, respectively, primarily to reflect decline in the recoverable value. Fair values were determined based on current market pricing for similar items in similar condition, and in 2016, by the expectation that the Company would be unable to use the inventory related to production and maintenance of Blue Ridge field wells. All write-downs are included in Losses from discontinued operations for both 2016 and 2015.

11 Current assets – Assets classified as held for sale

	31 Dec 2016 $'000	31 Dec 2015 $'000
Balance, beginning of period	**100**	538
Assets transferred to held for sale	**-**	256
Impairment	**-**	(156)
Sold	**(100)**	(538)
Assets classified as held for sale	**-**	100

Assets classified as held for sale at 31 December 2016 and 31 December 2015 were items of equipment currently marketed for sale.

12 Other non-current assets

	31 Dec 2016 $'000	31 Dec 2015 $'000
Employee insurance	**152**	31
Deferred transaction costs	**-**	163
	152	194

(a) Impaired receivables and receivables past due

None of the non-current items are impaired or past due but not impaired.

(b) Fair values of financial assets

No items in Other non-current assets are considered financial assets.

(c) Risk exposure

Information about Freedom's exposure to credit risk, foreign exchange and interest rate risk is provided in note 30. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

13 Non-current assets - Property, plant and equipment

	Land and buildings $'000	Drilling rigs and machinery $'000	Motor vehicles $'000	Furniture, fittings and equipment $'000	Total $'000
At 31 December 2014					
Cost	698	21,415	1,995	2,056	26,164
Accumulated depreciation	(114)	(9,833)	(619)	(354)	(10,920)
Net book amount	584	11,582	1,376	1,702	15,244
Year ended 31 December 2015					
Opening net book amount	584	11,582	1,376	1,702	15,244
Additions	30	16	-	483	529
Dispositions and transfers, net of accumulated depreciation	(124)	393	(337)	(141)	(209)
Assets classified as held for sale	(5)	(142)	(110)	-	(257)
Depreciation charge	(111)	(1,676)	(354)	(570)	(2,711)
Impairment	-	(7,629)	-	-	(7,629)
Closing net book amount	374	2,544	575	1,474	4,967
At 31 December 2015					
Cost	598	13,376	1,333	2,258	17,565
Accumulated depreciation	(224)	(10,832)	(758)	(784)	(12,598)
Net book amount	374	2,544	575	1,474	4,967
Year ended 31 December 2016					
Opening net book amount	374	2,544	575	1,474	4,967
Additions				10	10
Dispositions and transfers, net of accumulated depreciation	(6)	(141)	(112)	(82)	(341)
Transfers out, net of accumulated depreciation		(27)		(2)	(29)
Depreciation charge	(37)	(385)	(114)	(662)	(1,198)
Impairment	(331)	(1,991)	(328)	(7)	(2,657)
Closing net book amount	-	-	21	731	752
At 31 December 2016					
Cost	-	-	56	2,032	2,088
Accumulated depreciation	-	-	(35)	(1,301)	(1,336)
Net book amount	-	-	21	731	752

13 Non-current assets - Property, plant and equipment (continued)

(a) Non-current assets pledged as security

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

Impairment

Impairment of $7,629,000 was recorded for drilling rigs and machinery in the year ending 31 December 2015. Equipment is impaired when the carrying value of the properties exceeds the recoverable value. The recoverable value was based on the estimated fair market values of individual items of drilling equipment as at 31 December 2015, which had declined in response to the decline in market prices for oil. The estimate of recoverable value took into consideration the Company's reduced expectation of future use of some items of equipment in its oil and gas operations as well as estimated market values for such equipment. This is considered a Level 3 valuation, as these items of used equipment are not traded in a highly liquid market. Therefore the estimate of value depends on unobservable inputs. See Note 30 (d) below for discussion of fair value levels.

In the first half of 2016, the Company recognised impairment of $2,657,000 in relation to property, plant and equipment used in oil and gas drilling and production. The impairment reflects management's expectation that the Company would be unable to utilize the equipment if the Blue Ridge field were sold. The equipment was written down to an estimated market value. The equipment was subsequently sold.

Impairment expense for each of these years is included in Loss from discontinued operations in our Consolidated income statements.

Depreciation and amortisation expenses of $544,000 and $2,141,000 for the years ended 31 December 2016 and 2015, respectively, are included in Loss from discontinued operations in our Consolidated income statements. This represents depreciation and amortisation of assets sold in 2016. Depreciation and amortisation expenses of $654,000 and $570,000 for the years ended 31 December 2016 and 2015, respectively, are included in Income from continuing operations in our Consolidated income statement.

14 Non-current assets - Oil and gas assets

	31 Dec 2016 $'000	31 Dec 2015 $'000
Cost		
Opening balance	**79,832**	86,831
Additions	**8,440**	7,647
Impairment	**(29,449)**	(14,646)
Disposal, sale of Blue Ridge field	**(49,831)**	-
Closing balance at period end	**8,992**	79,832
Accumulated depletion		
Opening balance	**35,417**	28,726
Depletion expense	**3,036**	6,691
Disposal, sale of Blue Ridge field	**(38,453)**	-
Closing balance at period end	**-**	35,417
Net book amount		
At beginning of period	**44,415**	58,105
At period end	**8,992**	44,415

Depletion expense

As detailed in accounting policy note 1(o)(iii) costs in relation to producing assets are amortised on a production output basis via a depletion charge. Exploration and development costs, along with any future expenditure necessary to develop the assumed reserves, are amortised over the remaining estimated units of the fields. The remaining estimated units of the fields are based on Freedom's assessed hydrocarbon reserves and field production profiles.

For the year ended 31 December 2016 the estimated remaining units of the field were based on the Blue Ridge reserve report balances as at 30 June 2016. For the year ended 31 December 2015 the estimated remaining units of the field were based on the Blue Ridge reserve report balances as at 31 December 2015. The Blue Ridge field was sold in the second half of 2016. Depletion expense of $3,036,000 for this operation is included in Loss from discontinued operations in our Consolidated income statement. Current reserve report balances presented in the Operating and Financial Review on page 21 reflect only the reserves for our Eagle Ford field. This field is under development and has as yet no production and no depletion expense.

Impairment

The Blue Ridge field was impaired in the first half of 2016 when management determined it was likely to sell the asset. Management subsequently offered the field for sale. The field was impaired $29,449,000 to the estimated sales price less costs to sell, based on market information obtained from the Company's consultant in initial discussions regarding the potential sale. The estimated value of the field was a Level 3 valuation. The impairment expense is included in Loss from discontinued operations in our Consolidated income statement.

The Company performed impairment testing of the Eagle Ford acreage as at 31 December 2016. No impairment was recorded. 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 expected to arise from the continued use of the asset as at 31 December 2016. This is considered a Level 3 valuation, as it utilizes a discounted cash flow model with unobservable inputs. See Note 30 (d) below for discussion of fair value levels. The recoverable value for the Company's Eagle Ford field as at 31 December 2016 was $19.0 million. Significant assumptions included in the cash flow model are:

- Volume of proved oil reserves are based on deterministic methods including performance analysis and volumetric analysis, relying on various forms of well data such as well logs, geologic maps, seismic data, and well test data and production data;
- Projected prices of oil were based on an average of projections by industry analysts in December 2016 and included base oil prices as follows: 2017 - $55.02; 2018 - $58.54; 2019 - $60.62; thereafter - $61.64;
- Projected prices of gas were based on an average of projections by industry analysts in December 2016 and included base oil prices as follows: 2017 - $3.19; 2018 - $3.15; 2019 - $3.19; thereafter - $3.23;
- 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; and
- A standard discount rate of 10% was used (same as in prior valuations).

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

Further information about the reserve report can be found in the operating and financial review on pages 20-23 of this annual report.

15 Non-current assets - Deferred tax assets

The balance comprises temporary differences attributable to:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Tax losses	**-**	7,829
Tax credit	**85**	85
Trade and other payables	**33**	232
Total deferred tax assets	**118**	8,146
Set-off of deferred tax liabilities pursuant to set-off provisions	**(118)**	(8,146)
Net deferred tax assets	**-**	-
Deferred tax assets expected to be recovered within 12 months	**-**	-
Deferred tax assets expected to be recovered after more than 12 months	**118**	8,146
	118	8,146

Movements	Tax Credit $'000	Tax losses $'000	Trade and other Payables $'000	Total $'000
At 31 December 2014	85	16,496	114	16,695
(Charged) / credited to income statement	-	(8,667)	118	(8,549)
At 31 December 2015	85	7,829	232	8,146
(Charged) / credited to income statement		**(7,829)**	**(199)**	**(8,028)**
At 31 December 2016	**85**	**-**	**33**	**118**

16 Current liabilities - Trade and other payables

	31 Dec 2016 $'000	31 Dec 2015 $'000
Trade payables	**649**	281
Other payables	**862**	1,761
	1,511	2,042

(a) Risk exposure

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

17 Current liabilities – Borrowings

	31 Dec 2016 $'000	31 Dec 2015 $'000
Secured		
Credit cards	**3**	12
Insurance financing	**18**	-
Equipment finance	**-**	85
Total secured current borrowings	**21**	97

(a) Security and fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided below.

(b) Risk exposures

Details of Freedom's exposure to risks arising from current and non-current borrowings are set out in note 30.

17 Current liabilities – Borrowings (continued)

(c) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Credit cards	**3**	12
Equipment finance	**-**	123
Total secured borrowings	**3**	135

The credit cards were secured by various charges over deposits held at the issuing institutions.

The equipment finance liabilities were effectively secured as the right to the assets financed reverts to the financer in the event of a default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31 Dec 2016 $'000	31 Dec 2015 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**3**	12
Total current assets	**3**	12
Non-current assets		
Property, plant and equipment	**-**	198
Total non-current assets	**-**	198
Total assets	**3**	210

17 Current liabilities – Borrowings (continued)

(d) Fair value

The carrying amounts and fair values of current and non-current borrowings at the end of reporting period are:

	31 Dec 2016		31 Dec 2015	
	Carrying amount $'000	**Fair value $'000**	Carrying amount $'000	Fair value $'000
Non-traded financial liabilities				
Credit cards	**3**	**3**	12	12
Equipment finance	**-**	**-**	123	123
Insurance finance	**18**	**18**	-	-
	21	**21**	135	135

None of Freedom's borrowings are readily traded on organised markets in standardised form.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

18 Current liabilities – Restoration provision

	31 Dec 2016 $'000	31 Dec 2015 $'000
At beginning of period	**85**	42
Additional provision recognized	**-**	54
Discount on unwind of provision	**-**	73
Expenditure charged to provision	**(170)**	(99)
Transfers from non-current to current	**85**	-
Revision of estimate	**-**	15
At end of period	**-**	85

19 Non-current liabilities - Borrowings

	31 Dec 2016 $'000	31 Dec 2015 $'000
Secured		
Equipment finance	**-**	38
Total secured non-current borrowings	**-**	38
Total non-current borrowings	**-**	38

(a) Secured liabilities and assets pledged as security

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 17.

(b) Risk exposures

Details of Freedom's exposure to risks arising from current and non-current borrowings are set out in note 30.

20 Non-current liabilities – Restoration provision

	31 Dec 2016 $'000	31 Dec 2015 $'000
At beginning of period	**1,396**	1,445
Discount on unwind of provision	**171**	106
Expenditure charged to provision	**-**	(14)
Transfers from non-current to current	**(85)**	-
Revision of estimate	**-**	(141)
Disposal of oil and gas property	**(1,482)**	-
At end of period	**-**	1,396

A total provision of $1,482,000 was recognised for restoration of wells related to the Blue Ridge field, including both the current and non-current portions. The remaining provision after unwinding of discount for the first ten months of 2016 was derecognised upon the sale of the Blue Ridge Field as there were no continuing restoration obligations. The provision was estimated based on existing technology and procedures, current prices, and discounted using a discount rate of 10%. A total of $171,000 is included in Loss from discontinued operations on the income statement for unwinding of discount related to restoration provisions for the 10 months ended 31 October 2016. The properties were sold effective 1 November 2016.

21 Non-current liabilities - Deferred tax liabilities

The balance comprises temporary differences attributable to:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Property, plant and equipment	**81**	1,207
Oil and gas assets	**37**	6,939
Total deferred tax liabilities	**118**	8,146
Set-off of deferred tax liabilities pursuant to set-off provisions (note 15)	**(118)**	(8,146)
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	**118**	8,146
	118	8,146

Movements	Trade and other Receivables $'000	Cash to accruals 481(a) adjustment $'000	Property, plant and equipment $'000	Unrealised foreign exchange gains $'000	Oil and gas assets $'000	Total $'000
At 31 December 2014	-	-	3,882	-	12,813	16,695
Charged/(credited)						
-to income statement	-	-	(2,675)	-	(5,874)	(8,549)
At 31 December 2015	-	-	1,207	-	6,939	8,146
Charged/(credited)						
-to income statement			**(1,126)**		**(6,902)**	**(8,028)**
At 31 December 2016	**-**	**-**	**81**	**-**	**37**	**118**

22 Contributed equity

(a) Share capital

	Notes	**31 Dec 2016 shares**	31 Dec 2015 shares	**31 Dec 2016 $'000**	31 Dec 2015 $'000
Ordinary shares					
Fully paid	(b)	795,000,115	545,000,115	143,035	132,190
		795,000,115	545,000,115	143,035	132,190

(b) Movements in ordinary share capital:

Date	**Details**	**Notes**	**Number of shares**	**Issue Price**	**$'000**
31 Dec 2014	Balance		544,321,602		132,053
	Performance rights vested		500,000	$0.23	115
	Other shares issued to employee		178,513	$0.14	25
	Less: Transaction costs arising on shares issued for sign-on and performance rights vesting				(3)
31 Dec 2015	Balance		545,000,115		132,190
	Institutional and sophisticated investor placement		250,000,000	$0.05	11,572
	Less: Transaction costs arising on shares issued				(727)
31 Dec 2016	Balance		795,000,115		143,035

(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.

(d) Share-based expense

On 5 January 2015, 500,000 share rights vested and were exchanged for ordinary shares (fair value of A$0.245 per share when the rights were granted). On 19 January 2015 178,513 shares were issued to an employee of the Company (fair value of A$0.17 per share when the grant was made).

22 Contributed equity (continued)

(g) Institutional and sophisticated investor placement-September-November 2016

The Company had 795,000,115 shares on issue at 31 December 2016 (2015: 545,000,115). 250,000,000 shares were issued in the period raising $11,571,684 (A$15,000,000) which netted $10,844,483 after related costs. This capital was raised principally to fund additional investment in the Eagle Ford property, including further acquisition of leasehold and drilling of initial wells.

(e) Capital risk management

Management controls the capital of Freedom in order to maintain a good debt to equity ratio, provide the shareholders with adequate return and to ensure 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.

There are no externally imposed capital ratio requirements at 31 December 2016.

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 2016 and 31 December 2015, Freedom did not have any specific strategy in respect of gearing ratios. The gearing ratios at 31 December 2016 and 31 December 2015 were as follows:

	Notes	**31 Dec 2016 $'000**	31 Dec 2015 $'000
Total borrowings	17, 19	**21**	135
Less: cash and cash equivalents	8	**(18,454)**	(13,436)
Net debt		**(18,433)**	(13,301)
Total equity		**27,039**	62,369
Total capital		**8,606**	49,068
Gearing ratio		**(214)%**	(27)%

The change in gearing ratio as at 31 December 2016 is the result of increased cash balances from the recent capital raise.

23 Other reserves and retained earnings

(a) Other reserves

Movements in the share-based payment reserve:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance beginning of period	**-**	178
Rights and options	**-**	(102)
Transfer reserves related to vested unexercised options to Retained Earnings	**-**	(76)
Balance end of period	**-**	-

(b) Retained earnings

Movements in retained earnings were as follows:

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Balance beginning of period	**(69,821)**	(30,673)
Transfer reserves related to vested unexercised options to Retained Earnings	**-**	76
Net (loss) for the year	**(46,175)**	(39,224)
Balance end of period	**(115,996)**	(69,821)

24 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:

	2016 **$**	2015 $
(a) PricewaterhouseCoopers Australia		
Audit and other assurance services		
Audit and review of financial statements	**166,979**	241,587
Total remuneration for audit and other assurance services	**166,979**	241,587
Other services	**-**	7,675

Other services in 2015 included consultation regarding US GAAP reporting requirements.

25 Contingencies

(a) Contingent liabilities

The parent entity and Freedom had no contingent liabilities at 31 December 2016 or 31 December 2015.

(b) Contingent assets

The parent entity and Freedom had no contingent assets at 31 December 2016 or 31 December 2015.

26 Commitments

(a) Capital commitments

	31 Dec 2016 $'000	31 Dec 2015 $'000
Mineral lease acquisition	**-**	1,470
Equipment financing	**-**	123
Total capital commitments	**-**	1,593

(b) Other commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases, primarily for office rent, are as follows:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Within one year	**493**	471
Later than one year but not later than five years	**576**	1,056
Total operating lease commitments	**1,069**	1,527

27 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 28.

(c) Key management personnel

	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $
Short-term employee benefits	**1,735,998**	2,704,267
Post-employee benefits	**14,154**	17,481
	1,750,152	2,721,748

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 11.

(d) Transactions with related parties

Disclosures in relation to key management personnel are provided in the remuneration report on pages 8 to 11.

In addition, the table below includes transactions with A J Crawford, Company Secretary. A J Crawford is the Director of Box One Corporate Pty Ltd. Box One Corporate Pty Ltd charges Freedom entities for A J Crawford's services to the Company. The agreement for these services was based on normal commercial terms and conditions.

	Year Ended 31 Dec 2016 $	Year Ended 31 Dec 2015 $
Amounts recognised as expense		
Professional fees	**31,882**	29,809
	31,882	29,809

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.

27 Related party transactions (continued)

	31 Dec 2016 $	31 Dec 2015 $
Current liabilities	**1,757**	1,090

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

Disclosures in relation to key management personnel are provided in the remuneration report on pages 8 to 11. 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 2016 nor 31 December 2015, 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 8 to 11.

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.

28 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 2016 %	Equity Holding * 31 Dec 2015 %
Freedom Oil & Gas, Inc. (formerly Maverick Drilling & Exploration USA, Inc.)	United States	Ordinary	100	100
Freedom Oil & Gas USA, Inc.	United States	Ordinary	100	-
Freedom Eagle Ford, Inc.	United States	Ordinary	100	-
Freedom Production, Inc. (formerly Maverick Holdings, 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.

** Freedom Oil & Gas USA, Inc. and Freedom Eagle Ford became active during the 31 December 2016 financial year.

29 Interests in joint ventures

(a) Jointly controlled assets

The Company had a 90% joint interest on the Zivley, Cloverleaf and Tuscany Lakes leases in Blue Ridge field. The Company had a 67% interest in 12 joint venture wells on its West Schenck leases on Blue Ridge field. The Company had a 50% joint interest in 25 wells on its Blakely C leases on Blue Ridge field.

During the second half of 2016, the Company sold all of these assets.

Freedom's interests in the assets employed in the joint venture leases and wells are included in the consolidated balance sheet, in accordance with the accounting policy described in note 1(b), under the following classifications:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Non-current assets		
Oil and gas properties	**-**	17,360
Total non-current assets	**-**	17,360
Share of assets employed in joint venture	**-**	17,360

30 Financial risk management

Freedom's activities expose it to a variety of financial risks: 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 had no hedges at either 31 December 2016 or 31 December 2015. Freedom does not hedge any other risk exposures other than foreign currency exchange 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 2016 $'000	31 Dec 2015 $'000
Financial assets		
Cash and cash equivalents	**18,454**	13,436
Trade and other receivables	**541**	2,171
	18,995	15,607
Financial liabilities		
Trade and other payables	**1,511**	2,042
Borrowings	**21**	135
Other financial liabilities	**168**	40
	1,700	2,217

(a) Market risk

(i) 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. 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 hedges at either 31 December 2016 or 31 December 2015.

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 2016 $'000	31 Dec 2015 $'000
Cash and cash equivalents	**20**	**37**
Trade and other payables	**(134)**	**(170)**

30 Financial risk management (continued)

Sensitivity
Based on the financial instruments held at 31 December 2016, 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 2016 (2015: $0 effect). Freedom did not have exposure to any other foreign currencies in the years ended 31 December 2016 or 31 December 2015.

(ii) Cash flow and fair value interest rate risk
As at 31 December 2016, Freedom did not have any borrowings that were subject to interest rate risk as defined in AASB 7 (31 December 2015: $0). 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.

(iii) Commodity price risk

Freedom's revenue is exposed to commodity price fluctuations, in particular oil prices. Freedom has not historically hedged existing oil production with financial derivatives. Capital expenditures are scenario tested utilizing lowest anticipated pricing. As at reporting date, Freedom had no financial instruments with material exposure to commodity price 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 and trade and other receivables subject to credit risk is included below:

	31 Dec 2016 $'000	31 Dec 2015 $'000
Cash at bank and cash equivalents		
National Australia Bank	**20**	14
Wells Fargo	**18,434**	10,483
Deposits in escrow	**-**	2,939
Total	**18,454**	13,436

The directors are comfortable with the credit quality of the above financial institutions, based on their past dealings with these parties.

30 Financial risk management (continued)

	31 Dec 2016 $'000	31 Dec 2015 $'000
Trade receivables and accrued income		
Counterparties without external credit rating		
Existing customers (more than 6 months) with no defaults in the past	**-**	474
Total trade receivables and accrued income	**-**	474
Other items disclosed as part of trade and other receivables		
Receivable for sale of equipment	**60**	200
Other receivables and prepayments	**329**	1,303
Total trade and other receivables	**389**	1,977

The amounts disclosed as other totalling $329,000 (31 December 2015: $1,303,000) include prepayments of $302,000 (31 December 2015: $587,000), amounts receivable from joint venture partners $0 (31 December 2015: $716,000) and other various receivables $27,000 (31 December 2015: $0). Freedom is comfortable with the credit quality of these suppliers and joint venture partners based on their past dealings with these parties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet obligations when due. At 31 December 2016 the Company held cash and cash equivalents of $18,454,000 (31 December 2015: $13,436,000) 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 22 August 2014 the Company executed a new five year, $500 million lending facility with Wells Fargo Bank, N.A. The facility provides Freedom with a further instrument to pursue its acquisition strategy to grow into a multi-asset exploration and production company. As at 31 December 2016 and 31 December 2015 there were no outstanding borrowings against the facility, and the borrowing base was zero.

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.

30 Financial risk management (continued)

Contractual maturities of financial liabilities:

At 31 December 2016	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	1,108	263	-	-	-	1,371	1,371
Borrowings	21	-	-	-	-	21	21
Restoration	-	-	-	-	-	-	-
Total	1,129	263	-	-	-	1,392	1,392

At 31 December 2015	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade payables other commitments	3,426	86	40	-	-	3,552	3,552
Borrowings	77	58	-	-	-	135	135
Restoration	85	-	-	-	1,396	1,481	1,481
Total	3,588	144	40	-	1,396	5,168	5,168

(d) Fair value measurements

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:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

At 31 December 2016 and at 31 December 2015 Freedom had no financial assets measured at fair value.

At 31 December 2016 and at 31 December 2015 Freedom had no financial liabilities measured at fair value.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by Freedom is the current bid price. Such instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available 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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

30 Financial risk management (continued)

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain forward exchange contracts.

At no time during the years ended 31 December 2016 or 31 December 2015 did Freedom hold any level 3 financial instruments.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Freedom for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

31 Events occurring after the reporting period

The Directors are not aware of any other matters or circumstances not otherwise dealt with in the report or financial statements that have significantly, or may significantly affect the operations of the Company or the Company, the results of the operations of the Company or the Company, or the state of affairs of the Company or the Company in subsequent financial years.

32 Reconciliation of profit after income tax to net cash inflow from operating activities

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Loss for the year	**(46,175)**	(39,224)
Depletion expense	**3,036**	6,691
Depreciation and amortisation expense	**1,198**	2,711
Impairment of non-current assets	**33,055**	22,431
Loss on sale of discontinued operation, excluding transaction costs	**826**	-
Loss on sale of property plant and equipment	**26**	130
(Gain) Loss on sale of assets held for sale	**(13)**	50
Non-cash employee benefits expense – share-based payments	**-**	38
Net exchange differences	**(2)**	(1)
Interest income	**(5)**	(12)
Change in operating assets and liabilities		
Decrease in trade debtors and other receivables	**1,270**	1,013
(Decrease) in trade and other payables	**(276)**	(1,586)
Increase in other liabilities	**128**	-
Increase in provisions	**171**	179
Net cash (outflow) from operating activities	**(6,761)**	(7,580)

The above table includes operating cash flows from both continuing and discontinued operations.

33 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 2016 $'000	31 Dec 2015 $'000
Balance sheet		
Current assets	**69**	95
Total assets	**131,673**	121,465
Current liabilities	**134**	170
Total liabilities	**134**	170
Shareholders' equity		
Issued capital	**143,035**	132,190
Reserves	**-**	-
Retained earnings	**(11,496)**	(10,895)
	131,539	121,295
(Loss) for the year	**(601)**	(478)
Total comprehensive loss	**(601)**	(478)

(b) Guarantees entered into by the parent entity

As at 31 December 2016 and 31 December 2015 the parent entity had no outstanding guarantees.

(c) Contingent liabilities of the parent entity

As at 31 December 2016 and 31 December 2015 the parent entity had no contingent liabilities.

(d) Contractual commitments

As at 31 December 2016 and 31 December 2015 the parent entity had no contractual commitments.

34 Loss per share

(a) Basic loss per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(1.6)**	(2.2)
From discontinued operations	**(6.2)**	(5.0)
Total basic loss per share attributable to the ordinary equity holders of the Company	**(7.8)**	(7.2)

(b) Diluted loss per share

	2016 Cents	2015 Cents
From continuing operations attributable to the ordinary equity holders of the Company	**(1.6)**	(2.2)
From discontinued operations	**(6.2)**	(5.0)
Total diluted loss per share attributable to the ordinary equity holders of the Company	**(7.8)**	(7.2)

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

	2016 $'000	2015 $'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	**(9,433)**	(11,960)
From discontinued operations	**(36,742)**	(27,264)
	(46,175)	(39,224)
Diluted loss per share		
Loss attributable to the ordinary equity holders of the Company used in calculating diluted loss per share:		
From continuing operations	**(9,433)**	(11,960)
From discontinued operations	**(36,742)**	(27,264)
	(46,175)	(39,224)

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

	2016 Number of shares	2015 Number of shares
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	**590,583,450**	544,985,832
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	**590,583,450**	544,985,832

35 Share-based payments

(a) Senior Executive Option Plan

Long-term incentives were provided to certain executives via the Senior Executive Option Plan. The plan, established in June 2013, was designed to provide long-term incentives for executives to deliver long-term shareholder returns.

All options were issued during the year ended 30 June 2013. As at 31 December 2015 there were no options outstanding. All options previously issued under the plan had either been forfeited or cancelled. The Senior Executive Option Plan was terminated in 2015.

(b) Sign on performance rights and sign on executive rights

To provide an incentive to attract high quality key management personnel, the Company utilises sign on performance rights.

H K Selzer was granted 500,000 rights in Maverick Drilling & Exploration Limited (the former name of the Company) shares after he agreed to employment terms in March 2014. Each right entitled H K Selzer to one ordinary share in Maverick Drilling & Exploration Limited at an exercise price of nil. The fair value per right on grant date was calculated at A$0.245, being the share price at grant date with this equating to a total value at grant date of A$122,500. These rights vested 1 January 2015 and shares were issued. The assessed fair value at grant date of the rights was allocated as remuneration equally over the period from his commencement date in March 2014 until vesting date.

On 19 January 2015 178,513 shares were issued to an employee of the Company (fair value of A$0.17 per share at date of grant).

(c) Expenses and costs arising from share-based payment transactions

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Options issued under employee option plan	**-**	13
Ordinary shares issued to employees	**-**	25
Total recorded in operating expenses	**-**	38

In the directors' opinion:

(a) the financial statements and notes set out on pages 24 to 77 are in accordance with the *Corporations Act 2001,* including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the Company's and consolidated entity's financial position as at 31 December 2016 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief financial officer required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

J Michael Yeager

J M Yeager
Chief Executive Officer and Executive Chairman

Houston, Texas
24 February 2017

Independent auditor's report

To the shareholders of Freedom Oil and Gas Ltd

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Freedom Oil and Gas Ltd and its controlled entities (together, the Company) is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its financial performance for the year then ended

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Company's financial report comprises:

- the consolidated balance sheet as at 31 December 2016
- the consolidated statement of comprehensive income for the year then ended
- the consolidated income statement for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code), other than as set out in the Auditor's Independence Declaration dated 24 February 2017, that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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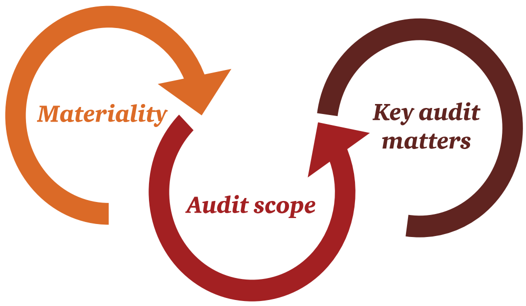
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.



The Company currently holds oil and gas assets in the Eagle Ford region in South Texas. These assets are in the development phase as of 31 December 2016. The accounting and finance functions reside in the USA.

Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall materiality of $0.6 million, which represents approximately 5% of the Company's profit before tax excluding impairment expense. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose profit before tax because, in our review, it is the metric against which the performance of the Company is most commonly measured. • We selected 5% based on our professional judgement noting that it is within the range of commonly acceptable profit related benchmarks.	• Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit procedures are performed by engaging directly with the US finance team, the Board and Executive Team as necessary. • Our team included a valuation specialist.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Discontinued operation of Blue Ridge oil field – Assessment of recoverable amount for Oil and Gas assets associated with the Eagle Ford leases – Funding requirements to support new operating activities These are further described in the key audit matters section of our report

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 for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Discontinued operation of Blue Ridge oil field *Refer to note 3* During the financial year, a decision was made to divest the Company's Blue Ridge oil field operations. On 31 October 2016, the Company finalised the sale of the Blue Ridge oil field for $9m, net of transactions costs. The carrying value of the assets (mainly oil and gas assets) sold was $10.1m. A loss of $1.1m was incurred on this transaction. This was a key audit matter as it was a significant transaction for the year and had a considerable impact on the profit and loss statement and the balance sheet. Further, the separation of the Blue Ridge oil fields into discontinued operations is important to understanding the financial results.	We read the associated sale agreement and performed the following procedures: • Reperformed the calculation of the loss recognised on the sale by agreeing the purchase price and the value of the assets and liabilities de-recognised as a result of the sale • Checked that all assets and contractual obligations associated with the discontinued operations including property, plant and equipment, asset revaluation reserve, oil and gas assets and inventory, were no longer included in the balance sheet at 31 December 2016 • Agreed the inclusion of profit and loss accounts associated with the Blue Ridge oil field as discontinued operations in the consolidated income statement • Compared the discontinued operation disclosures with the requirements of Australian Accounting Standards.
Assessment of recoverable amount for Oil and Gas assets associated with the Eagle Ford leases *Refer to note 14 - $9m* As at 31 December 2016, the Company held $9m of oil and gas assets associated with its Eagle Ford property leases. The Company prepared a discounted cash flow model of future oil and gas revenue and expenses, which estimates the recoverability of the assets and to assess whether an impairment is required. This calculation is supported by a reserve engineering firm through their Proved Oil & Gas Reserve Report ('Reserve Report'). This was a key audit matter as the oil and gas assets are one of the largest assets on the balance sheet and are the primary source of future revenue, and there is judgement used in assessing the discounted future cash flows.	Assisted by PwC valuation specialists, we assessed the reasonableness of key assumptions within the discounted cash flow model, including: • Comparing oil prices to market data • Performing a recalculation of the discount rate • Performing a sensitivity analysis over the cash flows • Reading the report of the independent engineering firm to ensure their findings were consistent with the Company's findings. We also considered other indications of the value of the assets by comparing their carrying amount to recent independent, commercial sales of nearby acreage.
Funding requirements to support new operating activities *Refer to note 2(a) (i) and note 22* The Company's operations changed significantly during the year. The sale of the Blue Ridge oil field and the acquisition of Eagle Ford leases, resulted in revenue ceasing in the last quarter of 2016.	We agreed the capital proceeds obtained and the shares issued as part of the capital raise to regulatory records and actual proceeds received. We also tested management's cash flow forecasts and the timing of expected production of the Eagle Ford assets. The key assumptions in the forecasts were evaluated as follows:

Key audit matter	How our audit addressed the key audit matter
In order to fund the Company's change in operating activities, the Company issued additional share capital of $11.5m during the year. The funds were used to lease additional Eagle Ford acreage and the Company intend to use them to assist with operating costs until the Eagle Ford assets are producing and generating cash. As the Company currently has no revenue generating activities, we focused on whether the Company had sufficient cash resources and funding to allow the Company to continue as a going concern. This was a key audit matter due to the inherent uncertainties associated with the future development of the Eagle Ford assets and the level of required funding to support the development.	• costs associated with initial wells were compared with the costs included in the Reserve Report • sensitivity analysis was performed over the revenue per well along with comparison to the Reserve Report and comparable entities • sensitivity analysis was performed over the operating costs along with comparison to historical costs and comparable entities

Other information

The directors are responsible for the other information. The other information comprises the Executive Chairman and Chief Executive Officer Letter, Director's Report, Corporate Governance Statement, Operating and Financial Review and Shareholders Information included in the Company's annual report for the year ended 31 December 2016 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 identified above 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 directors for the financial report

The directors of the Company 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 directors 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 have 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description form's part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 8 to 11 of the directors' report for the year ended 31 December 2016.

In our opinion, the remuneration report of Freedom Oil and Gas Ltd for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

24 February 2017

The shareholder information set out below was applicable as at 16 February 2017.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares		
	Number of investors	Shares held	% of issued capital
1 - 1,000	460	174,128	0.02
1,001 - 5,000	888	2,847,836	0.36
5,001 - 10,000	708	5,832,445	0.73
10,001 - 50,000	1,424	36,777,364	4.63
50,001 - 100,000	477	36,986,286	4.65
100,001 and over	843	712,382,056	89.61
	4,800	**795,000,115**	**100.00**

There were 1,100 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:

Name	Ordinary shares	
	Number held	Percentage of issued shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	51,216,039	6.44%
J. MICHAEL YEAGER	28,920,935	3.64%
OH BOSS PTY LTD	16,900,000	2.13%
S M PROVIDENT PTY LTD	14,818,860	1.86%
MR PETER MURRAY JACKSON	14,090,000	1.77%
MR JOHN CAMUGLIA & MRS NATASHA CAMUGLIA	13,000,000	1.64%
ANTHONY CAMUGLIA & ROSEMARIE CAMUGLIA	12,900,000	1.62%
SMP DAWSON PTY LTD	11,645,166	1.46%
MR JOSEPH CAMUGLIA & MRS KIRSTEN CAMUGLIA	11,315,064	1.42%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	10,831,816	1.36%
CITICORP NOMINEES PTY LIMITED	8,858,961	1.11%
KOALA SUPER FUND PTY LIMITED	8,625,000	1.08%
GEORGIA HENRICH	8,431,002	1.06%
CLERICUS PTY LTD	8,000,000	1.01%
HDF INVESTMENT PTY LTD	7,842,097	0.99%
BARRY FITZGERALD & HELEN FITZGERALD	6,666,667	0.84%
LUCALI PTY LTD	6,500,000	0.82%
MR JOSEPH CHARLES CAMUGLIA & MRS KIRSTEN INGRET CAMUGLIA	5,984,936	0.75%
W A HALPIN INVESTMENTS PTY LTD	5,915,870	0.74%
AVANTEOS INVESTMENTS LIMITED	5,660,017	0.71%
TOTAL	**258,122,430**	32.47%

C. Substantial holders

There were no substantial holders in the Company as at 16 February 2017.

Shareholder information (continued)

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.