

Armour Energy Limited

19 September 2017

Kincora Oil & Gas Project Update

The Board of Directors of Armour Energy Limited (“Armour”, or “the Company”, ASX: AJQ) is pleased to provide an update on the continued progress being made at the Company’s Kincora Project.

Armour is pleased to advise that its planned Phase 1 gas production has commenced through the re-commissioning of the dry gas circuit of the Kincora Gas Plant. The next stages of the restart involve re-commissioning of the Kincora to Wallumbilla pipeline and the commissioning of the new end of line facility at Wallumbilla. Completion of these activities will facilitate the sale of Newstead gas. The current work program is on schedule for Newstead gas to be sold by the end of this month.

It is planned to commence production at 5TJ/d from the Newstead gas storage facility.



Figure 1 – Kincora Plant – flare during commissioning of dry gas circuit

The Newstead storage facility currently holds approximately 2.3 PJ of treated (sales quality) gas which is expected to require only minimal re-processing (compression and dehydration) before sending to market at Wallumbilla.

Gas to be produced from existing wells (and potentially Newstead stored gas) will be treated by the wet gas circuit at the Kincora Gas Plant. The restart work on the wet gas circuit continues and is expected to be completed by December 2017 (Figure 2). Once the commissioning of the wet gas circuit (ie the LPG and condensate systems and balance of field infrastructure) is completed the plan is to increase gas production to 9TJ/d.

As previously reported, Phase 2 will involve the drilling of new wells plus workovers and stimulations of existing wells to achieve a ramp up of gas production to 20 TJ per day over a period of 12 to 18 months from first gas production.

Target schedule	2Q16			3Q16			4Q16			1Q17			2Q17			3Q17			4Q17		
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1 Restart planning and estimate																					
2 Site preparation & Operational Readiness																					
3 Emu Apple Oil (inspections, tests, restart)																					
4 First Oil (despatch)																					
5 PPL3 IP run, data evaluation, Restart risk assessment, Connection agreement																					
6 PPL3 repairs																					
7 PPL3 end of line modifications																					
8 Phase 1 (restart) - commence production and ramp-up to 9TJ/day																					
8.1 Restart of Newstead gas process stream																					
8.2 First Gas Sales - ex Newstead																					
8.3 Kincora Gas Plant - LPG system (restart)																					
8.4 Restart field production (restart existing 22 wells)																					
8.5 LPG & Condensate Production & Sales																					
9 Phase 2 (new wells) - ramp-up to 20TJ/day over 12 to 18 months after first gas																					

Figure 2 – Kincora restart program

The Board of Directors will further update the market as the Kincora restart program continues to progress.



On behalf of the board
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Company Secretary

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