



## Armour Energy Limited

31 May 2018

### Myall Creek 4A Well Spudded

The Directors of Armour Energy Ltd (ASX: AJQ) wish to advise that the 2018 Kincora Gas Project drilling campaign has commenced with the spudding of the Myall Creek 4A well (permitted as well Myall Creek 2655 YNE) in Armour's 100% owned PL511 in Queensland.

Ensign drilling rig 964 is currently drilling ahead in the 12-1/4" section of the hole to a planned measured depth of 480 metres. 9-5/8" casing will then be set and cemented back to surface. The Myall Creek 4A well will be drilled to a planned total vertical depth of 2,390 metres (**Photo 1**).

Armour has designed the Myall Creek 4A wellbore for a multi-stage hydraulic stimulation of the prognosed 300 metre gross hydrocarbon charged section below the regional Triassic Snake Creek Shale seal. As previously reported, the current design (subject to amendment) will commingle all three historically stand-alone stimulated hydrocarbon reservoirs into one single wellbore to maximise production rates and to recover an estimated 4.4 PJ of gas plus approximately 44,000 barrels of condensate and 9,000 tonnes of LPG.

Previous production wells and completion strategies in the Myall Creek Gas Field have focussed on single stage production completions of either the Permian aged Upper and Lower Tinowon or the associated Rewan Formation. In all cases, where well design allowed, these various reservoirs have required a stimulation to enhance connectivity with the reservoir, to increase gas flow rates and to maximise hydrocarbon recovery.

The Myall Creek 4A well has been located and designed on the basis of proximity to existing productive wells using state of the art seismic interpretation, and stimulation and completion techniques.

Based on stimulated gas flows from wells in the Myall Creek Gas Field achieved historically by previous operators, Armour is confident of achieving economic flow rates of petroleum and slow decline rates. Any production will augment the current 9 TJ per day rate of gas production through the Kincora Gas Plant (100% Armour owned).

Armour aims to demonstrate a low cost-high volume repeatable blueprint for production well drilling and completion strategies across Armour's prospective Triassic and Permian reservoirs on the eastern Roma Shelf.

The Myall Creek 4A well is expected to be part funded from a grant under the Federal Government's Gas Acceleration Program (GAP). Armour was recently advised that it was a successful applicant for a \$6 million grant to assist with the drilling of 4 wells on the Roma Shelf in order to support the provision of domestic gas supply for increasing demand in East Australian gas markets. Documentation of the funding agreement to give effect to the grant is currently being progressed.

Commenting on the spudding of the Myall Creek 4A well, Armour CEO Roger Cressey said: *"This is a significant milestone for Armour. It is a very important well for us as it is aiming to demonstrate*

*Armour’s capability to develop its reserves. This well is close to our existing Myall Creek compressor station which means it can be easily connected to existing infrastructure, enabling produced gas to be processed and delivered to market quickly after well completion and connection work is done. Armour has been producing and selling 9 TJ/day since early February this year, and when this new well is in production we expect to see a step change in the rate of gas production and sales. Armour is already contributing significantly to the local region and more broadly to the east coast gas market as a steady and growing supplier. This new well will add to that and is yet another step forward for Armour in achieving its aim to become the preeminent resource owner and producer in the Roma Region.”*

This well is the first of Armour’s drilling program as part of its Phase 2 growth strategy which includes drilling of new wells and investigations into the workover and stimulation of existing wells. This, together with any necessary further work on the Kincora Gas Plant, will target gas production to be increased to 20 TJ/day over the next 12 months.

On the following pages, **Photo 1** shows the drill rig on location for Myall Creek Well 4A, and **Figure 1** shows a map indicating Armour’s Surat Basin tenements including PL511 where the Myall Creek well is located.

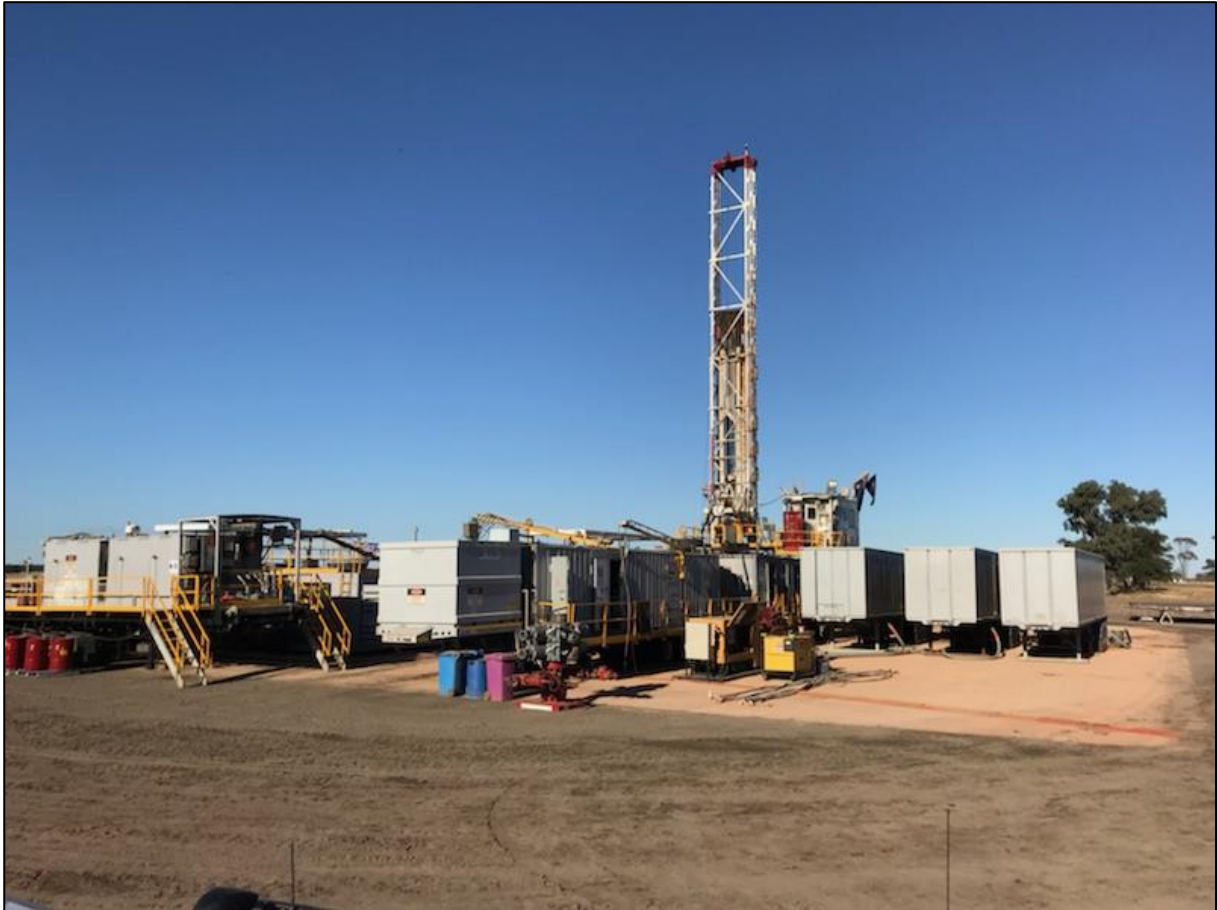


On behalf of the Board  
Karl Schlobohm  
Company Secretary

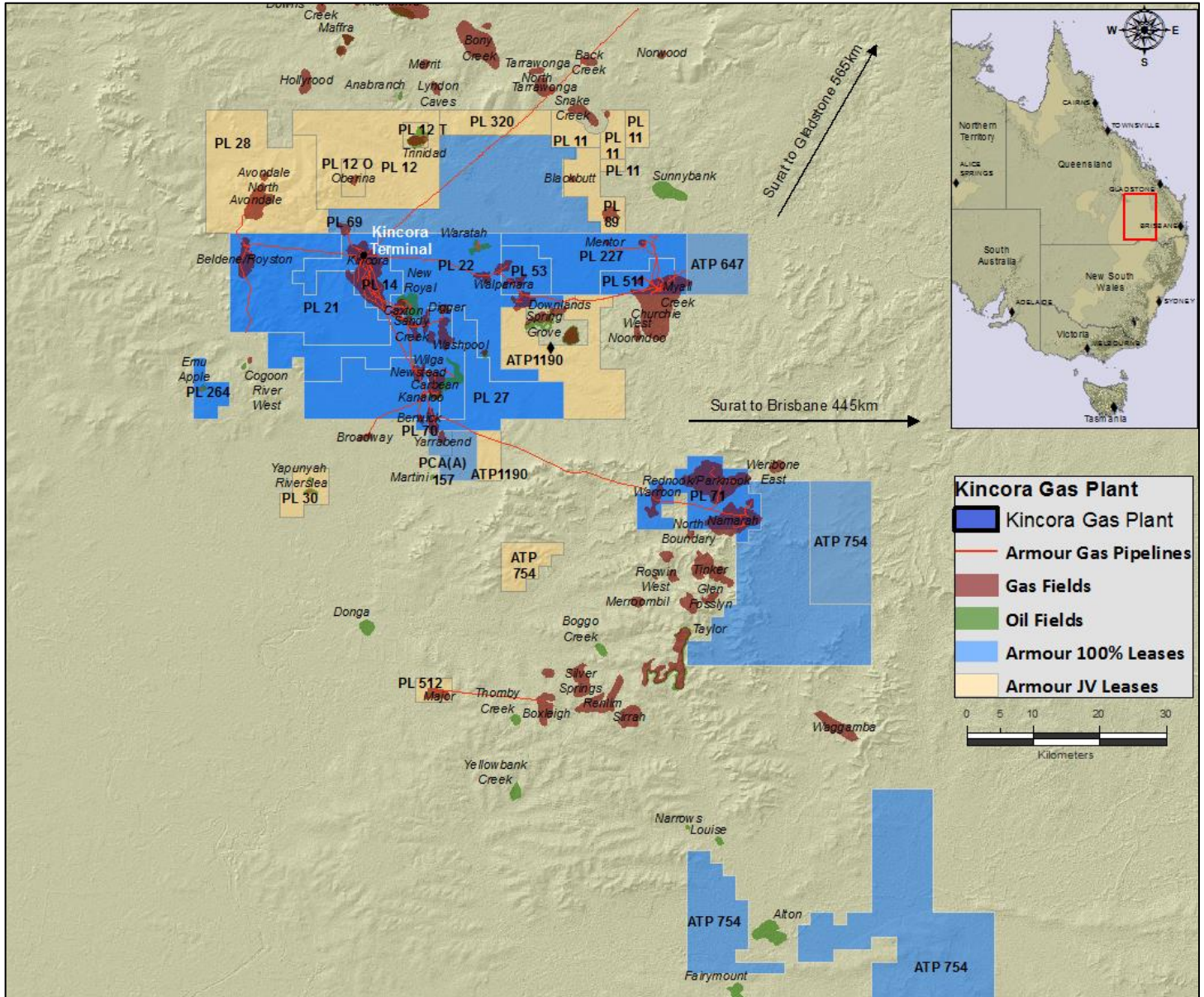
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**Photo 1** - Ensign drilling rig 964 on location of the Armour Energy Myall Creek 4A well



**Figure 1: Armour Energy Permits, Bowen-Surat Basins, Queensland. Drilling has commenced in 100% working interest petroleum license 511 in the productive Myall Creek Field.**



### **Competent Persons Statement**

Reported reserves and resources are in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines and under the supervision of Mr. Luke Titus, Chief Geologist, Armour Energy Limited. Mr Titus' qualifications include a Bachelor of Science from Fort Lewis College, Durango, Colorado, USA and he is an activemember of AAPG and SPE. He has over 20 years of relevant experience in both conventional and unconventional oil and gas exploration & production in the US and multiple international basins. Mr Titus meets the requirements of qualified petroleum reserve and resource evaluator as defined in the ASX Listing Rules and consents to the inclusion of this information in this release.

### **Forward Looking Statement**

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