



Armour Energy Limited

12 June 2018

Myall Creek 4A Well Update

The Directors of Armour Energy Ltd (ASX: AJQ) wish to update the market and advise that the intermediate 8-1/2" section of Myall Creek 4A Well has been successfully drilled to 1913 metres measured depth and 7" casing set and cemented in the Triassic Snake Creek Shale seal. The well was spudded in Armour's 100% owned PL511 in Queensland on May 30, 2018. Ensign drilling rig 964 is currently drilling ahead in the 6-1/8" production hole to a planned measured depth of 2414 metres, following which 4-1/2" casing will be set and cemented.

Armour has designed the Myall Creek 4A wellbore to enable a multi-stage hydraulic stimulation of the prognosed 300 metre gross hydrocarbon charged section below the regional Triassic Snake Creek Shale seal. The design provides for multiple reservoirs within the Triassic and Permian gross hydrocarbon section, historically produced on a stand-alone basis, to be simultaneously produced in a single wellbore. This allows maximisation of production rates and recovery of an estimated 4.4PJ of gas, 44,000 barrels condensate and 9,000 tonnes LPG¹ (**Figures 1 & 2**).

Armour has carried out extensive analysis of previous drilling and completions strategies used in the Permian and Triassic sections of the Roma Shelf, and aims to optimise future production rates, minimise well bore and reservoir formation damage and deliver reduced decline rates by adopting the following strategies:

1. Casing and cementing off historically non-productive sections above the Triassic and Permian sections, and sealing off all aquifers from the well bore.
2. Placing production casing over the prognosed gas saturated, 300 metre thick Triassic and Permian section.
3. Comprehensive logging suites in combination with gas detection mud logs of the prospective sandstone bearing Permian Tinowon and Triassic Rewan Formations.
4. Perforations in the production casing will be designed over the best areas with a focus on the most suitable sandstones with the highest hydrocarbon response on the Mudlog.
5. Hydraulic stimulation of gas saturated zones in stages will be designed to maximise production rates, minimise well bore damage and minimise production decline rates. Armour envisages two stimulations (over 40 meters each) in the Permian section sandstones each using approximately 90,000 pounds of proppant and plus a third stage (over 100 meters) in the Triassic sandstones using approximately 200,000 pounds of proppant.
6. Following the multi-stage hydraulic stimulation, the well will be flow tested. Planned 2-3/8" production tubing capable of maximum 10 million cubic feet per day production with a choke would be installed to maximise production over the life of the well with little or no need for future intervention.
7. In tandem with the planned completion of the Myall Creek 4A well, a 4" pipeline would be installed to deliver product to the Myall Creek compressor station where a new manifold is planned to be installed to take an additional five wells, including the Myall Creek 4A well.

8. Upon completion of the installation of production tubing and gathering pipelines, hydrocarbon production from the well will be utilised immediately for sale.

Armour is currently producing 9 TJ per day and has 61.7 PJ of 2P gas reserves across the Kincora Project and 169 PJ of 3P reserves (refer **Table 1** below).

Total Reserves Myall Creek and Other Fields ⁽¹⁾	1P	2P (1P+2P)	3P (1P+2P+3P)
Estimated Net Total Gas (Bcf)	33.4	58.5	160.3
Estimated Net Total Gas (PJ)	35.2	61.7	169.1
LPG Yield (Tonnes)	72,721	127,447	349,182
Condensate Yield (bbl)	349,976	613,349	1,680,470

Table 1 – Armour Energy Kincora Project estimated aggregated quantities of Petroleum Reserves and increase of 4.9 PJ 2P Reserves

Table 1 Notes:

- Petroleum Reserves are classified according to SPE-PRMS.
- Petroleum Reserves are stated on risked net basis with historical production removed.
- Exclude Waldegrave JV Area.
- Petroleum Reserves are stated inclusive of previous reported estimates.
- Petroleum Reserves are net to Armour with no shrinkage applied, but estimated to be 5%
- Bcf = billion cubic feet, LPG = liquefied petroleum gas, PJ = petajoules, bbl = barrels; Conversion 1.055 PJ/Bcf.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2,065 tonnes/Petajoule, Condensate Yield 9,938 barrels/Petajoule.

Armour Energy has successfully met all reported key milestones to date at the Kincora Gas Project, beginning with the restart of the Newstead Gas Storage Facility to commission the dry gas stream of the previously moth-balled Kincora Gas Plant and the sales gas pipeline to Walumbilla. This achievement allowed Armour to commence sales of 5 TJ per day of gas.

Restart of the dry gas circuit was followed by recommissioning of the wet gas stream of the Kincora Gas Plant, along with field gathering facilities and associated field wells. This achievement allowed production and sales of gas to be increased to 9 TJ per day of gas, plus sales of associated LPG and condensate. Gas sales have now been consistent at 9 TJ per day for 4 months .

In tandem with these milestones, Armour is also the successful tenderer for two competitive tender areas released by the Queensland Government, ATP(A) 2030 and 2032, and is pleased to see the continued confidence that the Queensland Government has in the Company's ability to rapidly appraise and potentially develop these new project areas to provide part of the required solution for new gas supply to domestic customers in the east coast market.

Armour was advised in late March that it was a successful applicant for a \$6 million cost-contribution grant from the Federal Government's Gas Acceleration Program (GAP) to assist with the drilling of 4 wells on the Roma Shelf in order to support the acceleration of domestic gas supply for increasing demand in east Australian gas markets, the first of which is the Myall Creek 4A well. Documentation of the funding agreement to give effect to the grant is being progressed.



Armour continues its expansion to become the pre-eminent operator on the Roma Shelf, and is progressing its developmental plans, including any necessary further work on the Kincora Gas Plant and up to four new wells drilled by June 2019, to produce and sell gas volumes of up to 20 TJ per day.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is positioned above the typed name.

On behalf of the Board
Karl Schlobohm
Company Secretary

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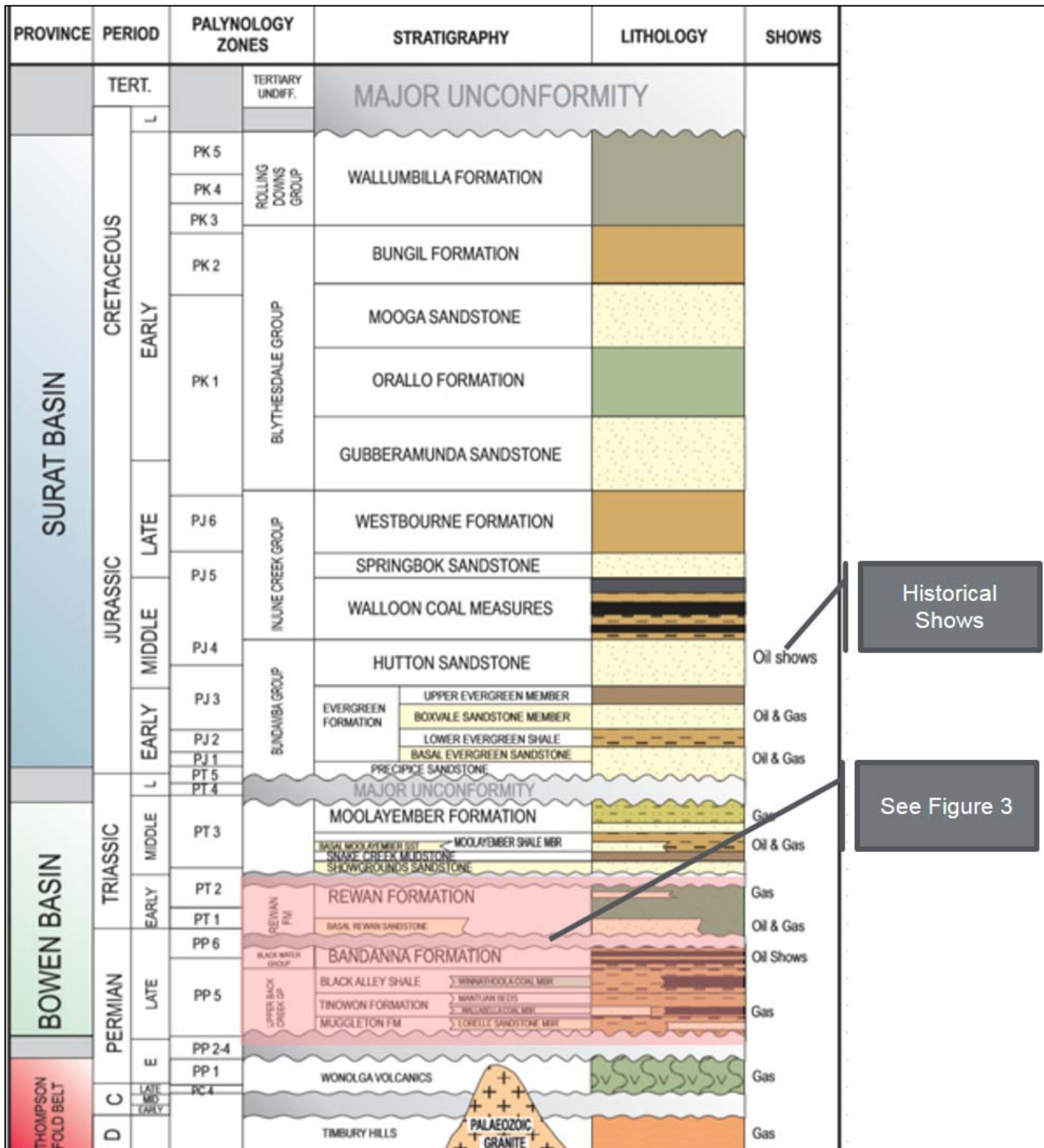


Figure 1 – Roma Shelf Stratigraphic Column and Historical Shows (ref. Figure 3)

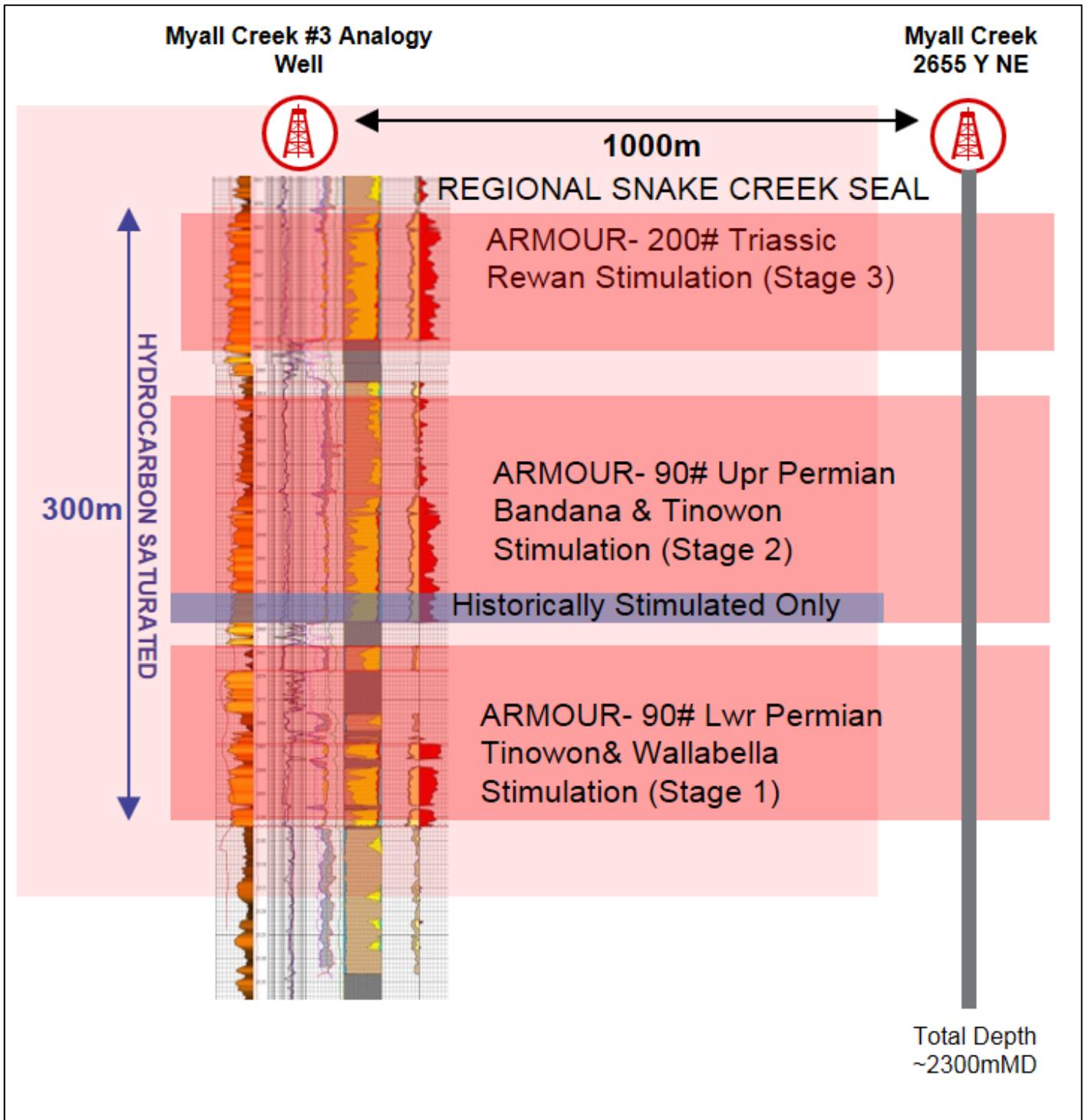


Figure 2 –Bowen-Surat Basin stratigraphy highlighting the Triassic & Permian section where Armour will be applying an industry standard multi-stage commingled hydraulic stimulation in the Myall Creek 4A well

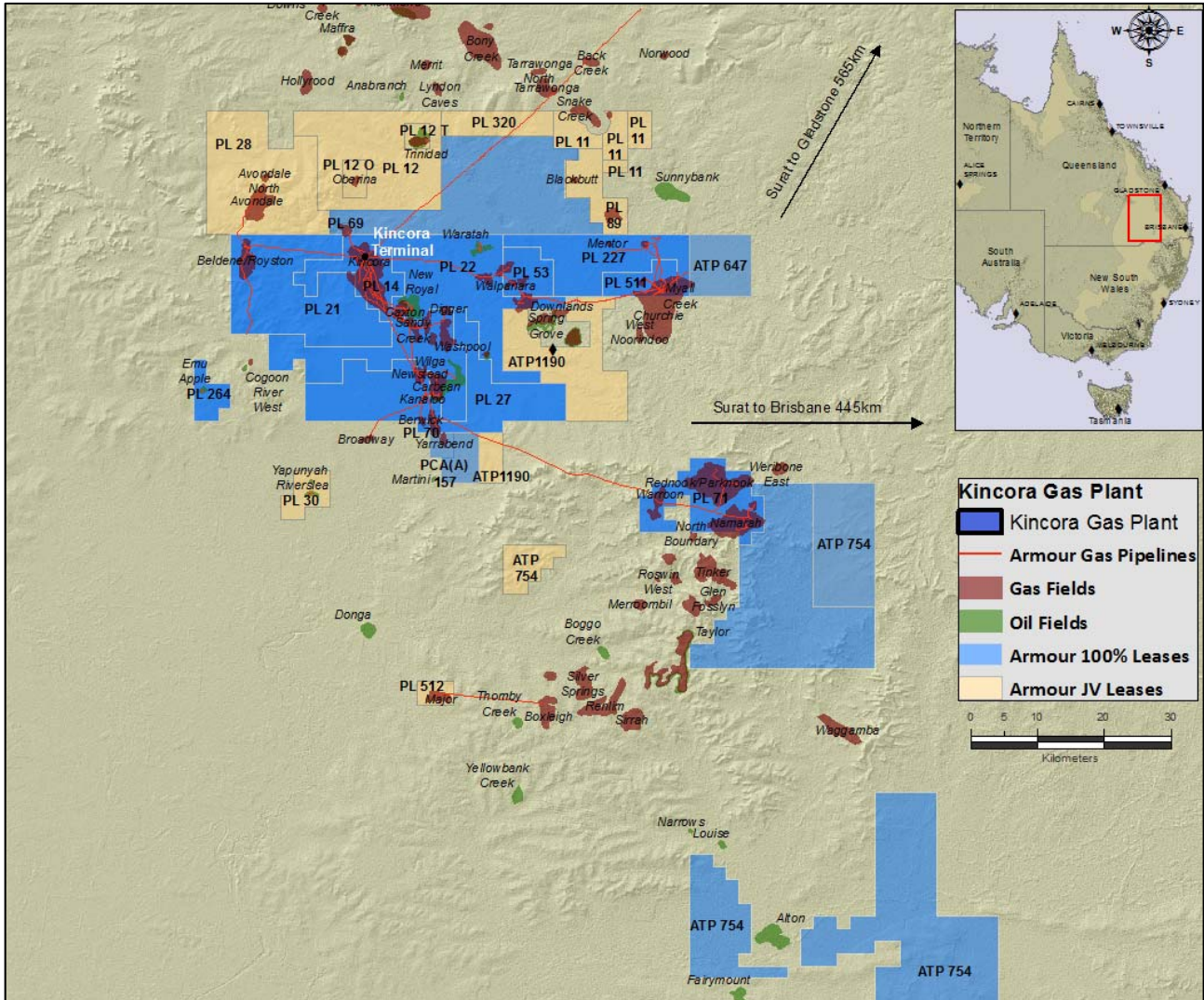


Figure 3 - Armour Energy Permits, Bowen-Surat Basins, Queensland. Drilling has commenced in 100% working interest petroleum license 511 in the productive Myall Creek Field.



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 active member 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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