

Armour Energy Limited

8 October 2018

Commercial Production from Myall Creek 4A Well Commences

Highlights:

- **First sales gas delivered from recently drilled Myall Creek 4A well.**
- **Myall Creek 4A, in Armour's 100% owned PL 511, is Armour's first well drilled, connected and brought into commercial operations since Armour acquired the Kincora Project from Origin.**
- **Myall Creek 4A is still cleaning up after hydraulic stimulation, and its production rate is currently averaging approximately 700,000 scf/day of liquids-rich gas with instantaneous gas flow rates of up to 3,500,000 scf/day having been achieved since the well commenced commercial operations on 5 October, 2018.**
- **Myall Creek 4A is the first well under Armour's Gas Acceleration Program (GAP) agreement with the Australian Government which provides partial funding of Armour's four well program to be completed by June 2019.**

The Directors of Armour Energy Ltd (ASX: AJQ) are pleased to provide this update on the Company's operations at the Myall Creek 4A well located in 100% owned PL511.

On Friday afternoon, 5 October 2018, the well connection works were completed and commissioning of those facilities commenced. The well continues to clean up after hydraulic stimulation and the average production rate since the well commenced commercial operations is 700,000 scf/day of liquids-rich gas with instantaneous flow rates of up to 3,500,000 scf/day. The well's gas and liquids production is flowing through the recently installed 2-3/8" production tubing.

Operations through the production tubing are assisting in the continued well clean-up and recovery of hydraulic stimulation fluids. Prior to the installation of the production tubing, approximately 78% of the hydraulic stimulation fluid was recovered through the 4-1/2" casing. With the 2-3/8" production tubing installed, the lifting of the remaining hydraulic stimulation fluids is enhanced.

Since February 2018, Armour's continued gas production and sales of 9 TJ/day has included on average just under 2 TJ/day from the Newstead gas storage facility. With Myall Creek 4A on line, field production rates should increase sufficiently to enable the volume of gas remaining in Newstead storage (approximately 1.35 PJ) to be primarily utilised for operational flexibility and opportunistic sales to maximise revenue during the ensuing months, particularly as gas prices historically peak in the summer season. Also, production from the liquids-rich Myall Creek 4A well is beneficial to the operation and efficiency of the LPG system within the Kincora Gas Plant, increasing both gas and liquids production rates, and thus sales and revenues.

Earlier this year, Armour was awarded a grant from the Australian Government Gas Acceleration Program (GAP) of up to \$6m towards its costs for the drilling, completion and connection costs for a 4 well program scheduled to be completed by June 2019. The Myall Creek 4A well is the first of these 4 wells.

The results of the Myall Creek 4A well are being analysed and evaluated. The information from this work will be used to formulate Armour's future drilling and completions operations with planning well advanced for the drilling of the next well in the program.



On behalf of the Board
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Company Secretary

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