



Armour Energy Limited

13 December 2018

Myall Creek 5A - Multiple Gas Zones Plus New Regional Gas and Oil Play in Black Alley Formation

Highlights:

- During the drilling of Myall Creek 5A, both the Triassic Basal Rewan and the Permian Tinowon Sandstones indicated significant gas shows. Data obtained during drilling and logging of the well indicates potential conventional gas flows across these zones.
- Drilling of the well confirms several gas-saturated, virgin over-pressured gas and liquid-rich formations including the Basal Rewan, Black Alley Shale, Tinowon A and Tinowon C.
- The confirmation of the Black Alley Shale in Armour's Myall Creek 4A and Myall Creek 5A indicates the potential of a new regional gas and oil play, and is the subject of ongoing analysis by Armour.
- Myall Creek 5A is currently cased and suspended as a future production well. Plans are underway to test the conventional gas potential for early production and sales.

The Directors of Armour Energy Limited (Armour, ASX: AJQ) wish to update the market with respect to the Myall Creek 5A well. The well was spudded on 1 November 2018 within Armour's 100% owned PL511 in Queensland. The well was successfully drilled through the production zone to 2244.5 metres depth. The well encountered a 290-metre gross Triassic and Permian gas charged window beginning at 1875 metres depth.

During drilling of the production zone, good shows of gas were observed through the over-pressured Permian Sandstones and the Triassic Rewan Basal Sandstone.

The mudlog gas show data and electric log data, which has now been reviewed, confirms that the reservoir production zones are saturated with hydrocarbons.

The results of the logging indicate:

- Triassic Rewan Basal Sandstone – demonstrates good porosity, with excellent permeability and does not require hydraulic stimulation. Hydrocarbons present within the formation at pressure.
- Permian Sandstones – the Tinowon Formation again demonstrates good porosity, saturated with hydrocarbons. These sands were measured and are virgin over-pressured, with low to moderate permeability. This formation is a candidate for potential future hydraulic stimulation.
- Armour notes that there is a potential for further testing of the Showground Sandstone Formation and the Black Alley Shale. The Showground Sandstones are a demonstrated conventional regional hydrocarbon gas play beneath the regional Snake Creek Shale seal.



Armour intends to perforate the well in the Basal Rewan, Upper and Lower Tinowon Formations to test and demonstrate conventional gas potential. This work will be scheduled subject to service contractor availability.

Armour is also continuing to develop a design for the hydraulic stimulation of regional tight gas formations. This is expected to increase the total hydrocarbon recovery from the well.

This well is located nearby to Armour's Myall Creek field compressor allowing for rapid connection and production into the Company's gas gathering system. The gas and liquids from this well is planned to be processed at the Kincora Gas Plant (100% Armour), and the gas delivered to market via Armour's sales gas pipeline to Wallumbilla.

Armour has been producing and selling on average 9 TJ/day since February this year, 170 barrels per day of oil and condensate and 14 tons per day of LPG. The Company's growth strategy includes progressively restarting existing wells not yet on line, compression optimization plus any necessary further work on the Kincora Gas Plant to enable the Company to target increasing gas production to 20 TJ/day over the next 12 months.

A handwritten signature in blue ink, appearing to read "Karl Schlobohm".

On behalf of the Board
Karl Schlobohm
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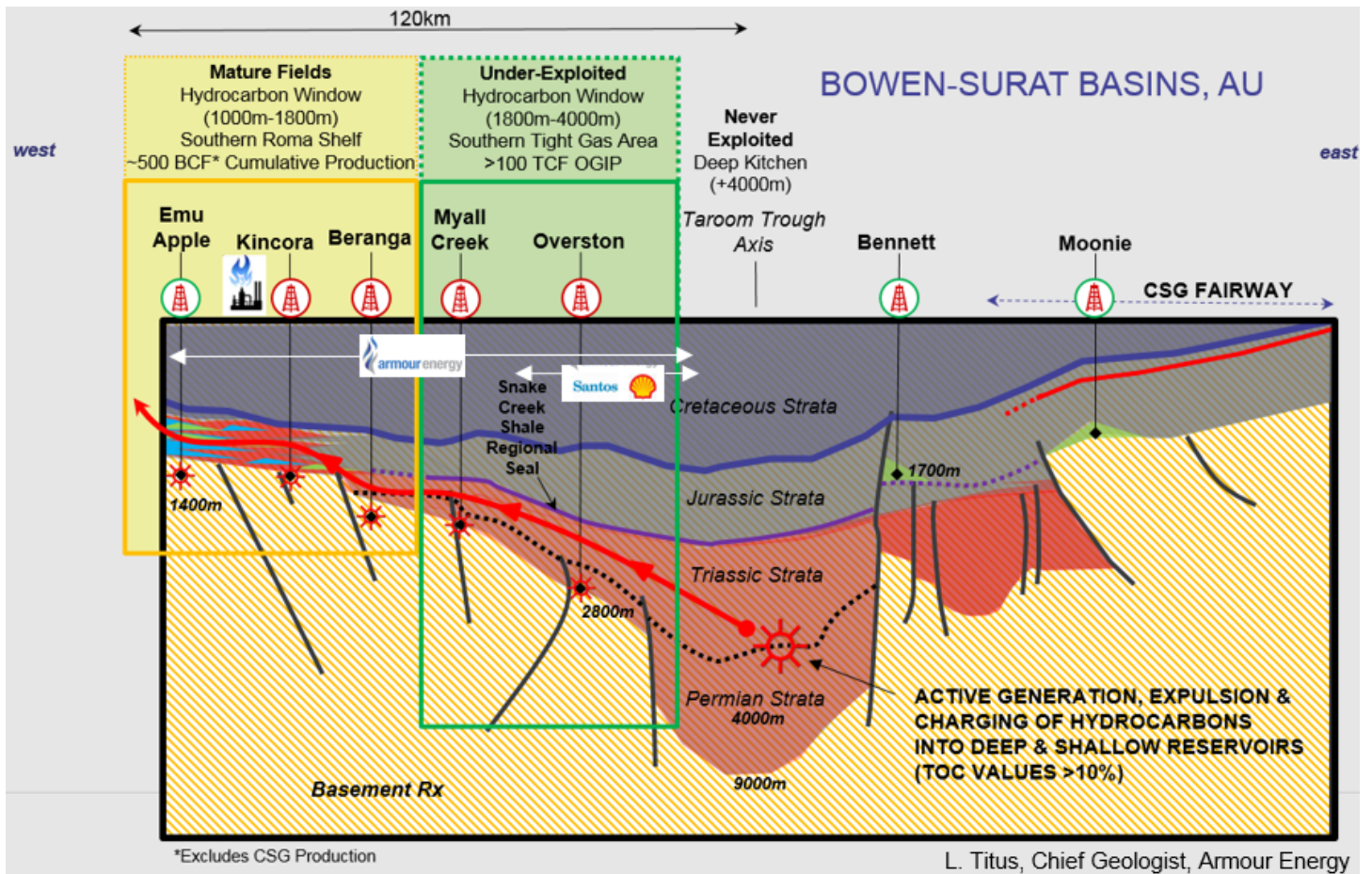


Figure 1 – Cross Section of Regional Shallow Conventional and Deep Tight Gas Plays