



Armour Energy Limited

2 October 2019

Myall Creek North 1 Update

The Directors of Armour Energy Ltd (ASX: AJQ) are pleased to provide a brief update on the progress of the Myall Creek North 1 development well (MCN1) in Armour's 100% owned PL511 in Queensland (**Figure 1**).

On 23 September the Company advised that MCN1 had spudded. Since then drilling has progressed, and the 9-5/8" surface casing has been successfully cemented back to surface. Currently, Silver City Drilling Rig 20 is drilling the intermediate 8½" hole as planned. At 0652 hours this morning, operations were drilling ahead at a measured depth of 1,361 metres. This intermediate section is planned to be drilled to approximately 1,860 metres measured depth (or approximately 1,803 metres vertical depth). On successful completion of drilling the intermediate section it is planned to run 7" casing, and then it is planned to drill the 6-1/8" hole to approximately 2,343 metres total measured depth (TMD) or approximately 2,260 metres total vertical depth (TVD). Following drilling to target depth, open hole logs will be run and then the 4½" production casing will be run.

Following drilling, open hole logging and casing of the well, a special cased hole logging tool is planned to be run to obtain additional data to assist in the evaluation of the target formations. All logging data will then be analysed and the completion design for the well will be finalised and installed. A flow test is planned to be conducted on the well immediately after the well completion is installed, and prior to the installation of the wellhead skids and tie-in pipeline.

As previously advised, this development well aims to assess both the conventional and tight-gas potential of the demonstrated working hydrocarbon system in the regional Permian and Triassic reservoirs in the prolific Myall Creek Field.

Armour's 2019 work program has been designed to target an increase in liquid rich gas production and revenue through the drilling of MCN1, with plans to immediately follow with the drilling of the Horseshoe 4 development well (HS4) which is located in Armour's 100% owned PL227. Additionally, a workover campaign to optimise and increase production from existing wells, including the fracture stimulation of Myall Creek 5A, will be executed concurrently with the drilling campaign. The total duration of these activities is planned to be approximately 3 months.

Well MCN1 continues Armour's Phase 3 growth strategy which includes the drilling of new wells and investigations into workovers, stimulation of existing wells and new 3D seismic surveys. This, together with any necessary further work on the Kincora Gas Plant, will assist the Company to target gas production of up to 20TJ/day.

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

On behalf of the Board
Karl Schlobohm
Company Secretary

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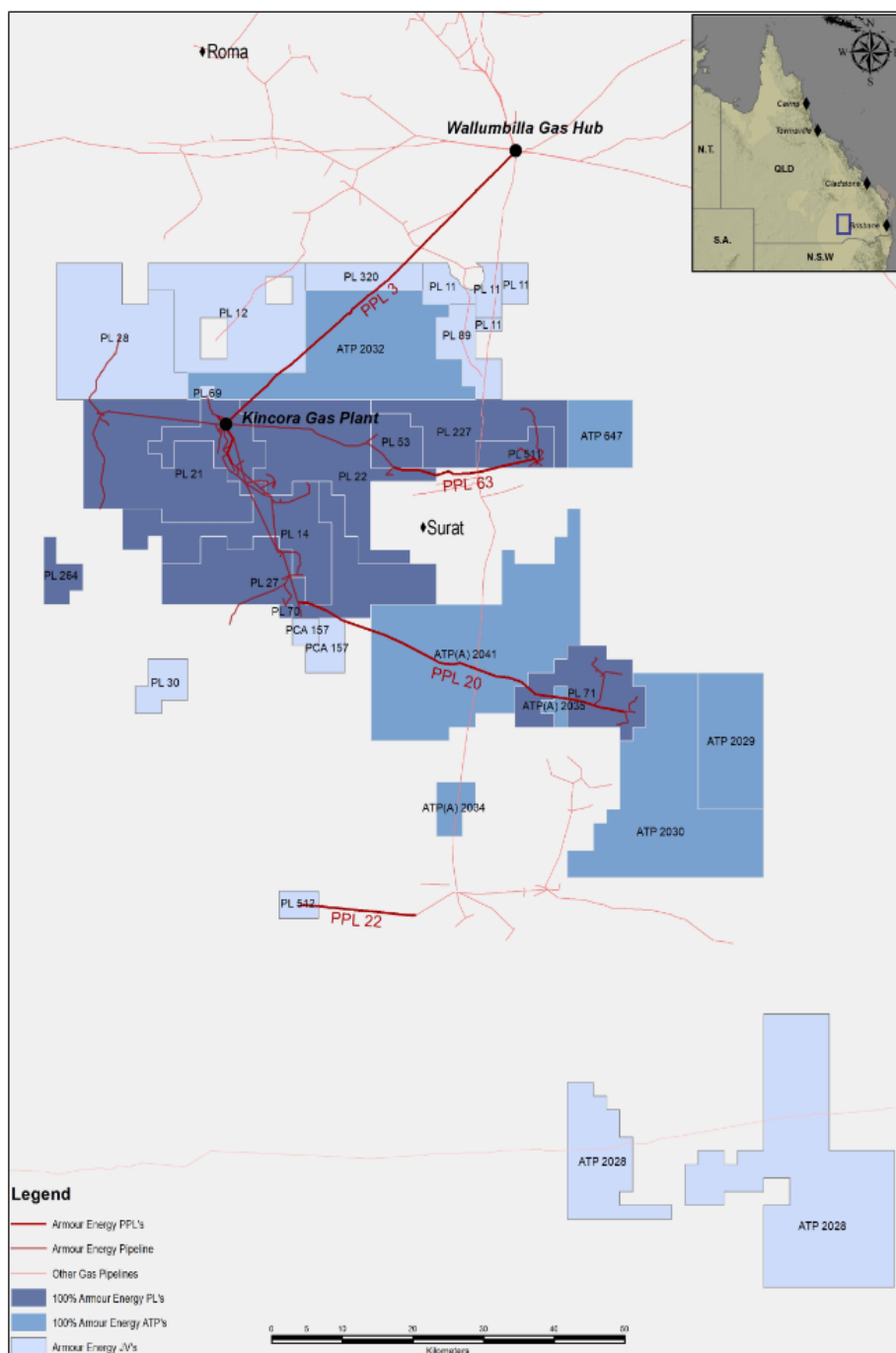


Figure 1: Armour Energy Permits, Bowen-Surat Basins, Queensland



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