



Armour Energy Limited

A Growing Onshore Exploration
& Production Company

Brisbane Resources Round-up: 17 October 2019

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Statements in this presentation as to gas and mineral resources has been compiled from data provided by Armour's Chief Geologist, Mr Luke Titus. 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. Mr Titus' has over 20 years of relevant experience in both conventional and unconventional petroleum exploration in various international hydrocarbon basins. Mr Titus has sufficient experience that is relevant to Armour's reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules 5.11. Mr Titus consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.



About Armour Energy

Australian Producer of Gas, LPG, Condensate and Oil

Long Life Production Assets

Operating Facility in Strong Commercial Environment

Current and Future Drilling Programs

Commanding Acreage Position and Portfolio

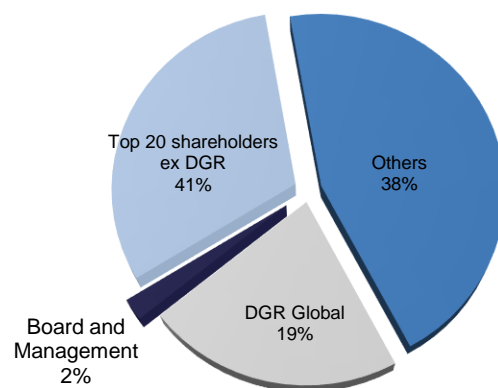
Vast Under-explored Opportunities

Armour Energy's Capital Structure – Snapshot

Capital Structure

ASX Code:	AJQ
Shares (Ordinary)⁽ⁱ⁾	589M
Options (unlisted)⁽ⁱ⁾	101M
Corporate Bond	\$55M
Share Price⁽ⁱⁱ⁾	7.2 cents
Market Capitalisation	~\$44M
Cash on hand (30 Sep 2019)	\$9.2M
Number of Shareholders	~1,700

Share Register



Board & Key Management – Proven Oil and Gas Professionals

- Nicholas Mather Executive Chairman
- Stephen Bizzell Director
- Roland Sleeman Director
- Eytan Uliel Director
- Roger Cressey Chief Executive Officer
- Richard Aden Chief Financial Officer
- Michael Laurent GM Development

Share Price Performance (1 year)



(i) Source: <https://www.armouenergy.com.au/capital-structure/>

(ii) Armour Energy share price as at 16/10/2019

Armour Energy - Onshore Projects Summary

Premier Assets and Proven Operational Execution



Kincora Project

- Natural gas, LPG, Oil & Condensate production and development

Murrungama CSG Project (10% JV Interest)

- Gas to be sold exclusively to Domestic Manufacturers

North QLD & Northern Territory

- Conventional & unconventional exploration and future production

Uganda Project (17% JV interest)

- Oil exploration

Victoria Onshore Conventional

- Possible exploration & appraisal

Kincora Gas Project



Armour's Kincora Gas Project



- Kincora discoveries made in the mid-70's
- Sales Gas Pipeline (PPL3) constructed in 1977
- Kincora Gas Plant – originally commissioned in 1985 by Hartogen
- Restarted dry gas circuit – Armour Energy Sep 2017
- Recommissioned with gas from the Newstead Storage facility
- Restarted wet gas circuit – Dec 2017
- Current production around 9 TJ/day and focus on increasing production – targeting 20TJ/d as soon as possible
- Oil & Condensate sales – 170bbl/day
- LPG Sales – 14 tonnes per day



- 100% Owned and Operated Petroleum Licences (PL) and Pipelines
- 100% Owned and Operated ATPs (Authority to Prospect)
- Significant number of prospects and leads in the inventory
- Granted two new domestic blocks by the Qld government in 2018
- Recently awarded ATP 2041, 2034 and 2035
- ATP 2041 adjacent to newly granted Santos & Shell 50:50 JV
- 2090km² of Exploration acreage
- Exploration acreage located near existing infrastructure with access to market

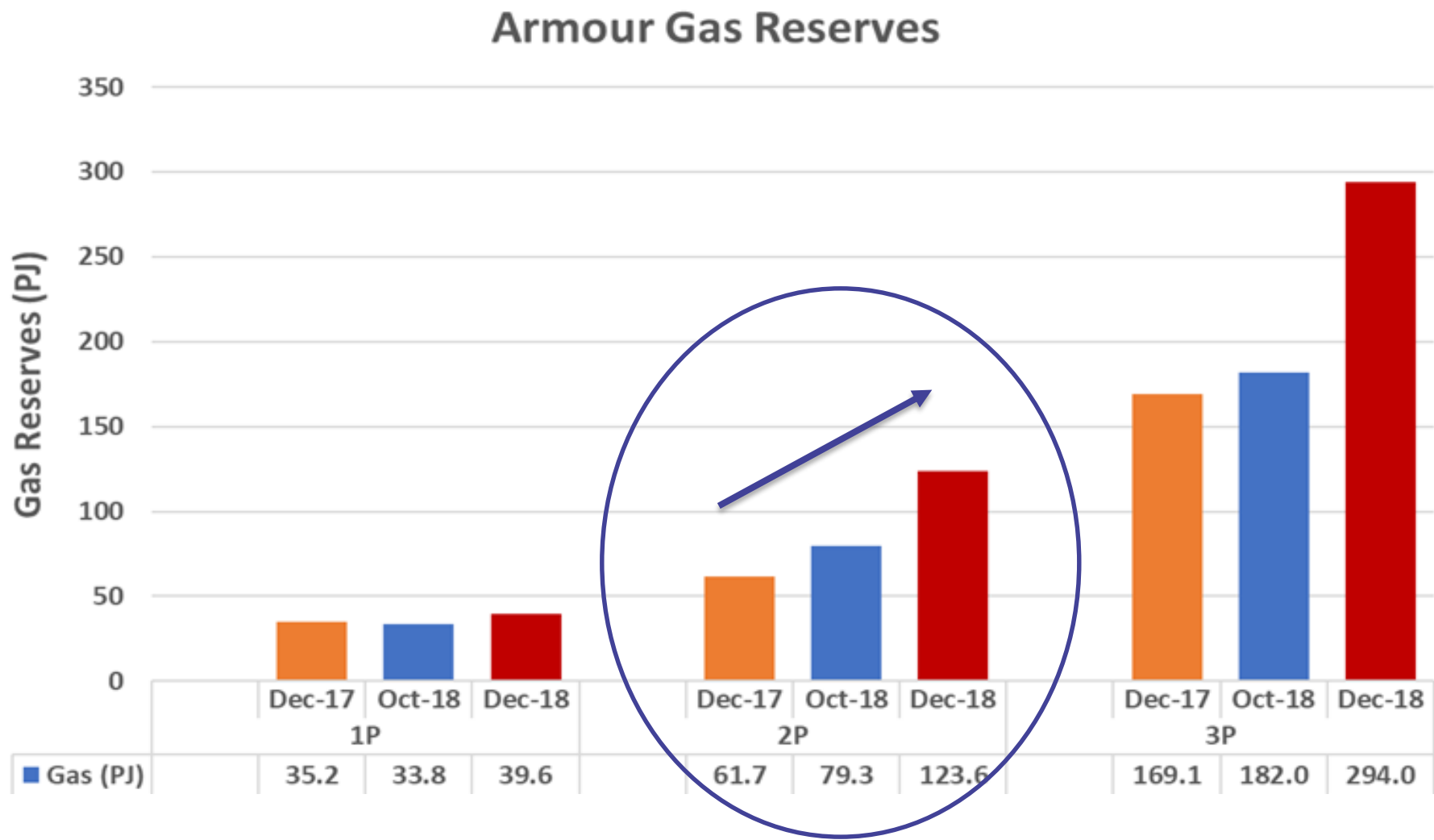
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2019 Work Program On Schedule to Complete by Year End



- **2 well drilling program**
 - **Myall Creek North 1**
 - Drilled to total depth (TD) of approximately 2,298 metres measured depth
 - Open hole logged and modular formation dynamic testing (MDT) completed; results being:
 - Thick gross sandstones intersected with very encouraging gas log response
 - Testing indicates the Tinowon packages include gassy sands with potentially sufficient pressure & permeability for conventional production.
 - Primary conventional sandstones are being targeted for production testing in the coming weeks.
 - Gas to market is expected before year end.
 - **Horseshoe 4 planned to spud next week**
- **Workover existing old gas wells to improve overall production rates**
- **Assessing restart of old oil wells**
- **Targeting increased production towards 20TJ/day as soon as possible**

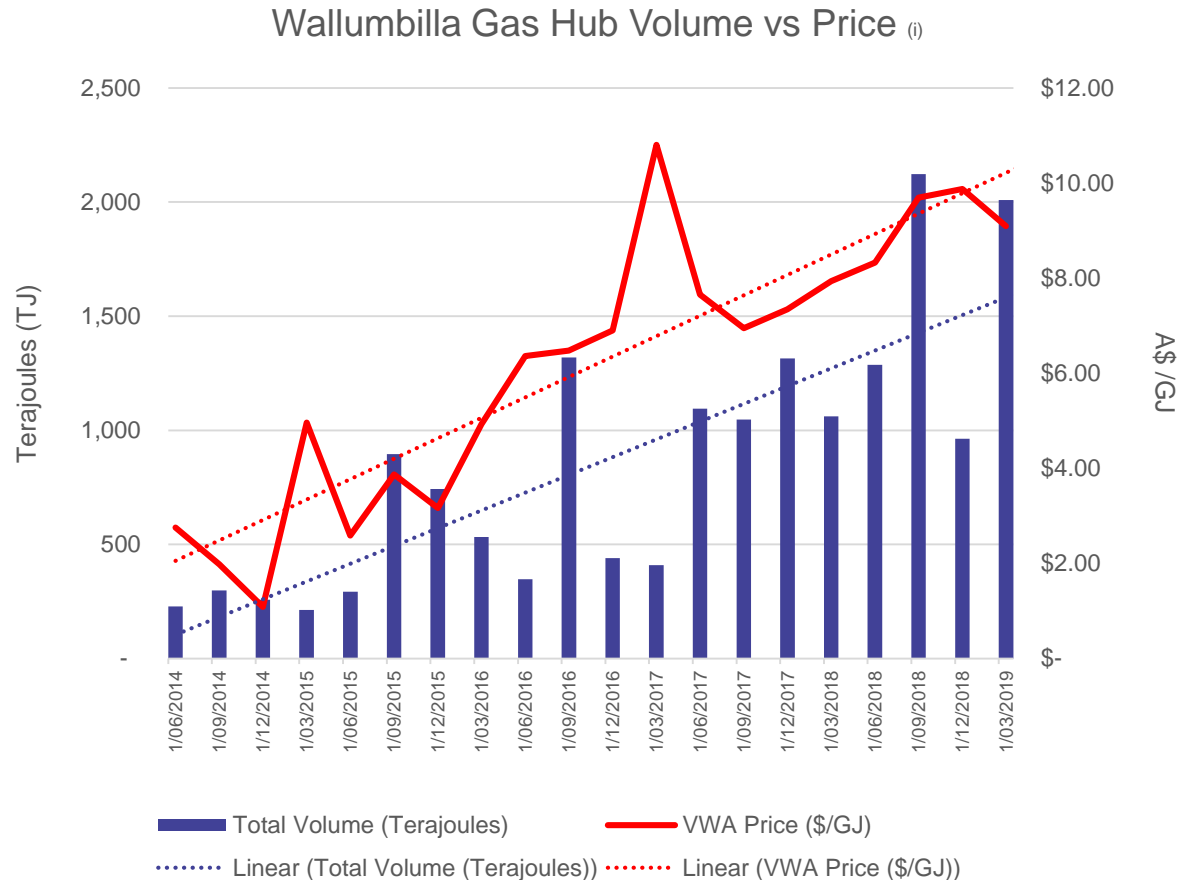


Notes:

- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on a risked net basis with historical production removed.
- All reserves are listed 100% Armour (reserves exclude Waldgrave JV area)
- Petroleum Reserves have no deduction applied for gas used to run the process plant estimated at 7%.
- BSCF = billion cubic feet, PJ = petajoules, bbls = barrels, gas conversion 1.137 PJ/BCF.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2065 tonnes/petajoule, Condensate Yield 9938 barrels/petajoule.

⁽¹⁾ Source: Armour Energy ASX Announcement on 18 February 2019

Australian East Coast Gas Prices and Forecast



- Armour is contracted to Australia Pacific LNG for the supply of up to 3.65PJ per year for 5 years
- For production volumes beyond this, Armour will be able to take advantage of the strong east coast gas market
- Wallumbilla Gas Price has continued to increase in addition to quarterly volume increases
- Increasing reserves based on drilling new wells increases current uncontracted volumes

Armour's uncontracted gas position⁽ⁱⁱ⁾:

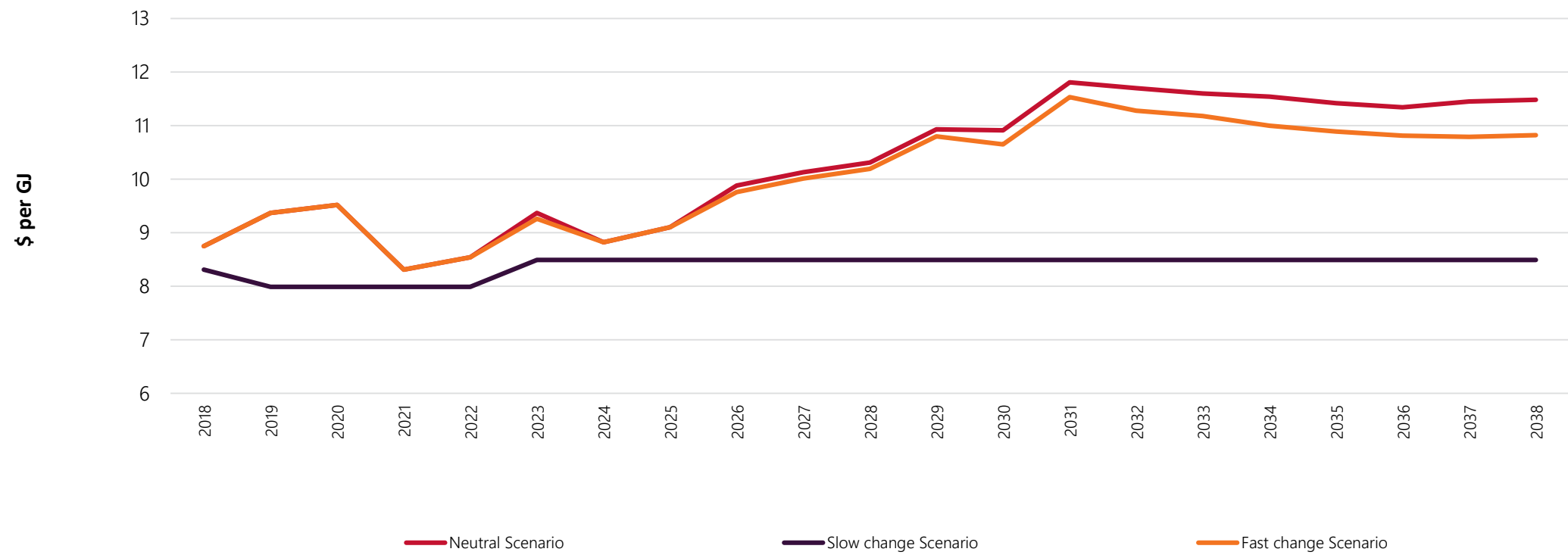
2P reserves: 105PJ

3P reserves: 275PJ

Source : (i) AER wholesale statistics – (i) STTM quarterly prices average daily weighted prices by quarter
(ii) To be able to sell this gas Armour will have to spend additional capex on Facilities and Development Wells

Forecast STRONG Australian Gas Market

Forecast wholesale eastern Australian gas prices averaged across eastern states, 2018-2038 (i)

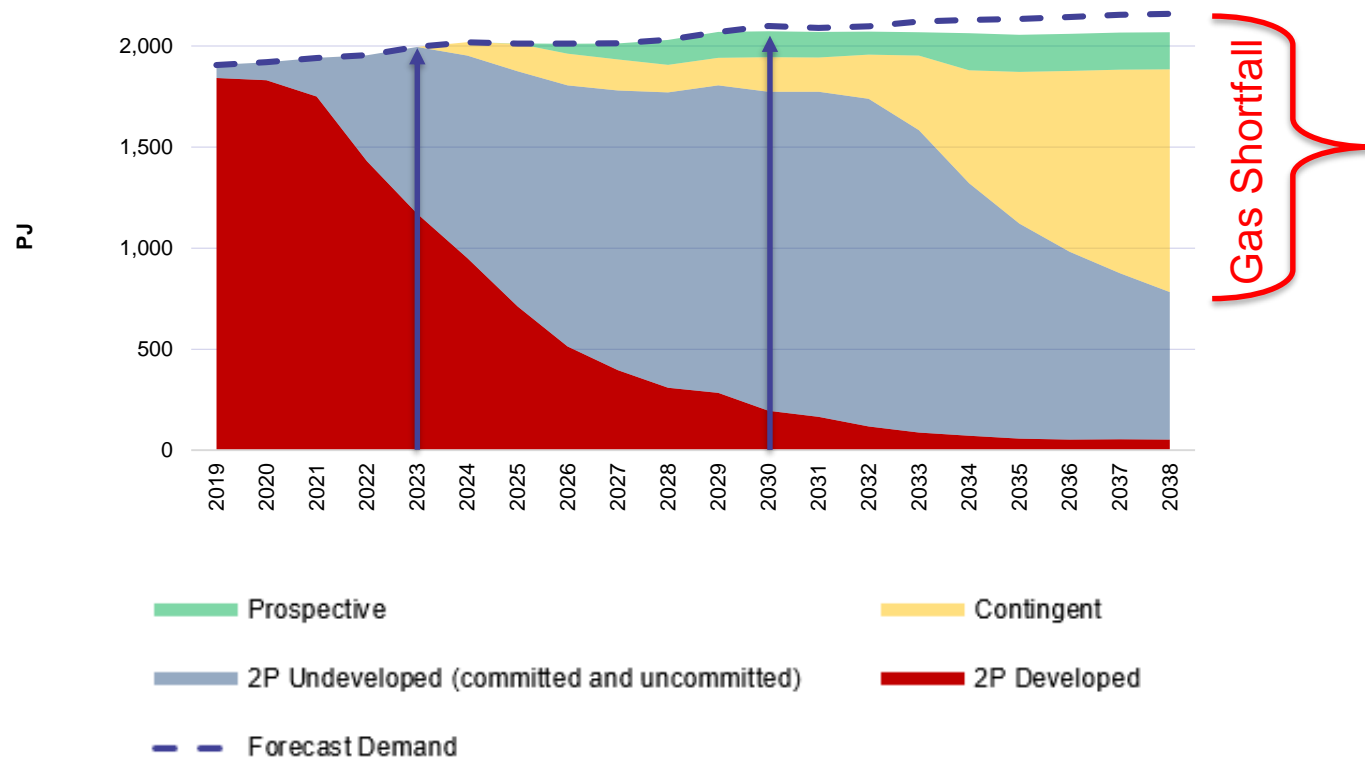


Source : (i) Australian Energy Market Operator (AEMO) *Gas Statement of Opportunities, March 2019*

Eastern Australia Gas Demand

New Gas Discoveries and Developments are Required

Projected eastern and south-eastern Australia gas production (export LNG and domestic), 2019-38; supply from all available resources (including uncertain undeveloped projects)



- Two predicted shortfall events in the near future.
- The first is forecast to occur in 2023-24 based on decline of developed 2P reserves.
- The second shortfall event is forecast to commence in 2030.
- Meeting demand under the current scenarios assumes the continued exploration and development / conversion of Contingent and Prospective resources.
- Given the lead time for development of gas projects from exploration to production of ~5 years, projects such as Armour's that are close to infrastructure and market are high value and important.
- New Resources and Reserves are critical to Eastern Australian energy market

Armour's Roma Shelf Growth Strategy: A Portfolio for Domestic Supply



Phase 1 **Kincora Acquisition** **2015 – 2016**

- ✓ Finalise Kincora Acquisition
- ✓ Planning & Design for Kincora Recommissioning Works
- ✓ Exploration Program Planning
- ✓ Commence Oil Production

Phase 2 **Kincora Restart** **2016 – 2017**

- ✓ Restart Dry Gas Circuit
- ✓ Commission Newstead Gas Storage for Production
- ✓ Commence 5 TJ/day Sales
- ✓ Commission Wet Gas Circuit
- ✓ LPG, Condensate Sales

Phase 4 **Multi TCF Armour Growth** **2018 – 2023+**

- ✓ Refinance Assets
 - Target 20 TJ/day Production and Sales as soon as possible; seek further increase to 30 TJ/Day
 - Commence exploration across broader "Roma Shelf" portfolio
 - Target ~1600PJ 3P by 2023
 - Define and Assess new 100TJ/d – 250TJ/d gas plant associated with Roma Shelf development

Phase 3 **Kincora Production Growth** **2018 – 2019**

- ✓ Commence 9TJ/ Day Sales
- ✓ Commission Field Compressors
- ✓ Drill New Production Gas Wells
 - Exploit New 3D Over Surat PL's
 - Secure Further Gas Sales Agreements
 - Focus on increasing production

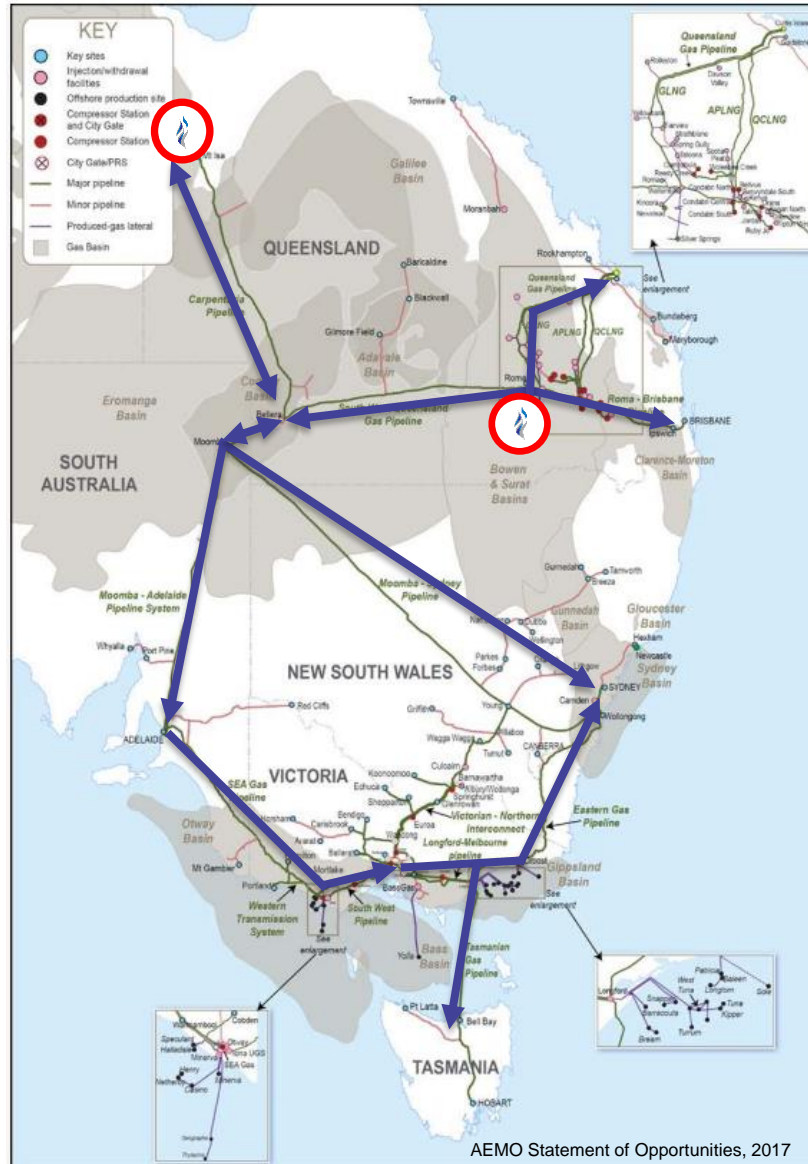
Completed

Completed

Achieving

Growth

Armour's Access to East Coast Market



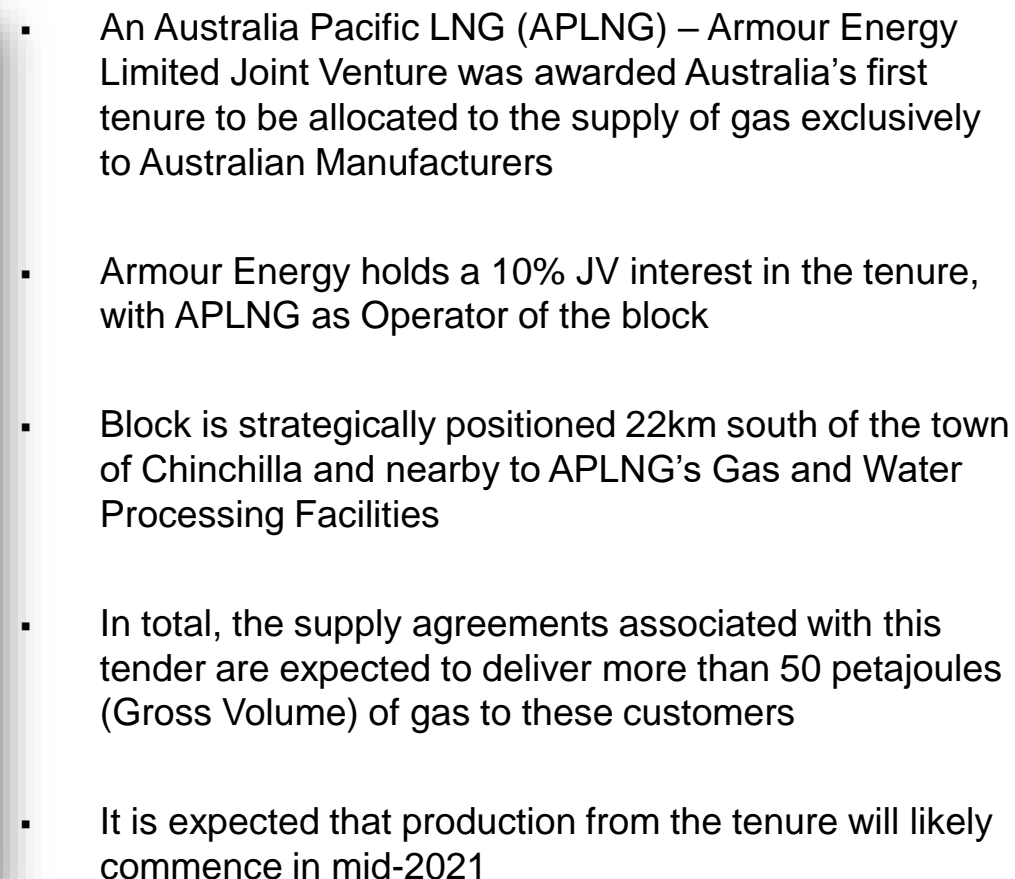
- Armour's Projects are strategically located – adjacent to existing gas pipeline infrastructure
- Field Development Planning is underway to support a multi-TCF project associated with the Roma Shelf Assets and potential in the Northern Australian Projects
- Armour's gas is available to the East Coast via existing pipeline infrastructure.
- Access to long term gas contracts and spot gas market

Right Infrastructure, Right Location

Murrungama CSG Project

Australia's first "Manufacturing Business Gas Supply Block"





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Northern Australia Project

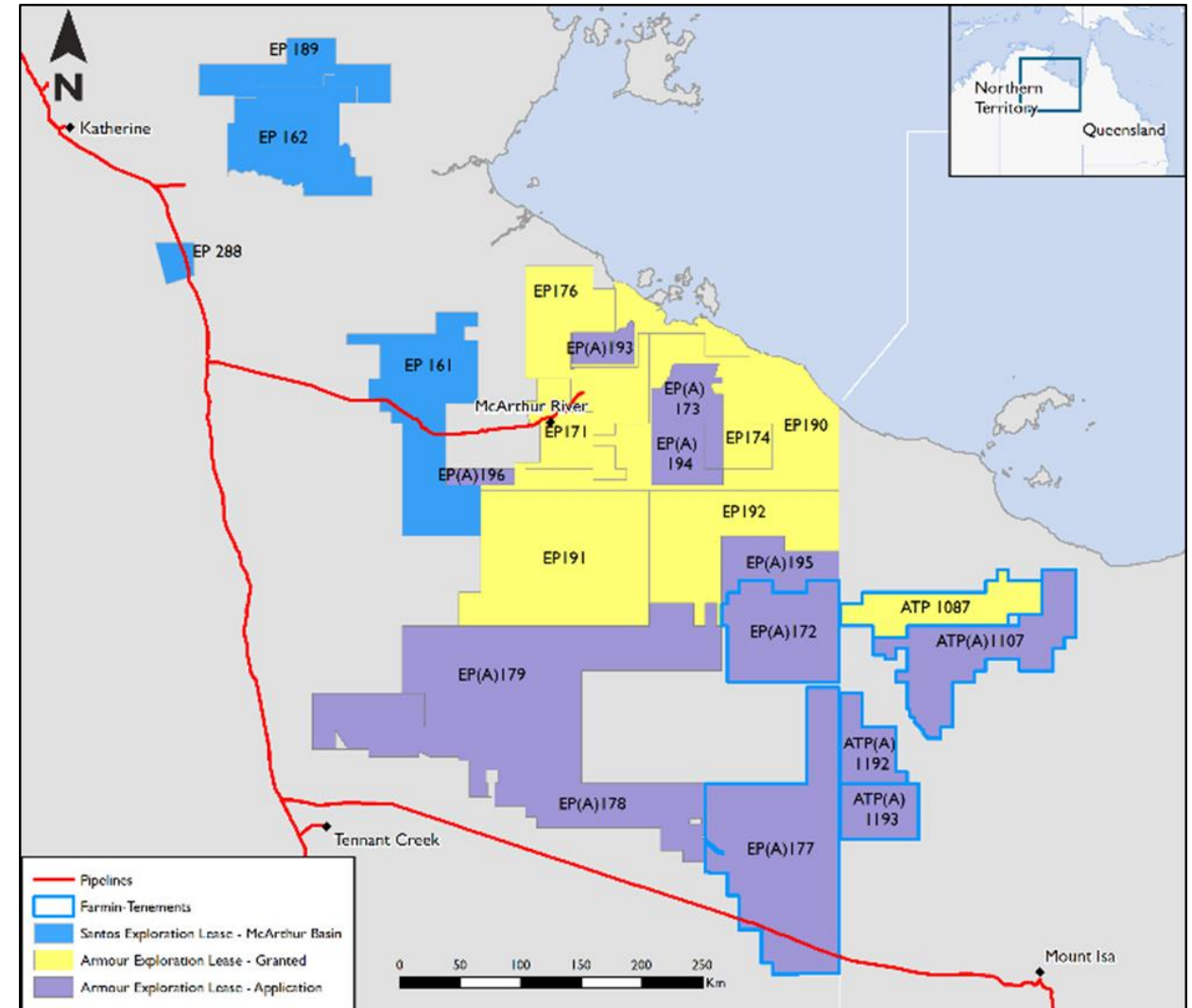
Queensland and Northern Territory Exploration and Development



Santos Farmin to Armour's South Nicholson Acreage

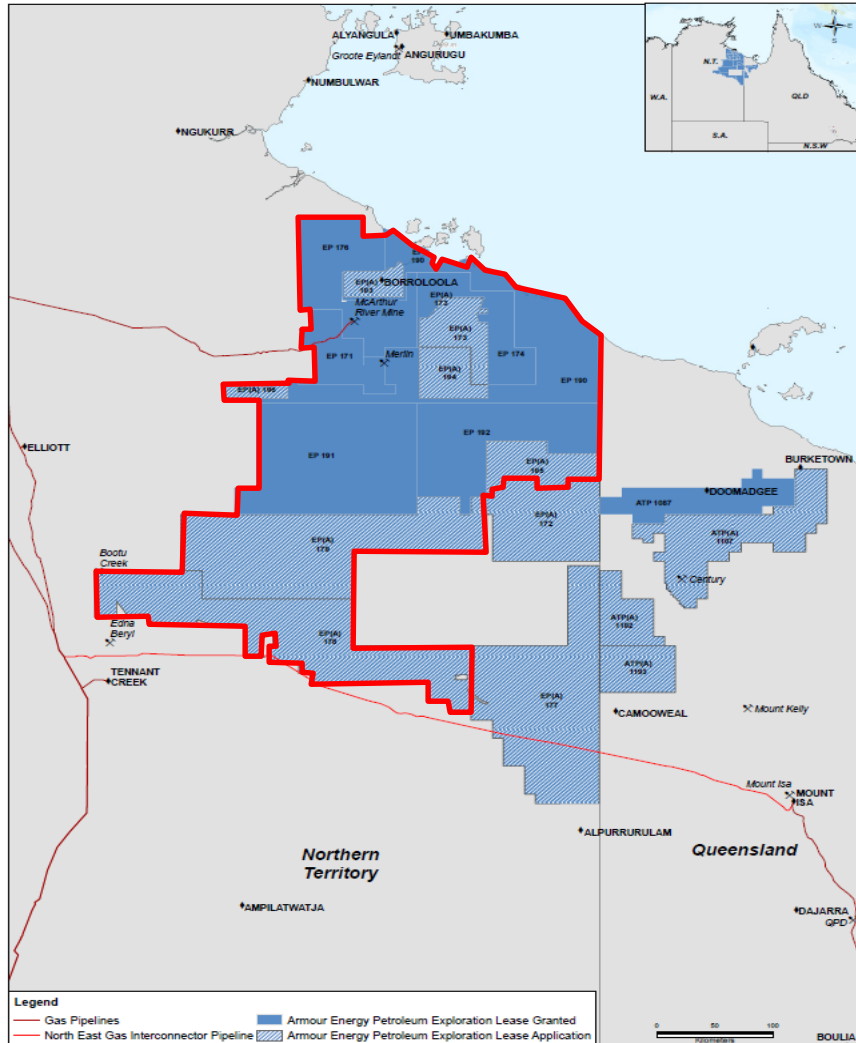
As announced on 15 October 2019:

- Binding Term Sheet agreed with Santos QNT Limited for Farm-in by Santos into Armour's South Nicholson Basin oil and gas exploration project in Northern Australia.
- Armour to receive an upfront cash payment of \$A15million.
- Armour to be free carried 100% up to an exploration expenditure of \$A65 million for the committed work program over 4 years.
- Armour to receive further cash payments up to \$A15 million, subject to certain conditions being satisfied.
- Santos will acquire a 70% and operated interest in each tenement as conditions are satisfied.



Map showing the Farmin Tenements within the blue border

(Armour's other 100% owned tenements not subject to the farm-in are the yellow and purple shaded tenements outside the blue border)



- 33 million contiguous acres (133,951 km²) in Northern Australia (i.e. Northern Territory and north Queensland)
- To date Armour has drilled 7 wells drilled in Queensland and Northern Territory - \$67M expenditure with 6 of the wells resulting in hydrocarbon discovery
- Proven Near Term Production- 90% Methane with Helium Upside
- Well Understood Rock Properties - up to 11% Total Organic Carbon content (TOC) ⁽¹⁾
- >700km of reprocessed 2D seismic control
- Prospective Gas Resource of 57 TCF (Best Estimate) ⁽²⁾

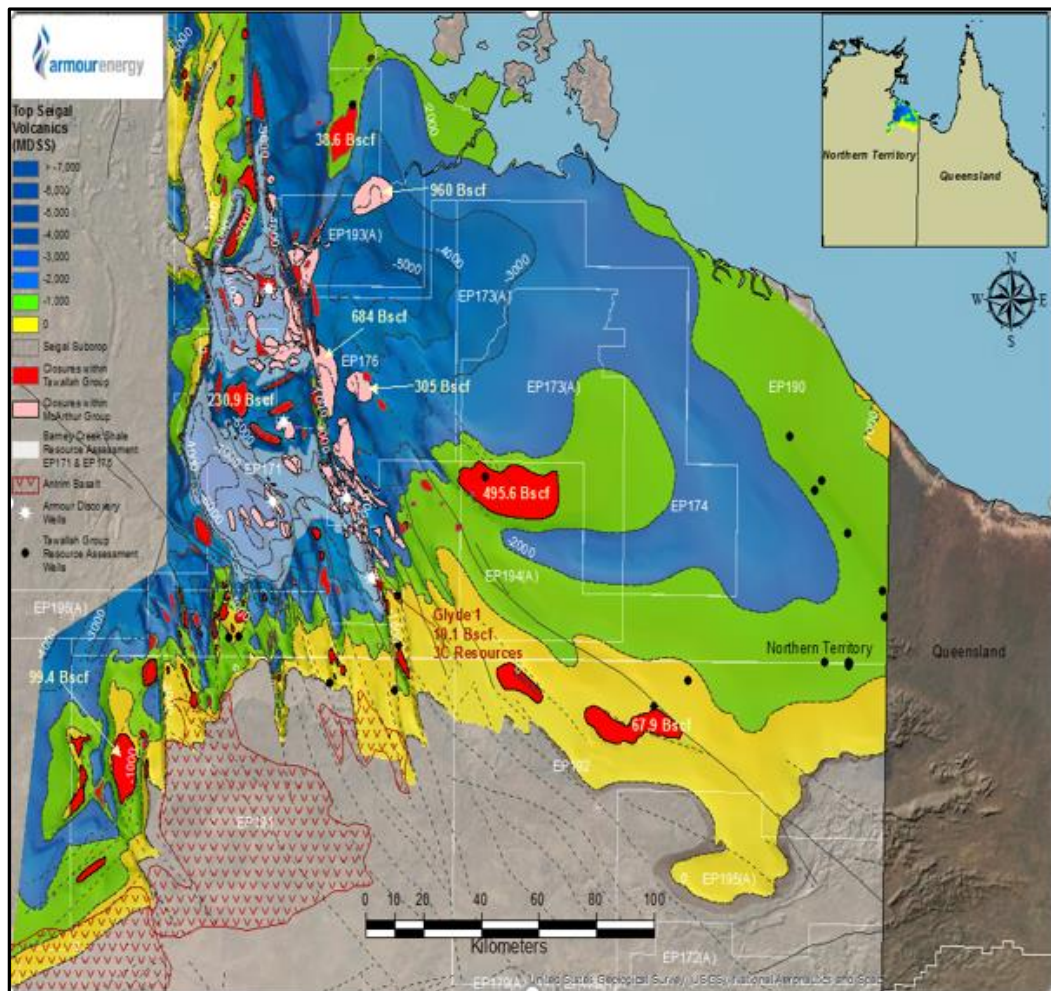
Armour is seeking farm-in partners for its McArthur Basin Project Area

(1) Source: Armour ASX Announcement 16 July 2014 – located in the Queensland Project Area

(2) Source: Armour ASX Announcement 21 September 2015

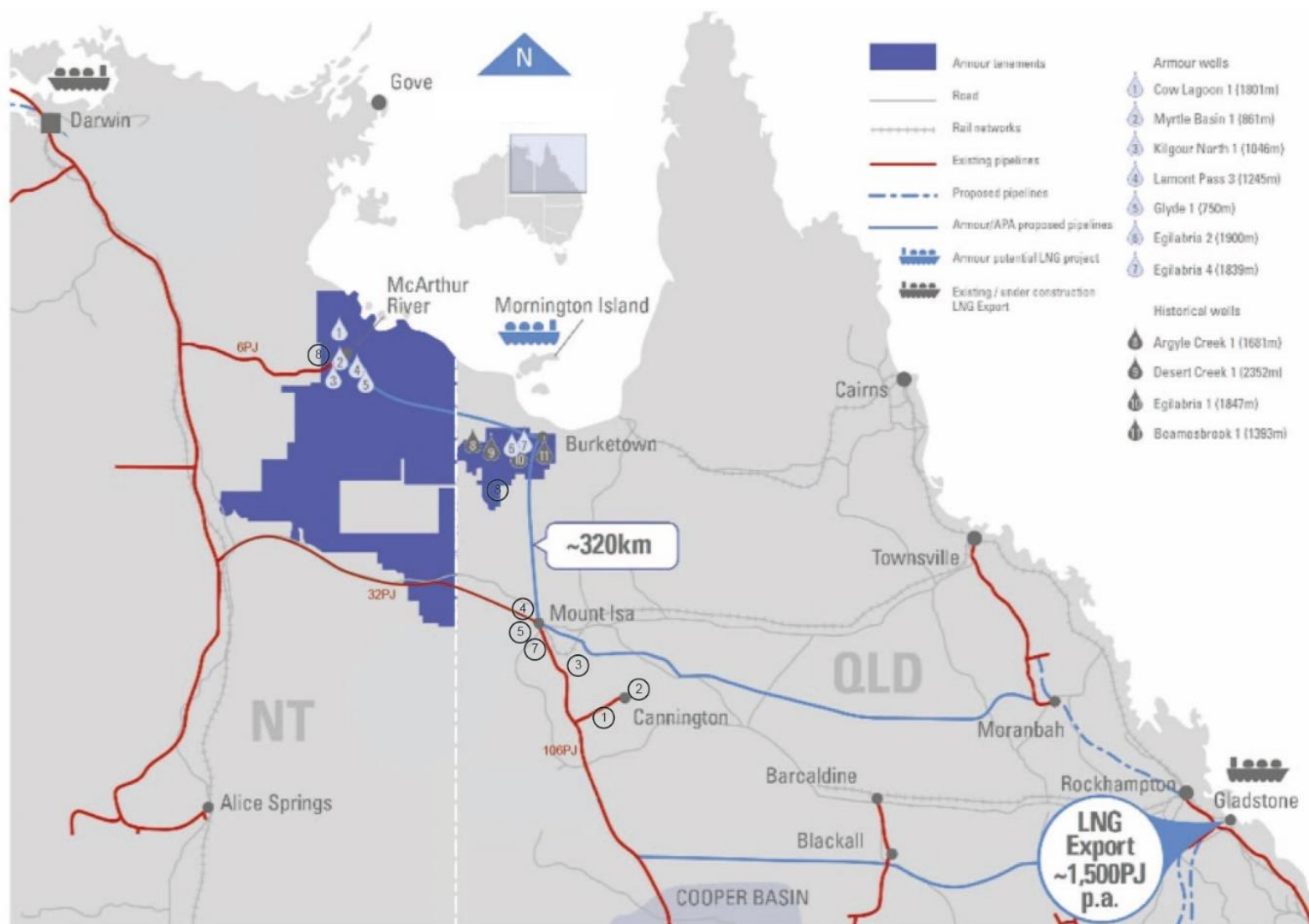
Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Northern Territory Gas Play – McArthur Basin Project



- Glyde 1 – 600m well, **conventional gas flows** of 3.3MMscf from Coxco dolomite
- Focus on conventional production in near term
- **Multiple basins** and up to 97 identified conventional gas closure leads
- Extensive seismic data **highly prospective shale formations**

Northern Australia Project – Accessible / Nearby Market



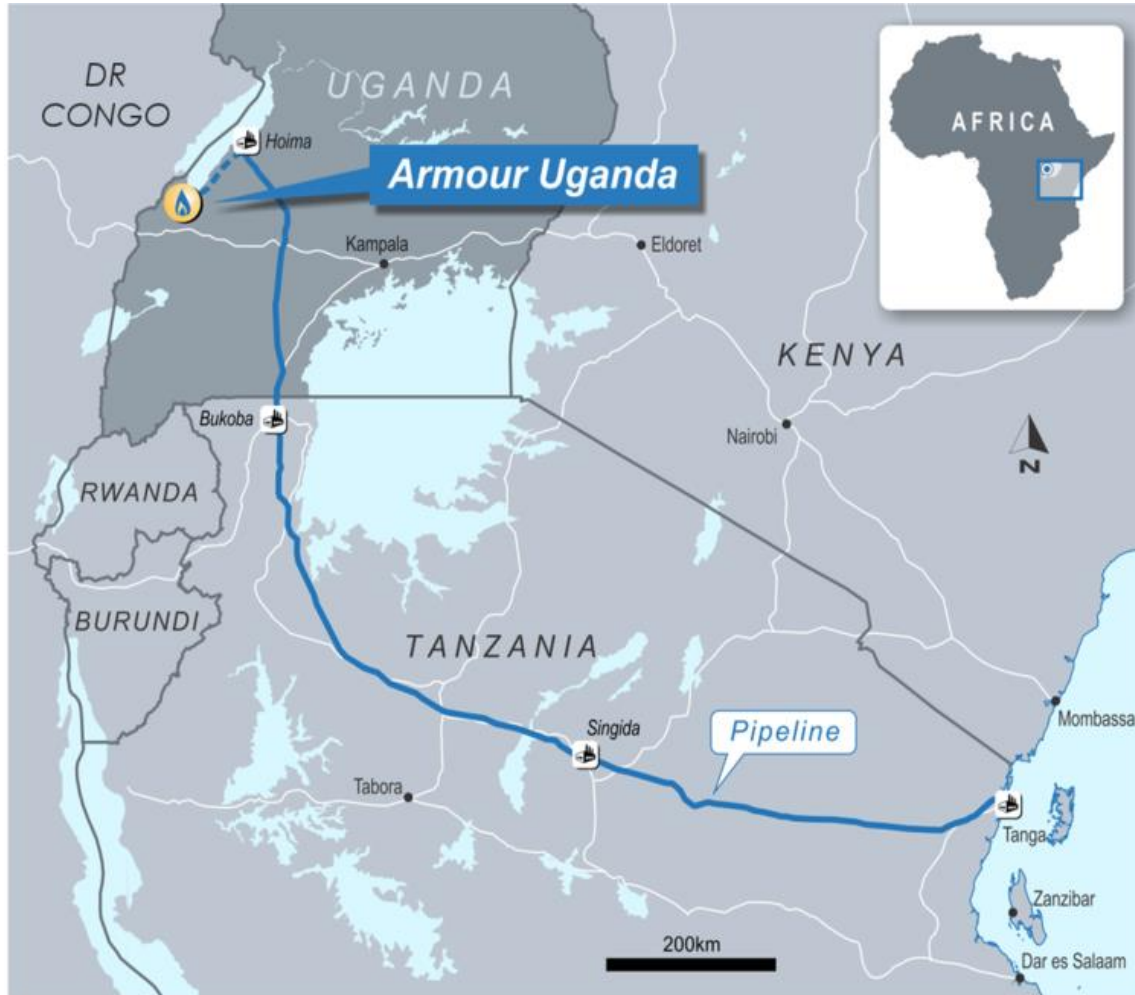
- Key local markets in Northern Australia
- Currently supplied by Cooper Basin and Amadeus Basin
- Transportation costs in excess of \$1.20/GJ to deliver Gas to Mt Isa from Cooper Basin
- Potential for production close to major market.

ID	Customer	MDQ (PJ/a)
1	Osborne	1.1
2	Cannington Mine	2.8
3	Phosphate Hill	15.4
4	Diamantina Power Station	24.5
5	Mica Creek Power Station	38.2
6	Century Mine	14.6
7	Mt Isa Mines	9.5
8	McArthur River Mines	5.0
Total		106.1

Uganda and Victoria Projects



Uganda Joint Venture - Oil Exploration Project



Kanywataba Block

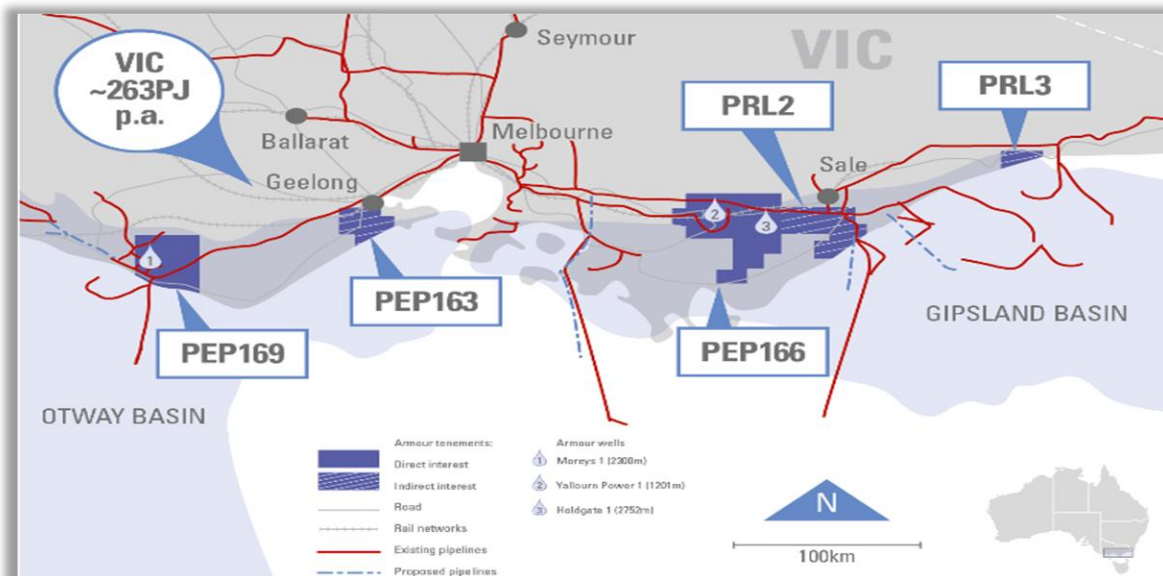
- Located within the Albertine Graben
- Albertine Graben discoveries to date = 6.5 Billion BBLs of oil in place ⁽¹⁾
- Granted to Armour Energy in September 2017; 83% DGR Global beneficial interest and Armour Energy 17%.
- Multiple developed (untested) on-trend structural traps remain (3-way and 4-way dip closures) and multiple untested stratigraphic traps
- Kingfisher oil discovery (40km NE of Kanywantaba); oil seeps confirm local working petroleum system. 3000-5000bbl/day from existing producers
- Kanywataba Block Unrisked Prospective Oil Resource Estimate for Prospects 2 and 3 are 145 - 217 MMBLS ⁽¹⁾
- Pro-resource development Government

1) ASX Release 19 September 2017

Map Source - DGR Global Website - <http://www.dgrglobal.com.au/dgr-uganda>

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Victoria: Onshore Otway and Gippsland Basins (JV with Lakes Oil)



- Otway and Gippsland Basins highly prospective
- AJQ : 51% in PEP169 and 25% in PEP166 (Otway)
- Farm-in rights and acquisition to PRL2 (Gippsland)
- 6.4% Shareholder in Lakes Oil
- Stacked conventional / unconventional plays
- Near existing infrastructure and major gas users
- Victoria has a ban on unconventional and a moratorium on conventional onshore exploration



Wombat - 2 located in PRL2



Highlights



- Australian company working to deliver gas to the East Coast Domestic Gas Market
- Independent oil and gas exploration & production company with positive operational cashflow and significant growth potential
- Portfolio of quality exploration and appraisal projects provide additional long term value drivers, with demonstrate potential to increase gas reserves
- 105PJ (2P) and 275PJ (3P) in currently uncontracted gas reserves associated with the Kincora Project
- Positive East Coast Australia gas market setting with strong demand and gas prices
- Experienced board and management with previous track record of significant shareholder value creation in the energy sector
- **Armour's Project Targets**
- Complete Phase 3 of Kincora Growth Strategy; increase production, targeting 20TJ/d gas sales as soon as possible (plus associated liquids and LPG)
- Seek further Farm-in partner for the McArthur Basin Project in the Northern Territory
- Continue appraisal and exploration strategy to target over 1 TCF gas and liquids in the Surat Basin
- Continued exploration of Uganda Oil Project



armour energy

For further information contact:

- Nick Mather – Executive Chairman
- Roger Cressey – CEO

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www.armourenergy.com.au