



Armour Energy Limited

31 October 2019

Operational Update – Horseshoe 4 Well

The Directors of Armour Energy Ltd (ASX: AJQ) provide an update on the Company's operations at the Horseshoe 4 well, located in the Company's 100% owned PL227.

As previously advised, Silver City Rig 20 commenced drilling on 22 October 2019. To date the Horseshoe 4 well has progressed to a depth of 1523m. However, while drilling through the Hutton Sandstones the drill string has become stuck in the hole, through a process known as "differential sticking".

Differential sticking is one of the more common problems in drilling and is caused when the hydrostatic pressure of the drilling fluids (mud) used during drilling is higher than the formation pressure through which the drilling is taking place, causing the accumulation of a filtercake build-up on the walls of the hole, narrowing it above the drill bit. This can cause the drill string and bit to become jammed on the side wall of the well.

Armour is currently implementing a plan to attempt to free the drill pipe and return to drilling. In the event the stuck pipe is not rectified, a side-track solution will be carried out, and the well progressed to its planned total vertical depth of 2,073 meters.

Once the well has been drilled, cased and flow tested, the Company plans to connect the well to the existing gas gathering system to enable commercial production through the Kincora facility and sales at the earliest opportunity. Armour will continue to keep the market informed on the well's progress.

Armour's 2019 work program is targeting an increase in liquid-rich gas production and revenue through the drilling of the recently completed MCN1 and this H4 well. In addition to these wells, a workover campaign to optimise and increase production from existing wells, including the fracture stimulation of Myall Creek 5A, is in the process of being implemented.

Armour is continuing investigations into the restart of other existing wells that are not currently on production. The Company expects to progressively restart additional wells over the coming months, delivering increased production and revenues. Combined with new wells, plus any necessary further work on the Kincora Gas Plant, the Company will target gas production to be increased to 20 TJ/day over the next 12 months.

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

On behalf of the Board
Karl Schlobohm
Company Secretary

For further information contact:

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