



Armour Energy Limited

25 November 2019

Kincora Project Operational Update

The Directors of Armour Energy Ltd (ASX: AJQ, Armour, the Company) are pleased to provide an update on the 2019 work program taking place on its 100% owned Kincora Project in the Surat Basin, Queensland (**Figure 1**).

Highlights:

- **Armour continues the completion of the 2019 drilling campaign with ongoing operational work underway on Myall Creek North #1 and Horseshoe 4. Both wells, as a part of the 2019 campaign, were drilled on time and on budget and completed as production wells having encountered permeable, gas charged formations. Armour is undertaking completions works on both wells, with the intention to flow both to market prior to the end of 2019.**
- **Stimulation activities of the Tinowon formation have commenced on Myall Creek 5A, following early production efforts in May 2019 which resulted in unsustained gas flows from the Basal Rewan formation. Armour is currently completing the well, and flowback from the well is scheduled to occur over the next 2 weeks. Gas production from this well is forecast to flow to market prior to Christmas 2019.**
- **Armour is also undertaking several interventions of existing historic wells within the Kincora Project region. These interventions are designed to produce gas and liquids from formation that were previously passed over by former operators. Armour has commenced this program with the first two wells, Parknook 2 and Kungarri 1, which have commenced online production with cumulative rates totaling 0.4 TJ/d.**

The 2019 Drilling Program has consisted of drilling 2 new wells, being Myall Creek North 1 and Horseshoe 4. Both of these wells were drilled by Silver City Drilling and were completed to the target depths on time and on budget.

Myall Creek North #1

During the drilling of Myall Creek North #1, drilling mud logs indicated two over-pressured reservoir intervals within the Tinowon formation, both suggesting the presence of liquids-rich gas-filled sand packages.

Armour has progressed with the testing of the well, commencing with the lower Tinowon C interval. The Tinowon C was tested as the secondary target within the well and has consequently been confirmed to contain both gas and water. This formation is now in the process of being isolated, and a workover is scheduled to further evaluate the primary target in the upper Tinowon A interval.

The testing of the Tinowon A interval, along with the completion and testing of the Horseshoe 4 well, is scheduled to start and conclude prior to year end.

Horseshoe 4

As per Armour's announcement on 12 November 2019, open hole logging and MDT (modular formation dynamic testing) data have provided very encouraging results, indicating potential in both Triassic and Permian sands. Those sands capable of conventional production will be initially targeted for completion.

Armour will progress with further testing of the well bore using a PNX (Pulsed Neutron Extreme Tool) to further evaluate and identify the target formations for completion. Subject to flow rates, this well is forecast to contribute to sales gas by the end of the calendar year.

Myall Creek 5A

On the 23 and 24 November 2019, Armour completed the fracture stimulation of 2 intervals on Myall Creek 5A well. These stimulations within the upper Tinowon formation were completed without issue, and the flowback results are expected over the next 2 weeks.

As with Horseshoe 4 and Myall Creek North #1, this well is expected to be online before the end of 2019.

Wellfield Interventions

As part of the 2019 Work Program a number of gas and oil well interventions and restarts are in progress. Armour intends to restart up to 8 wells in due course.

The restart of the first two wells being Parknook 2 and the reconnection of Kungarri 1 are currently meeting expectations at a combined initial gas production rate of 0.4 TJ/d in addition to associated condensate.

In addition to the workover and restart of wells, Armour has also focused on infield infrastructure, including the installation of compressors at Beranga South (FC02), which is in the process of being commissioned.

The remaining recommissioning of wells will also include oil wells, with the intention of increasing the diversified product sold via Kincora. These wells and infrastructure upgrades will be managed as a part of the general field operations.



On behalf of the Board
Karl Schlobohm
Company Secretary

For further information contact:

Richard Fenton – CEO
07 – 3303 0620

Karl Schlobohm – Company Secretary
07-3303 0661

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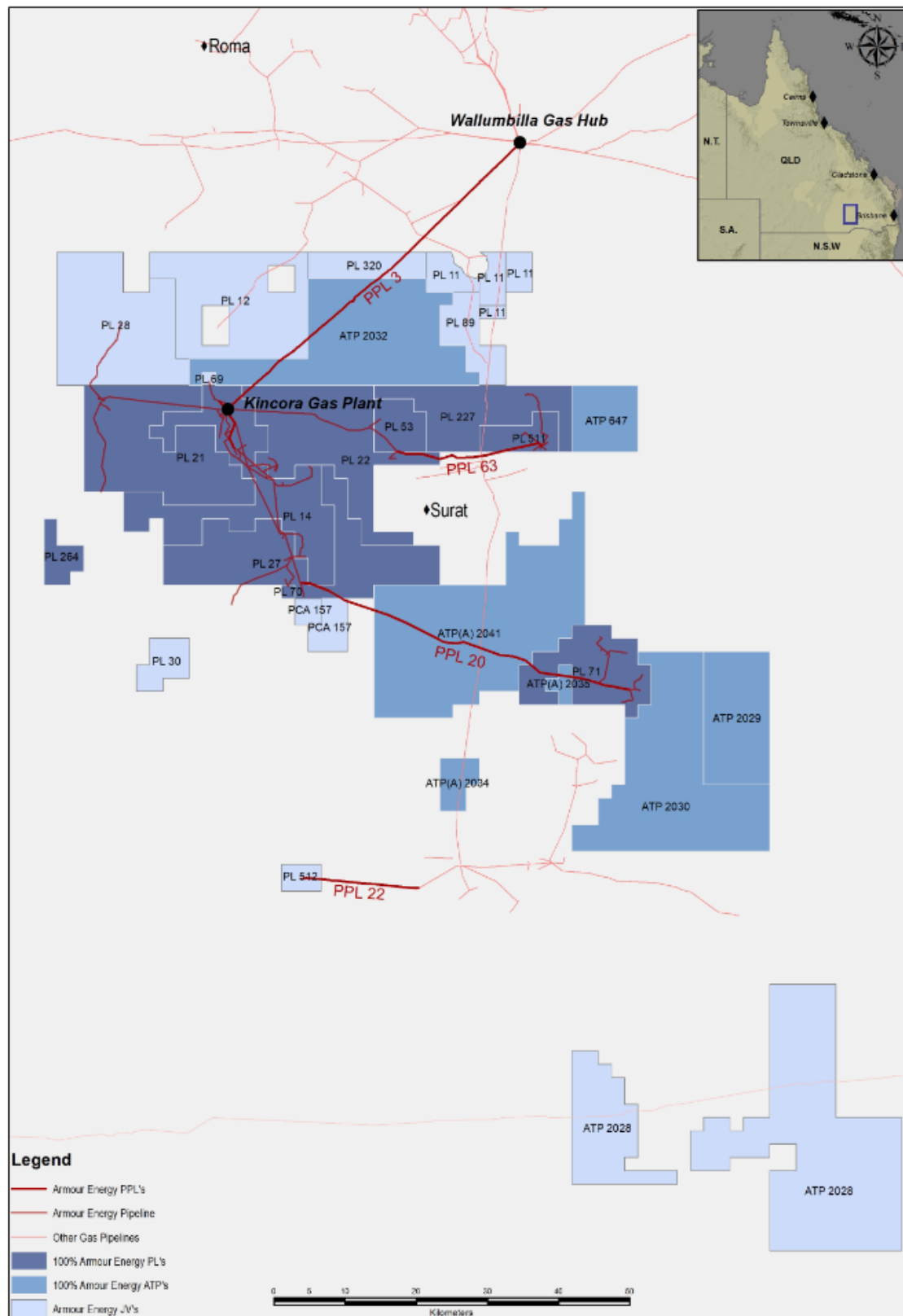


Figure 1: Armour Energy Permits, Bowen-Surat Basins, Queensland