



# QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2020

## HIGHLIGHTS

- 1. Petroleum Lease No.1084 (PL1084) Granted to Armour Energy and Australia Pacific LNG Joint Venture**
- 2. New 2P Oil reserves of 1.22 million barrels**
- 3. Noteholders approved amendments to the Secured Amortising Notes**
- 4. Planning for the 2020 work program currently underway**
- 5. Kincora Project – Quarterly sales revenue \$5.9 million**
- 6. Average gas production of 7.6 TJ/day**

**CAPITAL STRUCTURE**  
as at 31 March 2020

**SHARES ON ISSUE**  
590,601,954

**MARKET CAPITALISATION<sup>1</sup>**  
\$21.8 million (at 3.7 cents per share)  
(1. undiluted for options)

**DIRECTORS**  
Nicholas Mather (Chairman)  
Stephen Bizzell  
Roland Sleeman  
Eytan Uliel

**COMPANY SECRETARY**  
Karl Schlobohm

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## Overview

Armour Energy Limited (the **Company** or **Armour**) completed its 2019 work program during the quarter ended, with mixed success. Although, the Myall Creek #5A (MC5A) well stimulation has proved to be a key highlight, and replicating the gas productivity achieved from the successful fracture stimulation of the Bandana and Upper Tinowan formatinos in this well will be a key target of the Company's plans in 2020. The Company is currently behind its forecasted production levels, however, there are plans currently being optimised to address this, with further stimulation of wells planned later in the year.

Armour, like many other companies has been affected operationally and financially by COVID-19. Global and domestic oil prices have dropped by around 50% through the quarter and domestic gas prices (spot market) have reduced by around 40%. The ability to move equipment and labour while abiding to government regulations is challenging. Both of these COVID-19 related issues will have a material impact on Armour's 2020 work program.

## Petroleum Lease PL 1084

The Queensland Department of Natural Resources, Mines and Energy (DNRME) granted Petroleum Lease No.1084 (PL1084) over the former Authority to Prospect – ATP2046 during the Quarter.

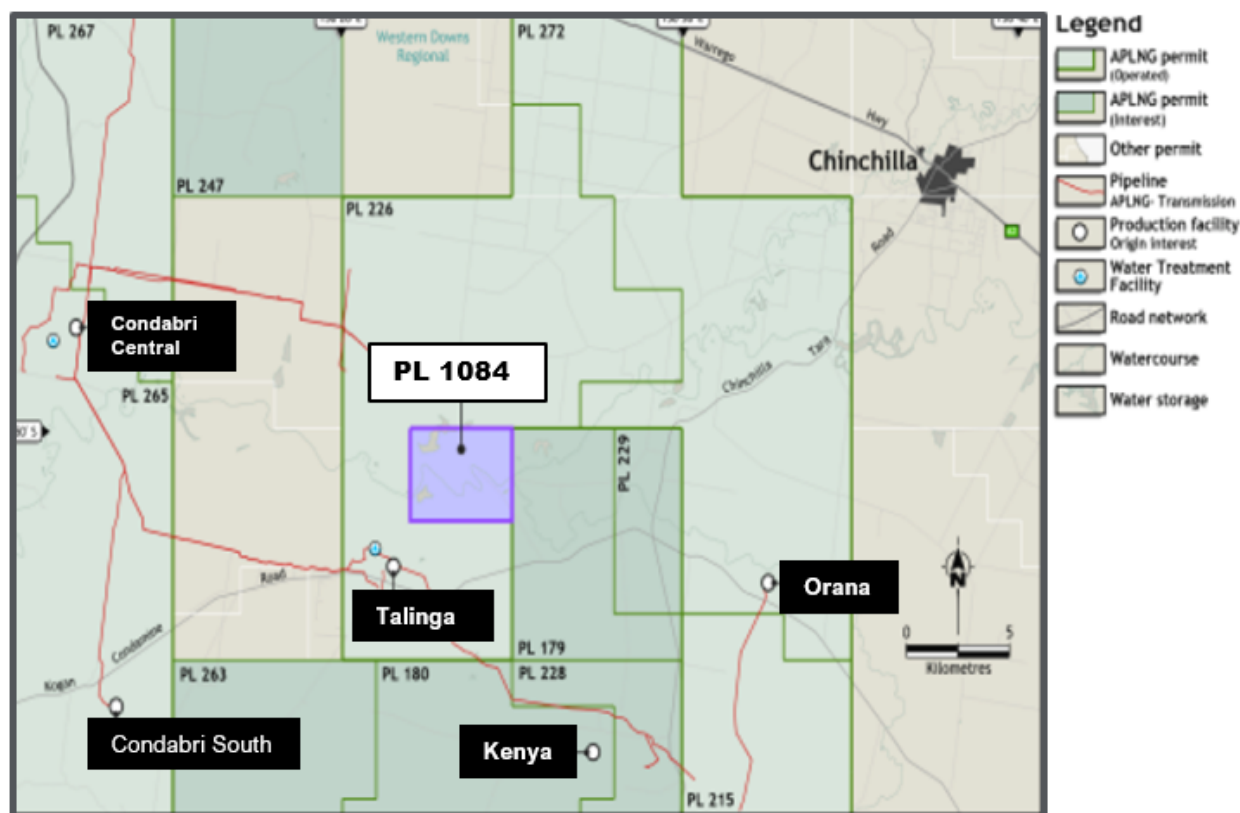
PL1084 has been granted to a Joint Venture between Armour Energy Limited (10%) and Australia Pacific LNG Pty Ltd (APLNG) (90% and Operator) and was granted less than eight months after the original exploration tenement was awarded. PL1084 has been granted with the specific conditions that the gas produced from PL1084 is to be sold exclusively, for local manufacturing.

The Joint Venture partners APLNG and Armour expect to develop up to 103 petajoules of gas over 30 years, from a block located 22 kilometres south-west of Chinchilla. Gas production from the project is expected to commence in 2021.

PL1084 is an 18km<sup>2</sup> coal seam gas exploration tenure located 22 kilometres south-west of Chinchilla and adjoins APLNG's Talinga Project (see **Figure 1**). PL1084 was part of the first national tender where gas has been designated to be supplied exclusively to Australian domestic manufacturers, being an initiative designed by the Queensland Government.

As a part of the Joint Venture, APLNG will operate the tenure. However both parties are able to independently market their share of produced gas directly to local manufacturing firms.

It is anticipated that activity would start on well and gathering infrastructure this year, with first gas from PL1084 expected to be delivered in 2021. Armour looks forward to supplying the gas to local manufacturers at that time.



**Figure 1 – Location of Petroleum Lease PL1084**

## Kincora Project – Phase 3 Continues

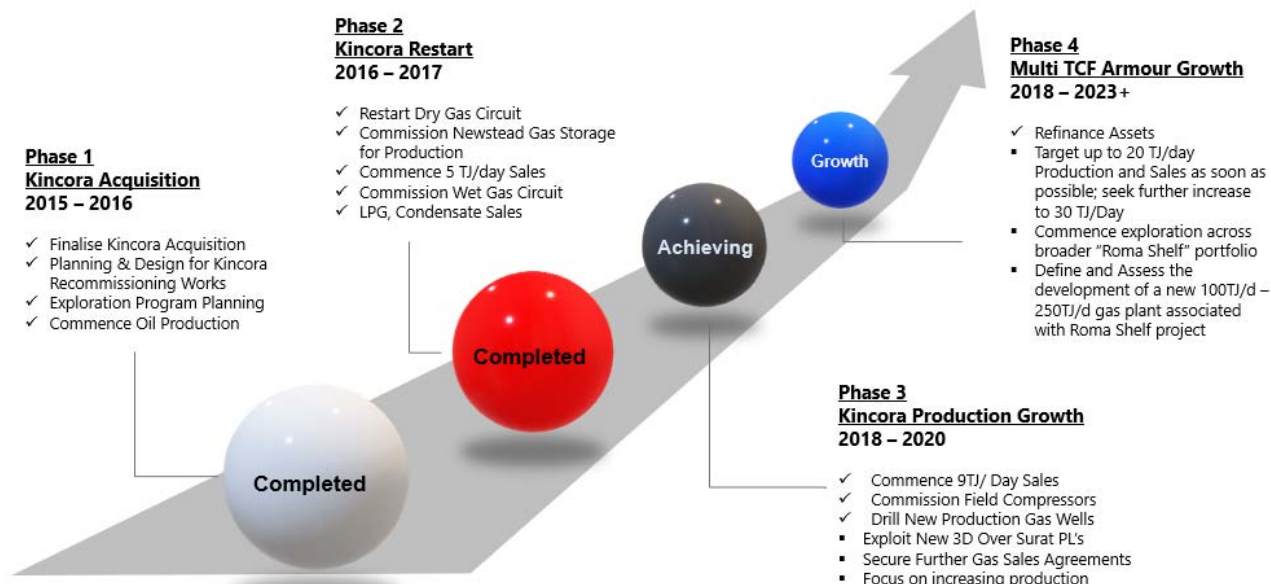
### Kincora Project

In line with the Company's Roma Shelf Growth Strategy (see **Figure 2**), Armour delivers gas to the Eastern Australian market from its Kincora Gas Project (see **Figure 3**). The gas from the Company's production leases is processed through its Kincora Gas Plant and delivered to the Eastern Australian Gas Market via Wallumbilla.

Armour's work program for 2020 is currently being finalised by management, with the objective of increasing both oil and gas production from existing fields. In addition, exploration activities across the Company's broader portfolio of Authorities to Prospect (ATP) on the Roma Shelf have continued, albeit interrupted by the impacts associated and travel restrictions associated with the COVID-19 pandemic.

The Company is planning to hydraulically stimulate existing well stock, in various fields during 2020/2021. The selected well candidates will leverage the fracture stimulation success of the MC5A well. It is expected that the results from these efforts will contribute to reserves maturation and potentially derisk future drilling inventory.

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



Armour is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

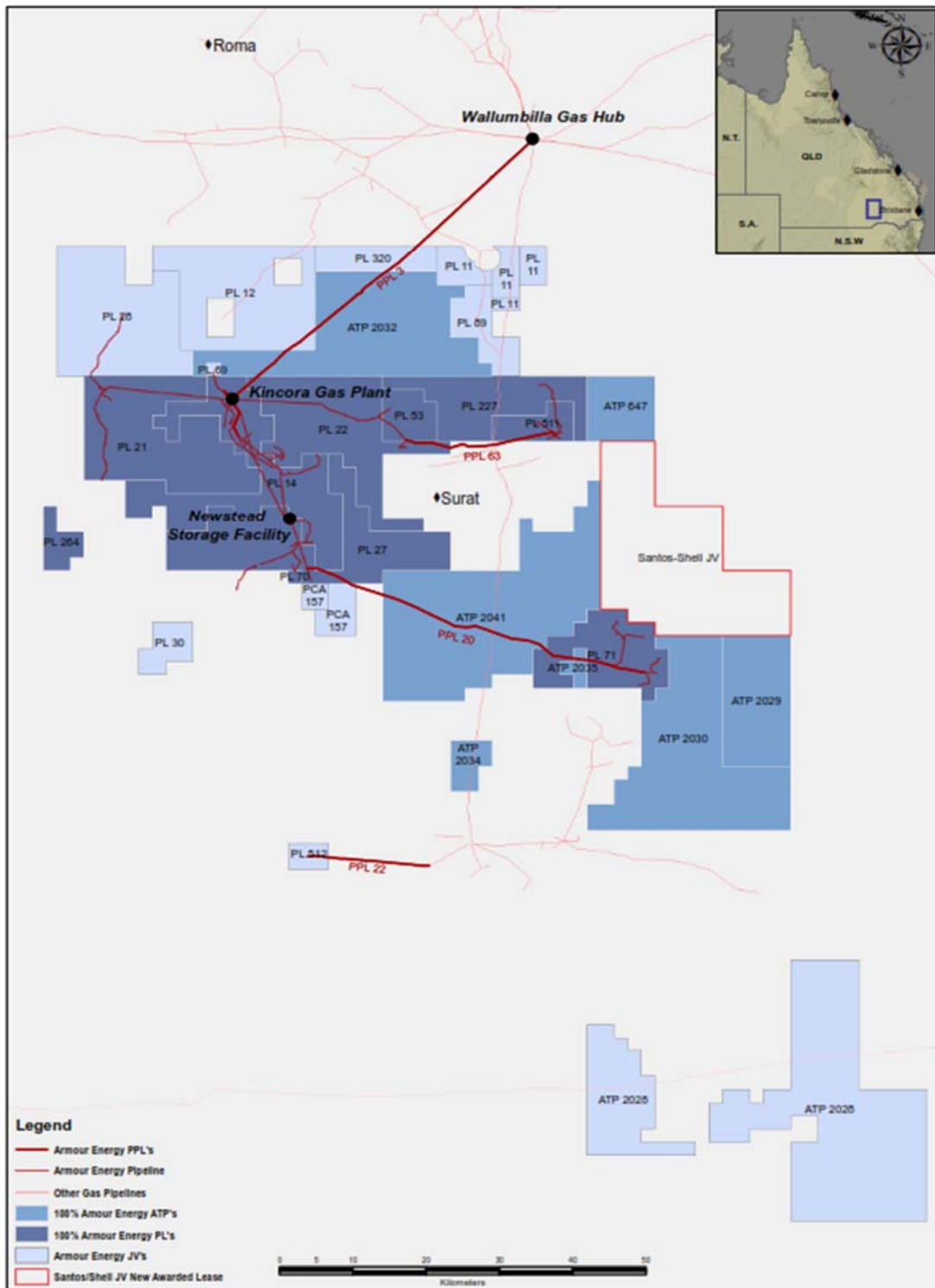
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**Figure 2: The Company's 4 Phase Growth Strategy**

### 2019 Work Program

The 2019 work program was completed during the quarter and supports Phase 3 of the Company's Roma Shelf Growth Strategy. The 2019 work program was designed to increase gas production through the Kincora Gas Plant and to exploit 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.

Through this work program, Armour focused on drilling two wells (Myall Creek North #1 (MCN1) and Horseshoe #4 (HS4)) and the fracture stimulation of MC5A. Further efforts were made to restart existing gas and oil well stock and optimize the gathering system with the addition of field compression.



**Figure 3: Map showing the Company's Roma Shelf, Surat Basin Kincora Project Acreage**

## Drilling and Development Activities

MC5A was successfully fracture stimulated in the Permian sandstones across the lower Bandana and Upper Tinowon formations. The well was brought online and achieved an initial production wellhead rate (IP30), of 3.2 TJ/d. The well continues to exceed expectations and follow-up candidates are currently being considered.

MCN1 was completed in both the Tinowon A (primary target) and the Tinowon C (secondary target). The Tinowon C interval was found to be wet and it is believed that water cross flow into the Tinowon A has impeded gas flow from this sand. A further intervention and workover is currently being considered.

HS4 was conventionally completed in both Triassic and Permian sands, tied in, and sustained an initial production wellhead rate (IP30), of 0.31 TJ/d. An Environmental Authority (EA) amendment has recently been granted, which allows for fracture stimulation activities to now be conducted. Stimulation of HS4 is planned as the next step for production enhancement and is expected to form part of the 2020 work program.

Further efforts to restart existing well stock and optimise the gathering system, with the addition of field compression have been successful. Low cost efforts to reconnect and restart Kungarri 1 and Riverside 1 have resulted in an initial combined wellhead rate (IP30), of 0.37 TJ/d. Further intervention and workover efforts to restart Myall Creek #4A (MC4A) and improve production from Parknook 2 (PK2) have resulted in achieving a combined initial wellhead rate (IP30), of 0.26 TJ/d. Further optimisation of both MC4A and PK2 is being considered.

Armour has also undertaken workover activities with the intention of restarting oil wells in the New Royal and Washpool area. Wet weather has prevented access throughout the quarter which has delayed testing and start-up. A further update will be provided in the next quarter.

A field booster compressor (FC02) was installed at Beranga South. To date average throughput is 0.3 TJ/d.

### New Oil Reserves and Resources

Armour has completed an extensive review of its acreage for oil exploration, appraisal, and development potential. During 2019, Armour's technical staff progressed geological and engineering studies across the greater Kincora Project (see **Figure 3**). Refer also to Armour's ASX announcement of 18 February 2020 for more information.

The results of these studies, which included a review of historically producing fields, an airborne survey, and a reassessment of existing and reprocessed seismic data, have contributed to the identification of previously unbooked oil reserves and resources.

The following numbers outlined in **Table 1** and **Table 2** below, have been evaluated in accordance with the Society of Petroleum Engineers – Petroleum Resources Management System (SPE-PRMS) guidelines, independently assessed and approved and are now captured in Armour's year end reporting process, effective as at 31 December 2019.



Kincora Project Total Reserves	1P	2P (1P+2P)	3P (1P+2P+3P)
Estimated Total Oil (BBL)	245,600	1,220,600	2,639,500

**Table 1: Armour Energy Bowen-Surat estimated net aggregated quantities of Oil Reserves**

Notes:

- Reserve numbers in Table 1 only reflect new Armour share Oil Reserves.
- Reserves are classified according to SPE-PRMS.
- Reserves are stated on a risked net basis with historical production removed
- Reserves can be lifted and sold on behalf of any minority interest holder.
- Reserves are stated inclusive of previous reported estimates.
- Bbl = barrels, kbbl = thousand barrels, mmbbl = million barrels
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible

Kincora Project Total Contingent Resources	1C	2C (1C+2C)	3C (1C+2C+3C)
Estimated Total Oil (BBL)	1,231,000	3,696,000	8,019,000

**Table 2: Armour Energy Bowen-Surat estimated net aggregated quantities of Oil Contingent Resources**

Notes:

- Contingent Resource numbers in Table 2 only reflect new Oil Resources.
- Contingent Resources are classified according to SPE-PRMS.
- Contingent Resources are stated on a risked net basis with historical production removed, where applicable
- Contingent Resources are stated inclusive of previous reported estimates.
- The aggregate 1C may be a very conservative and the 3C very optimistic because of arithmetic summation
- Contingent Resources can be lifted and sold on behalf of any minority interest holder.
- Bbl = barrels, kbbl = thousand barrels, mmbbl = million barrels

The adding of material oil reserves and resources to Armour's portfolio validates the long term and diverse potential of the wider Kincora Project. In addition, the efforts currently being progressed to test and restart oil wells suspended by the previous operator, along with the plan to drill new oil appraisal wells, confirms Armour's intention to realise the full potential on its acreage through both reserves and production growth.

## Exploration Activities

### Northwest Queensland and the Northern Territory

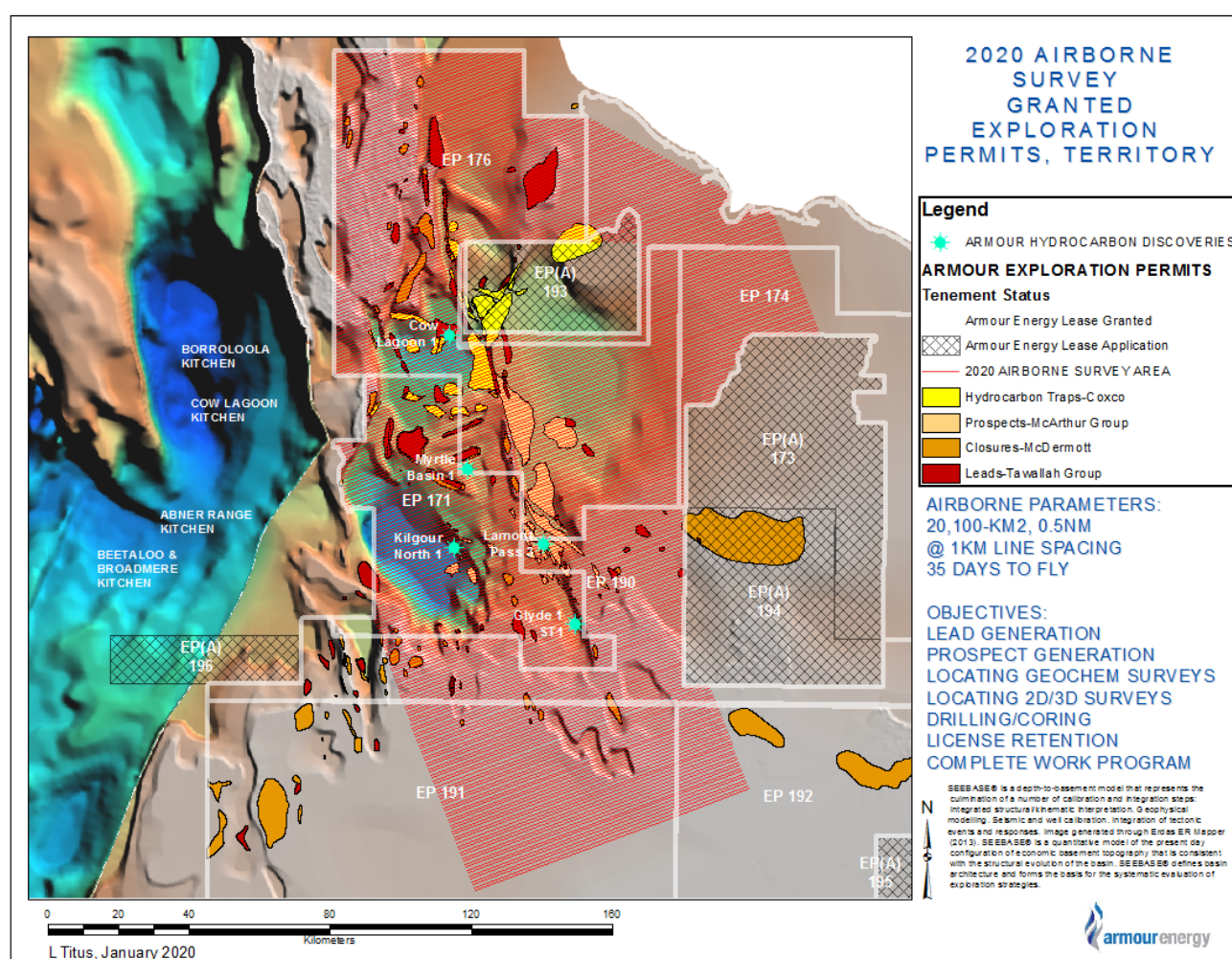
The Company has scheduled work programs for its granted tenements in the Northern Territory and is working with the Northern Territory Government and the Northern Land Council to gain necessary approvals.

In 2020, the Company intends to complete an ~20,100 km<sup>2</sup> non-evasive airborne survey during the dry-season, submit retention licences over certain discovery wells and prepare for iodine soil surveys and new 2D seismic clearance activities in 2021. Progression of exploration permit applications 172 and 177, which form part of the Santos JV area, will continue during the 2020 dry-season.

Ongoing marketing and discussions with industry peers for potential Joint Venture arrangements in relation to the remaining Northern Territory licences and work programs continue to be progressed by the Company (see **Figure 8**). This farmout area is outside the Northwest Queensland 2019 Santos JV area and is made up of licences that were previously part of the 2015 Armour-American Energy Partners JV.

The Armour-Santos JV continues to plan new exploration activities and progress Native Title agreements in exploration application areas.

The purpose of the Northern Territory 2020 airborne survey is to further measure multiple hydrocarbon systems for their redox charge characteristics and potential (see **Figure 5**). High charge potential is indicative of trapped conventional hydrocarbons at depth. Previously mapped prospects with high redox charge potential will add considerable value with prioritizing, planning and ranking prospects for proposed future activities associated with permit commitments. Importantly, the ranking of prospects for future activities supports front-end planning to gain certain environmental, Traditional Owner and surface owner clearances required under the post-moratorium Territory legislation.



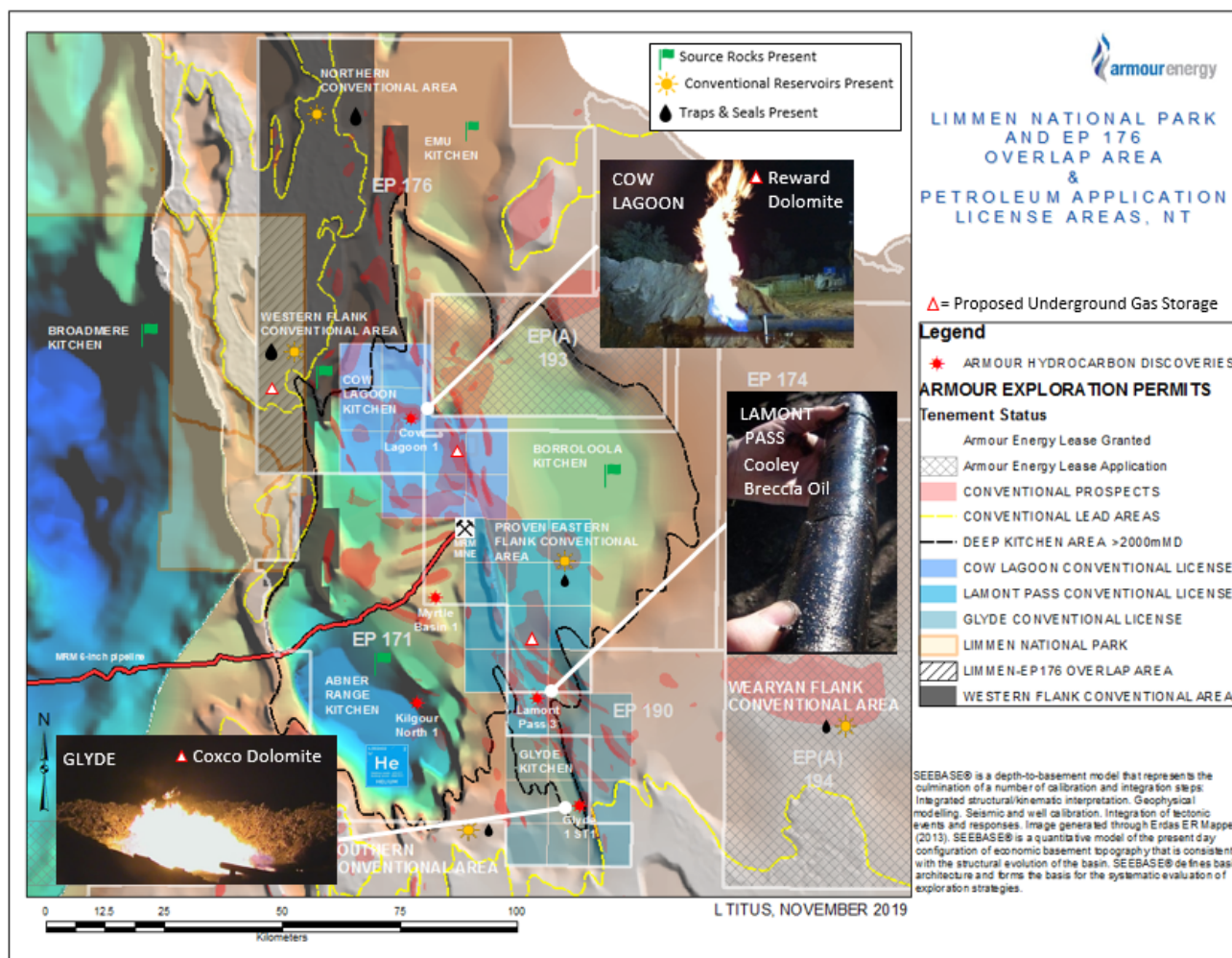
**Figure 5 – Location of Armour Energy's proposed 2020 Airborne Survey and mapped conventional prospects, McArthur Basin, NT**

Currently, the Company has identified approximately 70 prospects within the airborne survey area. A Best Estimate (P50) of 2.64 TCF in conventional McArthur Group closures along the eastern flank, southern flank and central portion of the Batten Trough that has multiple discoveries made by the Company is included in the airborne survey (see **Figure 6**).



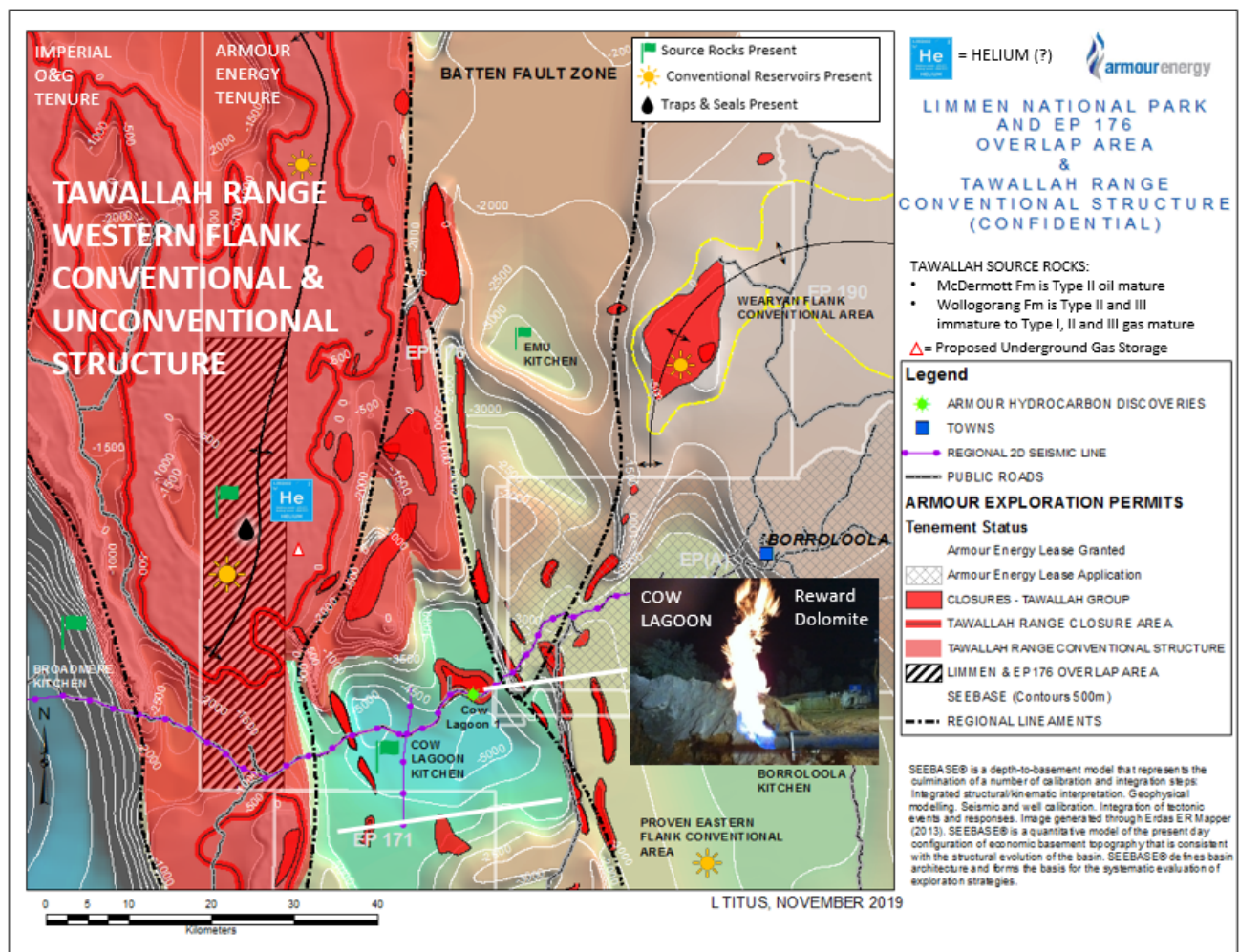
The airborne survey will gather further conventional charge data across the western flank and northern flank of the Batten Trough in the Tawallah Range. A Best Estimate (P50) of 2.19 TCF in conventional Tawallah Group closures has been mapped (see **Figure 7**).

Prolific source rock basins and sub-basins (hydrocarbon kitchens) including the Beetaloo, Broadmere, Abner-Range, Cow Lagoon, Emu, Borrooloola and Glyde offset the various conventional prospects and have likely charged these conventional trap-types. The airborne survey will aim to identify those traps with charge and analogous to charge characteristics to previously reported discoveries. The Barney Creek and Tawallah source rocks associated with the kitchen basins and sub-basins that are in Armour's granted exploration title contain a combined unconventional Best Estimate (P50) of 29.9 TCF. These shale source rocks host the hydrocarbons that are conventional trapped and have potential for future shale-gas development.

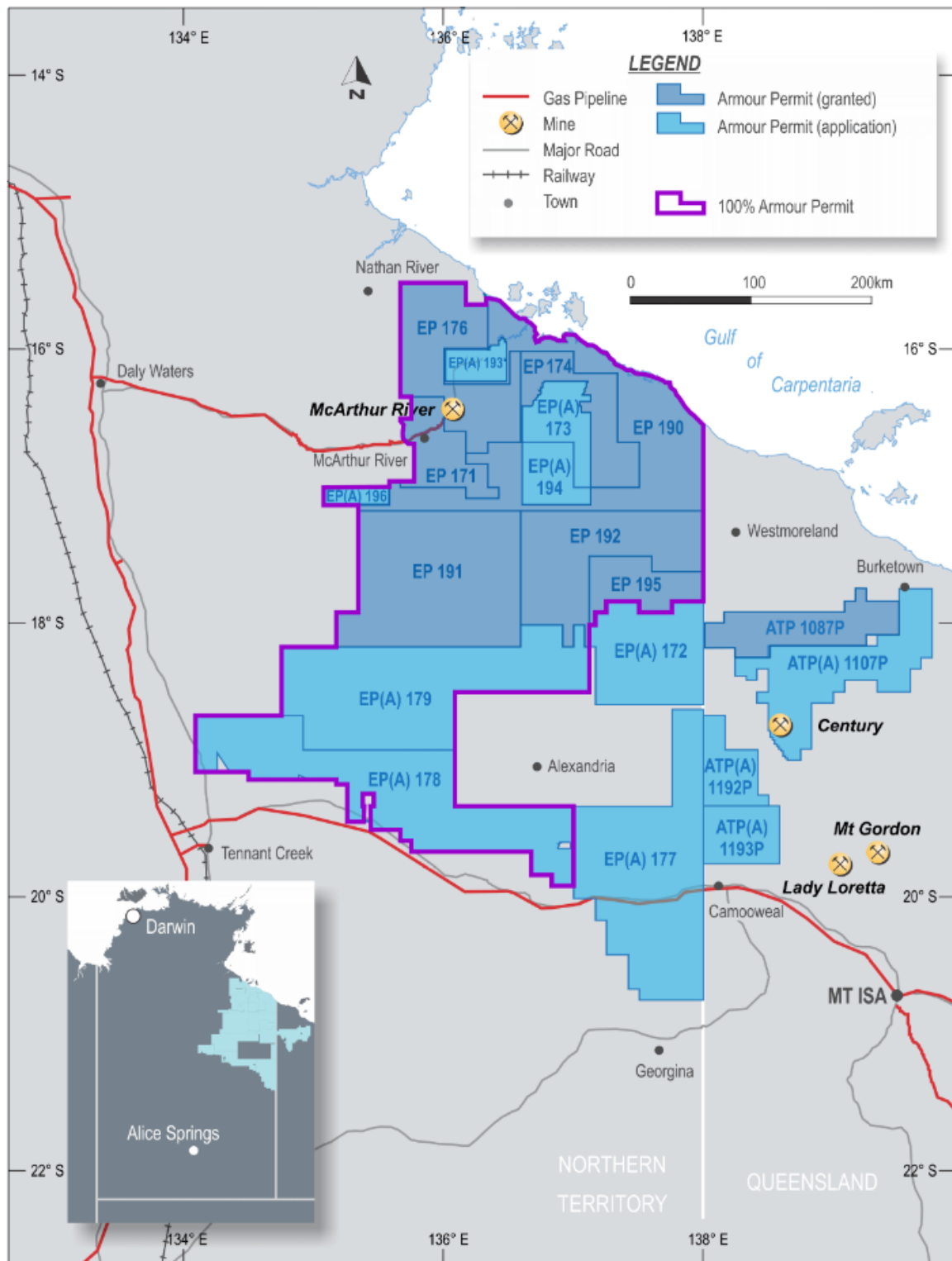


**Figure 6 – Location of Armour Energy's McArthur Group conventional prospects and proposed retention licences, McArthur Basin, NT**

The Company is progressing three (3) retention licence applications over portions of granted licences EP 171, 176 and 190 (see **Figure 6**). Reported conventional discoveries to the Minister of flowing hydrocarbons from the Cow Lagoon-1, Lamont Pass-3 and Glyde-1 wells allow parts the licences to be progressed to commercial petroleum licences. Retention licences an intermediate step to commerciality allowing for further appraisal works, marketing arrangements, pipeline feasibility studies, environmental studies, land access and Native Title approvals. Once completed a final investment decision to progress to a petroleum license can be made by the Company. The retention licences each provide security over 12 blocks, are exercised from the exploration license, are not subject to legislative reductions and will cover broad areas where conventional and unconventional hydrocarbon prospects and discoveries have been through capital work programs.



**Figure 7 – Location of Armour Energy’s Tawallah Group conventional prospects and associated source rock sub-basins (kitchens) McArthur Basin, NT**



**Figure 8 – The Company continues marketing efforts for additional farmin opportunities covering its McArthur Basin licence area, NT**



### Uganda Oil Project (~17% interest)

During the Quarter, a Force Majeure<sup>1</sup> remained in place (as announced by the Company on 28 October 2019) which prevented the Company from progressing the 2D seismic program for the second exploration period.

On 9 April 2020, the Company wrote to the Minister of Energy and Mineral Development (**Minister**) of the Ugandan Government, advising that as a result of the COVID-19 pandemic, it was unable and is being prevented from undertaking work on the 2D seismic program, based on a Force Majeure event occurred. The Company stated that the travel restrictions put in place by both the Ugandan and Australian Governments prevented key personnel from travelling to the site and the disruption to numerous businesses and supply chains meant that the Company is unable and is being prevented from undertaking work on the 2D seismic program. The effect of this notice to the Minister means that the period of time during which the event of Force Majeure is operative, will be added to the end the second exploration period. The Company will announce further details on this project in due course.

### Kincora Project – Revenue Update

During the Quarter, production was impacted due to planned works within the plant, project completion works, and APA planned maintenance work on Wallumbilla Run 2. Poor weather played a significant role of constraining production through the quarter, with flooding impacting field access for optimisation activities and breakdown response.

Armour, like many other companies has been affected operationally and financially by COVID-19. Global and domestic oil prices have dropped by around 50% through the quarter, and domestic gas prices (spot market) have reduced by around 40%. As a result, a contracted customer declined gas, under the Company's secondary sale contract, which resulted in Armour selling some volumes on the spot market, at an average spot price which was less than the contracted price.

Gas sales (and production) for the quarter averaged 7.6 TJ/day, which represented a slight increase in comparison to the previous quarter of 7.5 TJ/day. In addition to this, the Company also produced oil and condensate at approximately 163 bbls/day and LPG at approximately 15.5 tonnes/day (in comparison to the previous quarter of 143 bbls/day and LPG at approximately 11 tonnes/day).

	Mar Quarter Q3 FY20
Revenue* (\$ million)	5.9
Average Gas production per day per quarter (TJ/day)	7.6
Average LPG production per day for the quarter (Tonnes/day)	15.5
Average Oil/Condensate production per day for the quarter (bbl/day)	163

\* Revenues are actuals per quarter (net of GST) based on production

<sup>1</sup> As defined under the *Production Sharing Agreement for Petroleum Exploration, Development and Production in the Republic of Uganda By and Between The Government of the Republic of Uganda and Armour Energy Ltd for Kanywataba Contract Area dated 14 September 2017*.

## Corporate Activities

For the March 2020 Quarter, the Company reported receipts from customers on a cash basis of \$5.9 million, (as detailed above) compared to \$7 million in the last quarter. As mentioned previously, global oil and gas prices have been materially impacted due to COVID-19.

A total of \$4.054m was spent on development activities in the Quarter, and \$218,000 was spent on exploration and evaluation activities. Payments to related parties and their associates totalled \$180,000 in the Quarter and were in relation to the payment of Director's fees to Non-Executive Directors and the Company's Executive Chairman.

The Company also announced to the ASX on 26 March 2020, that holders (**Noteholders**) of the Company's \$55 million Secured Amortising Notes (**Notes**) had approved, by the requisite majority, the special resolution of Noteholders (the **Special Resolution**) to amend the Conditions of the Notes as per Armour's proposal.

In order for the Special Resolution to pass it required 75% of eligible Noteholders by value to vote in favour, and this was achieved with 96% by value of eligible Noteholders voting in favour.

### Approved Amendments

For the full terms of the approved amendments please refer to the Notice of Circulating Resolution of Noteholders and Explanatory Memorandum (**Notice**) that was attached to Armour's ASX Announcement of 12 March 2020.

The approved amendments included the following:

1. New Note principal amortisation schedule including 4 quarterly payments in the calendar year 2020 totalling approximately \$6.0 million;
2. Further unscheduled amortisation payment arrangements to cover certain future asset disposals or further farm-in proceeds received from the Santos Farm-In Agreement;
3. Amendments to Financial Undertakings, including the Debt Service Cover Ratio, the Leverage Ratio and the Gearing Ratio;
4. Amendments to extend the Debt Lock Up Date to 31 December 2020;
5. The establishment of an EBITDA performance benchmark for the 2020 calendar year;
6. Amendments to certain Conditions (Financial Accommodation and Disposals) in connection with the Ugandan Oil Project;
7. Allow for the grant of certain Security interests and the provision of Financial Accommodation in relation to Joint Ventures; and
8. Amendments to permit voluntary early redemption of the Notes.



## COVID-19 Response Measures

Following the end of the Quarter, the Company released an update of its response to the current unprecedented global situation caused by the COVID-19 pandemic to ensure that the Company is well positioned now and into the future as the crisis subsides.

### Cost Reductions

Armour is taking steps to reduce corporate costs by a minimum of 35%. This includes all head office staff reducing remuneration by 20% and may also include a number of redundancies. The Executive Chairman and Non-Executive Directors have also reduced their fees by 20%. Future consideration will be given to the partial payment of Director fees in shares, subject to any necessary shareholder and regulatory approvals. In addition, Armour is seeking to reduce to the full extent possible all other overheads including contractor hours and rates, administration costs and office rent. These remuneration reductions are anticipated to remain in place for a six-month period and will be reviewed as required.

Armour also is aiming to reduce operating expenditure at its Kincora Gas Project by approximately 20%, while maintaining its ability to reliably maintain production in a safe and environmentally compliant manner. This will include revised staff rostering and schedules but will unfortunately include some redundancies.

### Capital Expenditure 2020

Armour is also reducing, and where possible, deferring its planned exploration and capital expenditures for 2020. However, the Company still hopes to be able to carry out a modest 2020 field work program which will include a series of well stimulations, similar to that performed on the Myall Creek #5A well, which has proven to be a significant production well. These activities are currently planned for the second half of 2020.

### Management Update

In March, Armour announced that Mr Bruce Clement would join the company as CEO. Unfortunately given the changed circumstances brought about by the COVID-19 pandemic together with the financial downturn in both gas and oil commodity prices and capital markets, agreement was been reached with Mr Clement for his tenure as CEO to end.

As an interim measure, the Executive Chairman, Nick Mather, has assumed day to day operational management responsibility of the Company.

## Investor Relations

A copy of recent presentations can be found at <https://www.armourenergy.com.au/presentations/>

*Authorised by the Board of Directors*

On behalf of the Board  
Karl Schlobohm  
Company Secretary

## COMPETENT PERSONS STATEMENT

### *Technical Statement – Oil Reserves*

A report received 4 February 2020 by Mr Teof Rodrigues, Director of TR&A to which this announcement refers, documents Armour Energy's Oil Assets Reserves based upon Armour's ongoing commissioning and oil sales production from the 100% operated Emu Apple Oil Field in PL 264, New Royal Oil Field in PL 22, Washpool-Wilga in PL 22 and 14; and 90% WI in Riverslea Oil Field in PL 30.

All Oil Reserve volumes reported by Armour Energy are allowed under agreements to be lifted and sold on behalf of the minority interest holder in the PL 30 pool. The estimated aggregated quantities of oil reserves to be recovered from existing wells and through future capital are listed in **Table 1**, are classified in accordance with SPE-PRMS guideline, revised June 2018, and comply with Chapter 5 of the ASX listing rules, amended July 2014 and December 2019.

The independently verified Reserves Report compiled by Mr Rodrigues details a high degree of confidence in the commercial producibility of Early Jurassic and Middle Triassic aged reservoirs previously discovered and produced in operated granted petroleum licenses 264, 22, 30 and 14 using reprocessed techniques on existing 2D-3D seismic, AEM-PTP airborne survey data, historic and modern well data, reservoir pressure data, electric logs and rock properties from chip and core samples, gas composition analysis, analysis of historical well production, decline curve analysis, offset field production data and current well testing, workovers and production data.

The reported Oil Reserves are used in connection with estimates of commercially recoverable quantities of petroleum only and in the most specific category that reflects an objective degree of uncertainty in the estimated quantities of recoverable petroleum. The oil reserves are reported net of trucking and net to Armour prior to IOR sales point in Brisbane, Queensland and the report discloses the portion of Oil Reserves that will be consumed as fuel in production and facility operations, where applicable.

Armour will be using calibrated metering at the Emu Apple, New Royal, Riverslea and Washpool-Wilga Oil Field facilities and individual wells as a reference point for the purpose of measuring and assessing the estimated Oil Reserves from the produced oil.

The economic assumptions used to calculate the estimates of Oil Reserves are commercially sensitive to the Armour operated Kincora Project. The methodology used to determine the economic assumptions are based upon strategic objectives that include, but not limited to, facility maintenance, workovers, recompletes, production testing, new drills, and pipeline modifications to ramp up to and maintain a 350 barrels oil/day production profile for 10 years.

The sanctioned oil development model from the Greater Kincora Field Development Plan, revised January 2020, includes a starting and ending monthly schedule of working/net interest capital expenditure to develop and maintain the Oil Reserves, operational expenditure to develop and produce the Oil Reserves, averaged Brent crude monthly Oil Reserve prices and escalated Brent crude Oil Reserve futures, tax/royalty sensitivities, revenue from gross and net oil production, and cash flow from oil production, and summation of discounted cash flows.

The Oil Reserves are located on granted petroleum licences with approved environmental authorities and financial assurances. Armour has a social licence to operate and relevant surface access agreements are in-place.

Armour is the owner and operator of Emu Apple, New Royal, Riverslea and Washpool-Wilga Oil Field facilities with an agreement with Australian based ORI for sales. Armour holds granted Petroleum Licenses over the reported estimates of Oil Reserves, associated gathering and field facilities. The basis for confirming the commercial producibility and booking of the estimated Oil Reserves is supported by actual historic production and sales and/or formation tests. The analytical procedures used to estimate the oil reserves were decline-curve analysis to 5 barrels oil/day, historic production data and relevant subsurface data including, formation tests, 2D-3D seismic surveys, rate-transit-analysis, well logs and core analysis that indicate significant extractable oil.

The proposed extraction method of the estimated Oil Reserves will be through approved conventional drilling, enhanced-oil recovery (EOR), commingle conventional perforated zones, downhole pumps, sucker rods and associated lifting equipment with separators that can slow or accelerate oil production and manage produced formation fluids. Wellbores will be cased and cemented with sufficiently rated wellhead and oil will be recovered through production tubing and gathered to onsite storage tanks.

Wellbores will be designed to protect aquifers and lessen the overall impact to surface owners, environmental receptors, strategic cropping and consideration is given to consolidate surface infrastructure where applicable. The oil is separated at specific facilities associated with each field, collected by ORI at each specific facility and trucked by ORI to Brisbane, Queensland to ORI's processing facility to mix or remove any impurities.

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 risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The estimated Prospective Resources are categorized and reported in the most specific category that reflects the degree of uncertainty in the estimated quantities of potentially recoverable petroleum in a low, best and high estimate.

### ***Technical Statement – Contingent Oil Resources***

Armour Energy engaged the services Mr Teof Rodriguez, Director of TR&A, to provide independent expert review of reports on the operated Oil Resources associated within the company's 100% WI petroleum licenses 14 and 22 and within the 90% WI petroleum license 30, in the Kincora Project on 4 February 2020 (**Table 2**).

The basis for confirming the existence of a significant quantity of potentially moveable hydrocarbons in the Early Jurassic and Middle Triassic aged reservoirs and the determination of a discovery is based upon stand-alone appraisal and appraisal pilot production from existing historic wells in and around the New Royal, Washpool-Wilga, Borah Creek, Kincora, Waratah and Riverslea Oil Fields. These oil pools have an aggregated cumulative oil production of 2.25 MMbbl. Ongoing analysis of existing 2D and 3D

data, well data and historic production will allow future new drill locations to be inventoried and new access negotiations have been completed to allow for the Early Jurassic and Middle Triassic aged reservoirs to be included in the Armour Energy Greater Kincora Field Development Plan, revised January 2020 and scheduled into the 2020-2025 drilling campaign.

At present the detailed petrophysical reservoir parameters, mapping of gross-rock-volume (GRV), historical production, rate-transit-analysis, well tests, core data, 2D and 3D seismic, structure maps and net sand isopaches using probabilistic distributions determined the net recoverable Contingent Oil Resources calculated for the report. Petroleum license commitments and new wellbores have been budgeted. The new wells are part of a 5-year appraisal and development plan to increase oil sales production in a staged approach to-up-to 350 barrels/day using new or existing oil facilities for separating and collection by ORI for sales.

The estimated quantities of petroleum that may potentially be recovered by the application of 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.

## Consents

The resources information in this ASX release is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Mr Teof Rodrigues. Mr Rodrigues' primary discipline is Reservoir Engineering and during his 40-year period in the Industry has had the opportunity to work in multidisciplinary teams to appreciate the importance of understanding the process involved in moving the hydrocarbons from the reservoir to the reference sales point. As the Chief Reservoir Engineer for 6 years he had the Corporate Reserves Team reporting to him. In addition, he had the responsibility of endorsing all the Major Projects and the key Reserves and Resource estimates of the Company. He is a Director of TR&A and an experienced petroleum Reserves and resources estimator with 40 years relevant experience. He has adhered to the ASX Listing Rules Guidance Note 32. His qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves under PRMS (2018). The Resources information in this ASX announcement was issued with the prior written consent of Mr Rodrigues in the form and context in which it appears.

The resource review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Luke Titus, Chief Geologist, Armour Energy Limited. 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. He has over 20 years of relevant experience in both conventional and unconventional hydrocarbon exploration and production in the US and multiple international basins. Mr. Titus meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this release.

## SPE-PRMS

Society of Petroleum Engineer's Petroleum Resource Management System - Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be-discovered accumulations and resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

PRMS provides guidelines for the evaluation and reporting of petroleum reserves and resources.

### **Under PRMS**

"Reserves" are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

"Contingent Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

### **Forward Looking Statement**

This announcement may contain certain statements and projections provided by or on behalf of Armour Energy Limited (Armour) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of Armour. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or production which may be beyond the control of Armour which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, resource estimation, environmental risks, physical risks, legislative and regulatory changes, political risks, project delay or advancement, ability to meet funding requirements, factors relating to property title, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Accordingly, there can be no assurance that such statements and projections will be realised.

Armour makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.



Additionally, Armour makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by Armour or by any of their respective officers, directors, shareholders, partners, employees, or advisers as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this information, Armour undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Armour Energy Limited.

## APPENDIX A

### INTERESTS IN TENEMENTS FOR THIS QUARTER

TYPE	LOCATION	OWNER	INTEREST
PL14	Queensland	AE (SB) P/L	100%
PL 53	Queensland	AE (SB) P/L	100%
PL 70	Queensland	AE (SB) P/L	100%
PL 511	Queensland	AE (SB) P/L	100%
PL 227	Queensland	AE (SB) P/L	100%
PPL 3	Queensland	AE (SB) P/L	100%
PPL 20	Queensland	AE (SB) P/L	100%
PPL 63	Queensland	AE (SB) P/L	100%
Newstead Gas storage	Queensland	AE (SB) P/L	100%
PL 28	Queensland	AE (SB) P/L	46.25%
PL 69	Queensland	AE (SB) P/L	46.25%
PL 89	Queensland	AE (SB) P/L	46.25%
PL 320	Queensland	AE (SB) P/L	46.25%
PL 11 Waldegrave	Queensland	AE (SB) P/L	46.25%
PL 12 West	Queensland	AE (SB) P/L	46.25%
PL 11 Snake Creek East Exclusion Zone	Queensland	AE (SB) P/L	25%
PL 21	Queensland	AE (SB) P/L	100%
PL 22	Queensland	AE (SB) P/L	100%
PL 27	Queensland	AE (SB) P/L	100%
PL 71	Queensland	AE (SB) P/L	100%
PL 264	Queensland	AE (SB) P/L	100%
PL 30	Queensland	AE (SB) P/L	90%
PL 512	Queensland	AE (SB) P/L	84%
PPL 22	Queensland	AE (SB) P/L	84%
ATP 647	Queensland	AE (SB) P/L	100%
ATP 1190 (PCA157, Weribone Block)	Queensland	AE (SB) P/L	50.64%
ATP 1190 (PCA157, Bainbilla Block)	Queensland	AE (SB) P/L	24.75%
ATP 2028	Queensland	AE (SB) P/L	50%
ATP 2029	Queensland	AE (SB) P/L	100%
ATP 2030	Queensland	AE (SB) P/L	100%
ATP 2032	Queensland	AE (SB) P/L	100%
ATP 2034	Queensland	AE (SB) P/L	100%
ATP 2035	Queensland	AE (SB) P/L	100%
ATP 2041	Queensland	AE (SB) P/L	100%
PL 1084 (formerly ATP2046)	Queensland	Armour Energy Ltd (JV with APLNG)	10%
ATP 1087	Queensland	Armour Energy Ltd	30%*
EP 171	Northern Territory	Armour Energy Ltd	100%
EP 174	Northern Territory	Armour Energy Ltd	100%

TYPE	LOCATION	OWNER	INTEREST
EP 176	Northern Territory	Armour Energy Ltd	100%
EP 190	Northern Territory	Armour Energy Ltd	100%
EP 191	Northern Territory	Armour Energy Ltd	100%
EP 192	Northern Territory	Armour Energy Ltd	100%
PEP 169	Victoria	Armour Energy Ltd (Joint Venture with Lakes Oil NL)	51%
PEP 166	Victoria	Armour Energy Ltd (Joint Venture with Lakes Oil NL)	25%
PRL2	Victoria	Armour Energy Ltd (Joint Venture with Lakes Oil NL)	15%
EL 30817	Northern Territory	Ripple Resources P/L	100%
EL 30818	Northern Territory	Ripple Resources P/L	100%
EL 30494	Northern Territory	Ripple Resources P/L	100%
EL 31012	Northern Territory	Ripple Resources P/L	100%
EPM 19833	Queensland	Ripple Resources P/L	100%
EPM 19835	Queensland	Ripple Resources P/L	100%
EPM 19836	Queensland	Ripple Resources P/L	100%
EPM 25504	Queensland	Ripple Resources P/L	100%
EPM 25505	Queensland	Ripple Resources P/L	100%
EPM 26018	Queensland	Ripple Resources P/L	100%
EPM 26020	Queensland	Ripple Resources P/L	100%
EPM 26022	Queensland	Ripple Resources P/L	100%
EPM 25802	Queensland	Ripple Resources P/L	100%

\*Refer to South Nicholson Basin Farmin Agreement section of this announcement

**AE (SB) P/L = Armour Energy (Surat Basin) Pty Ltd**

**EPM** Exploration Permit - Minerals  
**EL** Exploration Licence  
**EPP** Exploration Permit - Petroleum  
**ATP** Authority to Prospect  
**PCA** Potential Commercial Area  
**PEP** Petroleum Exploration Permit  
**PL** Petroleum Lease  
**PPL** Petroleum Pipeline Licence  
**PRL** Petroleum Retention Lease