



## ASX Announcement

### Armour Energy Limited

28 May 2020

## Armour Energy to Acquire Oilex's Cooper Eromanga Basin Assets to Become a Substantial Australian East Coast Oil and Gas Exploration & Production Company

### Former Drillsearch MD Brad Lingo to Become Armour CEO

#### Highlights:

- **Proposed acquisition of Oilex's Cooper-Eromanga Basin assets for between 24.4m to 34.5m shares in Armour Energy.**
- **The acquisition acreage position involved is all in the South Australia Cooper Basin and is the 4<sup>th</sup> largest net acreage position in the South Australian Cooper Basin, and comes with significant existing 3D seismic coverage.**
- **Appointment of former Drillsearch Energy Limited Managing Director, Brad Lingo, as CEO of Armour Energy.**

The Board of Armour Energy ("Armour" or the "Company") is pleased to advise that Armour has entered a conditional binding Term Sheet between Armour and Oilex Limited ("Oilex") to acquire all of Oilex's interests in the Cooper Eromanga Basin. The Cooper Basin is one of Australia's most prolific producing oil and gas provinces producing 1.5 billion barrels of oil equivalent and notably, the historic core of Santos' onshore Australian production base.

The acquisition will proceed subject to completion of due diligence and entering into of a detailed share sale agreement for the acquisition of all the issued capital in CoEra Limited, currently a wholly owned subsidiary of Oilex.

CoEra's assets comprise a substantial footprint of exploration and production licences on the oil rich Western and Northern Flanks of the Cooper Basin. The basin historically has a high exploration success rate, low cost development pathways, and remains under-explored and under-developed. Proven oil fairways transect and lie adjacent to the licence areas subject of the proposed acquisition and the many nearby discoveries and fields provide analogues for future discoveries.

The assets include an approximate 79.33% interest in Petroleum Exploration Licence ("PEL") 112 and PEL 144 (covering 1,086 km<sup>2</sup> and 1,166 km<sup>2</sup> respectively), together with an option to acquire the remaining 20.66% interest in each of these PEL's. In addition, Armour will also acquire a 100% interest in 27 Petroleum Retention Licences ("PRL's") covering in total 2,445 km<sup>2</sup> including 792 km<sup>2</sup> of 3D Seismic, by assuming the obligations of Oilex under existing arrangements between Oilex and Senex Energy Ltd. These arrangements provide for the 27 PRL's to be acquired for \$27.00 together with the assumption of existing abandonment liabilities and the replacement of \$1.2m in tenement bonds with the South Australian Government in due course (**Refer Figure 1**). Senex will retain a 20% back in right at cost subject to certain conditions following the drilling of a well.

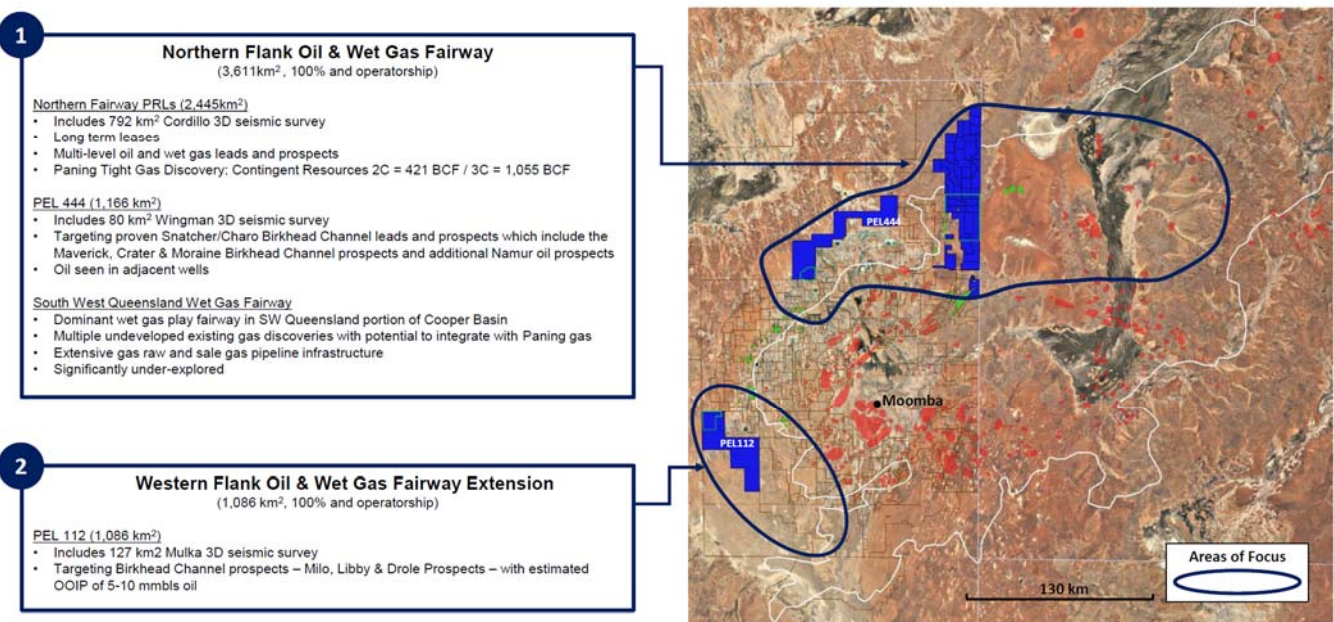
Substantial historic seismic reinterpretation work, and the results of previous drilling in the area, have identified multiple leads and prospects. Armour's ongoing work will re-evaluate the existing technical data and, as well as acquiring new data, will be aimed at identifying stratigraphic trends and opportunities in an area where oil migration is proven and pervasive. Large parts of the CoEra acreage are covered by 3D seismic and Armour will apply specific re-processing techniques to further enhance the understanding of the stratigraphic distribution of the multiple potential reservoir horizons and targets. The existing Paning Tight Gas discovery will be fully evaluated to identify the most effective development solution.

The acquisition consideration includes the issue to Oilex (or its nominees) of a minimum of 24.5m shares and a maximum of 34.5m shares, subject to the VWAP of the Armour share price for a period of 90 days from the execution of the Term Sheet. The variance is designed to deliver a closing consideration of \$906,500 in Armour shares to Oilex, subject to the aforementioned maximum and minimum parameters. Based on these parameters, Oilex would hold between 4% and 5.5% of Armour's issued share capital post-acquisition. The issue of the shares to Oilex will be subject to any necessary shareholder or regulatory approvals, and the shares issued will also be subject to a 12 month voluntary escrow.

## Prized Portfolio in the Cooper Eromanga Basin

COERA

**Fourth largest land position in South Australian Cooper Basin with significant potential to grow**



\*Refer to Oilex Ltd ASX announcements dated 27 September 2019 in respect to the acquisition of the Northern Fairway PRLs and announcements dated 7 August 2019 and 14 August 2019 for further details on the acquisitions of PEL 112 and PEL 444.

**Figure 1 – CoEra Tenement Footprint in the Cooper Basin**



With the acquisition of the Cooper Eromanga Assets, Armour will appoint Mr Brad Lingo to the position of CEO of Armour. Mr Lingo has a long and successful career in the Australian Oil and gas exploration and production industry, most notably credited as the driving force in the growth of Drillsearch to a market capitalisation in excess of A\$700m prior to its acquisition by Beach Energy in 2016.

Mr Lingo's skills and experience are expected to be instrumental in the ongoing corporate development of Armour Energy with a strong focus in securing a partner in the highly prospective Northern Territory assets in the Macarthur Basin, where Armour made its first significant gas discovery in 2013 at the Glyde project. His experience in Joint Venture Management will be invaluable in Armour's JV with Santos in northern Australia and his strong track record in exploration development and production leadership in the Cooper Basin for Drillsearch is expected to drive further asset growth for Armour at Kincora and in the assets to be acquired in the Cooper Basin. He has also demonstrated a strong achievement in financial structuring and management which will assist Armour in its existing commitments at Kincora on the Roma Shelf of the Surat Basin in southern Queensland where it is currently a gas and oil producer.

JB Advisory Partners are acting as advisors to the transaction.

Commenting on the acquisition and appointment, Armour's Executive Chairman Nick Mather said:

*"The Western and Northern Cooper Flanks is an exciting oil exploration province having previously yielded significant oil discoveries at the Acrasia Oilfield Birkhead (produced 1.1 million barrels) and Cook Cuisinier (reported 100mmbbl OOIP) and the wet gas discoveries of Vanessa-1 and Yarrow (which Santos recently farmed into in September 2019). The Western and Northern Cooper Flanks present Armour with a further low-cost significant province for the diverse and provincially based Armour portfolio. Importantly, the appointment of Brad Lingo as CEO will provide the Company with a proven leader and asset builder, and the Board and I look forward to working with him."*

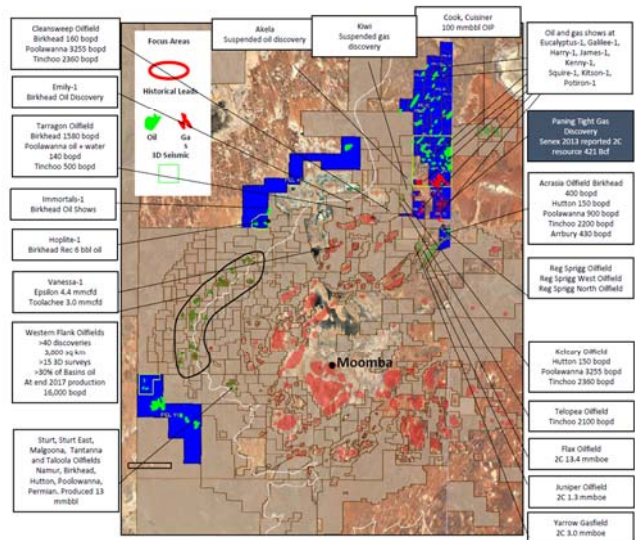
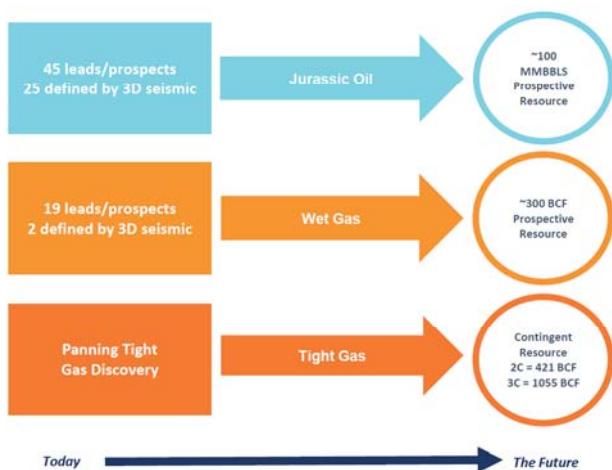
Incoming CEO, Mr Brad Lingo, commented:

*"This is a great combination bringing Oilex's material Cooper Basin position into the hands of the Armour Energy team. Armour has consistently demonstrated its ability to not only undertake cost effective, high impact exploration, but also deliver development and cash generative production. Combining Cooper Basin acreage with ready access to existing infrastructure with Armour's position in the Surat Basin and position in the strong East Coast gas markets is great combination to deliver growth and shareholder value. The Cooper Basin portfolio sits in the proven Western and Northern Oil and Wet Gas Fairways, and with the already extensive 3D seismic coverage and an existing portfolio of exploration leads and prospects, there is a great opportunity to deliver early exploration success."*

*I am really excited about this opportunity for delivering increased reserves and production out of Kincora Project and the Surat Basin, as well as bringing new partners to explore and commercialize the Armour Energy NT Project assets. Armour has already demonstrated there is a significant hydrocarbon system in its Northern assets and now it's about demonstrating how extensive that is, and developing the commercial pathway for these resources."*

## CoEra's Cooper Basin Business

A portfolio of opportunities adjacent to oil and gas occurrences



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### About Brad Lingo – Chief Executive Officer (proposed)

Mr Brad Lingo has had a distinguished career spanning over 30 years in a diverse range of oil and gas leadership roles, including business development, new ventures, mergers and acquisitions and corporate finance. Mr Lingo has been actively involved in oil and gas exploration, development and production activities in the Cooper Basin since 1993. He was Managing Director and CEO of Drillsearch Energy Ltd for 6 years building the company from a 200BOPD oil producer to a leading S&P/ASX 200 index Cooper Basin focused oil and gas company. Mr Lingo has received recognition as an oil and gas industry leader winning the S&P/ASX200 Energy Best CEO of the Year award in 2014 in the annual SMH/East Coles awards. Prior to taking on the role at Drillsearch, Mr Lingo was Head of Oil & Gas for the Commonwealth Bank of Australia. Mr Lingo started his career in the Cooper Basin as VP and Head of Business Development for Tenneco Energy and following the acquisition of Tenneco by El Paso Corporation, Mr Lingo was a co-founder of Epic Energy which became one of Australia's leading developer, owner and operator of natural gas infrastructure.

A summary of the key terms of an Executive Services Agreement for Mr Lingo will be lodged separately on commencement of his employment.

*This Announcement is Authorised by the Board of Directors*

Karl Schlobohm  
Company Secretary

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