

ASX Announcement

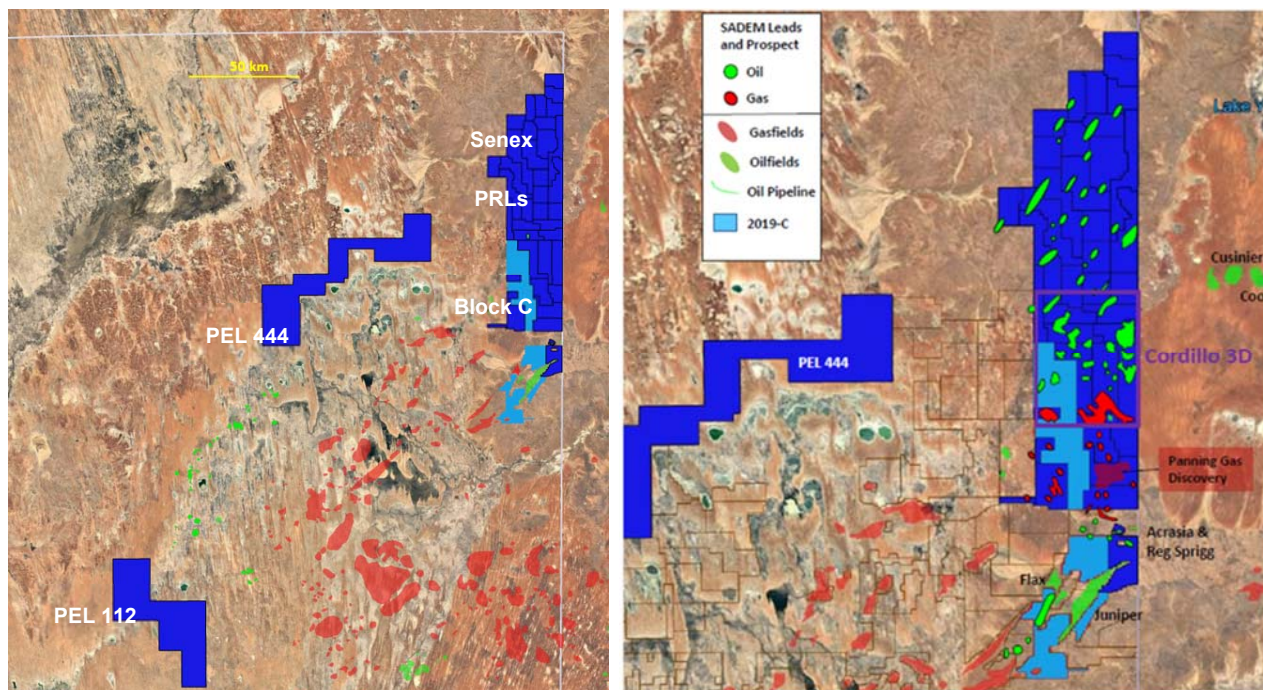
Armour Energy Limited

1 July 2020

Award of South Australian Cooper Basin Block

The Board of Directors of Armour Energy Ltd (ASX: AJQ, "Armour") is pleased to advise that Cordillo Energy Pty Ltd ("Cordillo") has been successful in bidding for Block CO2019-E (PELA 677) ("Block C") in the northern flank of the Cooper Basin in South Australia (see map below). Gazetted Block C forms one of five hydrocarbon exploration licence blocks released for competitive bidding by the South Australian Department of Energy and Mining ("DEM") in 2019.

Cooper Basin Permits to be Acquired



Cordillo is currently a wholly owned subsidiary of Oilex Limited, and is one of the group of companies holding all of Oilex's interests in the South Australian Cooper-Eromanga Basins (including this award of Block C) which are in the process of being acquired by Armour Energy, as announced on 15 June 2020 (Oilex Acquisition).

Block C is within, and adjacent to, the 27 Petroleum Retention Licenses in the Northern Oil and Gas Fairway, currently subject to acquisition from Senex Energy Ltd (Northern Fairway PRL's) as part of the Oilex Acquisition.

The award extends coverage of the area that has been identified as having high prospectivity, being nearby to a number of discovered oil and gas fields. The guaranteed work program over the first five years includes the acquisition of 250 square kilometers of 3D seismic and the drilling of 2 wells.

Block C has both Permian and Jurassic oil and wet gas potential, sitting immediately adjacent to the Acrasia, Reg Sprigg, Flax and Juniper oil fields, the undeveloped Paning Tight gas discovery and the Yarrow, Pondrinie and Packsaddle gas fields.

The permit covers a total area of 565 km² and is partially covered by the Cordillo 3D seismic survey, and has been targeted for both oil and wet gas exploration. The Flax and Juniper oil fields have over 100 mmbbls of original oil in place and the Flax oil field and the Yarrow gas field are both the focus of a new appraisal and development programme by Santos Ltd following the acquisition of a 80% interest in these fields from Red Sky Energy Ltd (ASX:ROG) as announced on 11 September 2019.

Completion of the award will follow the formal licence offer by the South Australian Department for Energy and Mining and acceptance by Cordillo together with the engagement with applicable native title parties and the South Australian government to develop the necessary access agreements. Once an appropriate land access agreement is in place and the acquisition of Cordillo from Oilex is approved by Armour shareholders and is completed, Armour will have a 100% interest in Block C.

Armour CEO, Brad Lingo, said ***“The award of Block C is a great addition to the portfolio of Cooper Basin permits that Armour has contracted to acquire from Oilex. Block C complements the Senex PRLs already included in the acquisition and already has significant 3D seismic coverage as part of the Cordillo 3D seismic survey that covers about a 1/3 of the Senex PRLs.”***

Mr Lingo continued, ***“Both Block C and the Senex PRLs have numerous leads and prospects identified with approximately 45 Jurassic Oil leads and prospects with 25 located within 3D seismic coverage and 19 Wet Gas leads and prospects with 2 located within the Cordillo 3D seismic survey. Block C along with the existing permits sit within the proven oil and wet gas play fairway along the Northern Flank straddling the Permian Edge along the Patchawarra Trough which is a proven oil and wet gas source kitchen. All of these elements make this acreage highly attractive. We plan to apply the latest seismic pre-interpretation processing technology to high-grade these leads and prospects with the aim of being ready to commence a drilling programme in 2021.”***

This Announcement is Authorised by the Board of Directors

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