



ASX Announcement

Armour Energy Limited

18 September 2020

Capital Raising Program Update

Fully Funded for Accelerated Work Program to Expand Production and Cashflow

Highlights:

- Capital raising well-supported and will raise a total of \$15 million.
- Strong investor demand has enabled the conditional placement component to be increased to \$7 million.
- Additional funds enable acceleration of Surat production growth program, Cooper Basin exploration and Newstead Gas storage works.

Armour Energy Limited (ASX: AJQ) (**Armour Energy** or the **Company**) is pleased to provide an update in relation to its capital raising program, as originally outlined in its previous announcement of 15 June 2020.

Capital Raising Program

The capital raising program as originally announced was aiming to raise approximately \$10m via a series of share placements (to raise approximately \$5.5m) and an underwritten Accelerated Non-Renounceable Entitlement Offer (to raise approximately \$4.5m). Shareholder approval was necessary for the settlement of some of the placement amounts, and this has now been received as a result of the EGM held earlier today.

Due to significant demand from third-party investors in relation to the Company's fund raising, the Board has been able to upsize the conditional placement component to a total of approximately \$7m subject to receipt of any necessary further shareholder approvals, which will give the capital raising program a combined total of approximately \$15m.

As part of the increased placement, the Company's largest shareholder, DGR Global Ltd, has indicated its preference to maintain its shareholding interest in Armour Energy at a circa 19% level and as such it has committed to participate in the upsized placement to maintain a circa 19% shareholding interest subject to Armour shareholder approval. Shareholder approval for DGR Global to further participate in the upsized placement, together with any further approvals necessary in relation to the placement of other amounts, will be sought at Armour Energy's 2020 AGM which is expected to be held in November.

For every two (2) new shares issued under the upsized conditional placement, the holder will also receive one (1) attaching option exercisable at \$0.05 and expiring 29 February 2024. These options are listed on the ASX with the ticker code AJQOA. The issue of some of the options as part of the conditional placement will be subject to receipt of any necessary shareholder approvals.

This capital raising campaign has been successfully executed through Joint Lead Managers Bizzell Capital Partners and JB Advisory Partners.

Additional Capital Accelerates Work Programs

The additional equity raised through the upsized conditional placement enables the Company to accelerate several key work programs outlined in the investor presentation released on the ASX on 21 August 2020. The Company intends to use the funds raised from the upsized placement specifically to fund the following work programs:

- **Surat Basin Production Enhancement** – the six-well stimulation program which commenced on 10 September 2020 with the commencement of works at the Horseshoe-4 well (see ASX release of 10 September) including accelerating the timing of the portion of the program scheduled for the June 2021 quarter;
- **Cooper Basin Exploration** – Accelerating the Cooper Basin exploration program aimed at high-grading the existing 2D/3D seismic controlled leads and prospects portfolio to generate 3 to 5 high-quality drill ready 3D controlled prospects by FYE 2021; and
- **Newstead Gas Storage Restart** - Undertake minor above ground facility works to restart the Newstead Gas Storage Project including overhaul of the sales gas injection compression equipment and installation of a new bi-directional valves at the pipeline interconnection facilities in the Wallumbilla Gas Hub.

In addition to these programs the additional upsized placement funds will also be used for general working capital purposes and provide some flexibility in treasury management. Together with existing working capital, the upsized placement funds further strengthens the Company's balance sheet and puts the Company in a position to significantly increase work program activity aimed at increasing production and cash flow in the near term and developing a pipeline of exploration projects to deliver reserves and production growth across core assets.

Armour Energy CEO Brad Lingo said

"The result in the upsized equity raising is clear indication of the support we have generated from existing and new institutional shareholders. We have been able to clearly articulate the Company's priorities and the work programs we are undertaking to deliver increased production and cash flow in the Surat and to significantly reduce debt through joint venturing in a number of our key assets."

This Announcement is Authorised by the Board of Directors

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Company Secretary

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