

## ASX Announcement

### Armour Energy Limited

30 October 2020

#### **Armour Energy Appoints Ocean Reach Advisory to Assist with Northern Australian Farm-outs**

Armour Energy Limited (ASX: AJQ) (**Armour Energy** or the **Company**) wishes to advise that Ocean Reach Advisory Pty Ltd have been appointed financial advisor to assist the Company with the farm-out of the Company's Northern Territory acreage.

***"Securing a joint venture partner for our NT McArthur Basin Project is one of the five priorities for Armour. To assist with this process Armour has appointed Ocean Reach Advisory, a specialist upstream oil and gas transaction advisory firm with significant experience in oil and gas acquisition and divestment activity and farming out large-scale upstream oil and gas assets globally" said Brad Lingo, CEO Armour Energy Limited.***

***Mr. Lingo continued "The NT gas story just keeps getting more exciting and its Armour's view that this is the ideal time to bring in a JV partner to help progress the assets. There is significant interest in the NT, commercially and at Government levels, Federal and Territorial, as demonstrated by the Minister for Energy, Angus Taylor MP, and Minister for Resources, Water and Northern Australia, Keith Pitt MP, visiting the NT gas fields recently.***

***By finding the right JV partner, Armour is seeking to accelerate exploration of the highly prospective McArthur Basin. A transaction would also allow Armour to further reduce debt and provide working capital for production and exploration in the Surat and Cooper Basins which aligns with its five priorities."***

The engagement letter signed with Ocean Reach Advisory has also been extended to include Armour's 30% interest in the South Nicholson Basin project.

***"Since signing the Farm-out Agreement with Santos, there has been a significant increase in interest in the South Nicholson Basin. It is Armour's preference to retain an interest in the South Nicholson Basin however, given the interest and the right deal, Armour could farm-out some or sell all of its remaining interest in the project to allow for further debt reduction and provide additional funding to advance the Surat and Cooper assets. By acquiring Armours' interest, the buyer would have a significant interest in a world class project, a \$65 million free carry and pre-emption rights" remarked Brad Lingo.***

#### **Norther Territory Farm-out**

Armour's McArthur Basin project area represents the largest and most important part of the Northern, Central and Southern McArthur Basin where the thickest and most oil and gas prone sections of the McArthur and Tawallah source rocks are present. Armour, 100% owner and operator, holds a large acreage position covering 12 permits and approximately 89,000 km<sup>2</sup>.

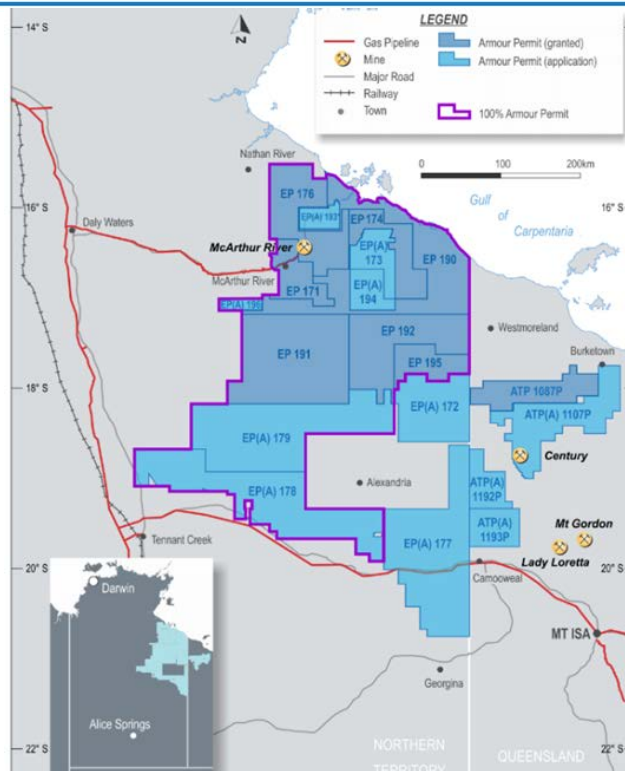


Figure 1 – Northern Territory acreage outlined in purple.

The first well drilled in the MacArthur Basin program was Cow Lagoon 1, which focused on the Reward Dolomite unit in the highly prospective Batten Trough. The Batten Trough is covered by granted EPs 171 and 176 (100% Armour Energy). The tenements cover 11,000 km<sup>2</sup> and are the subject of an independent assessed mean technically recoverable prospective resource of some 18.6 TCF (Trillion Cubic Feet) of gas<sup>1</sup>.



Figure 2 - Picture of gas burning from the end of the 8" diameter blooie pipeline, venting the Cow Lagoon 1 well

<sup>1</sup> ASX Release 24 April 2013, Third Party Independent Certification Confirms Armour's Prospective Estimate of Conventional Gas Prospects, and Estimates Contingent Resources for the Coxco Dolomite, MacArthur Basin, Northern Territory.

Armour also drilled the Glyde #1 lateral well, which is also located in EP 171 and is approximately 61 kms south of McArthur River Zinc Mine. The well targeted the Barney Creek Shale and the Coxco Dolomite formations at a depth of 648-810m. Testing with a full open choke of 64/64 inch, the Glyde #1 well was flowing at 3.33 million standard cubic feet per day equivalent (mmscf/d) at a pressure of 125 psi<sup>2</sup>. This reading validates the high unimpeded flow potential of this reservoir as observed during drilling with gas chromatography readings.



Figure 3: Gas Flare during Testing at Glyde #1 Lateral Well Measured Well Depth of circa 670m

Based on the work perform at Glyde-1, Armour was able to book a Conventional Prospective Resources P50 (Best Estimate) = 4.8 TCF (Net)<sup>3</sup>.

Northern Basins – McArthur Basin Resources						
	Contingent (BCF)			Prospective (TCF)		
Target	1C	2C	3C	Low	Best	High
Coxco-Cooley	2.4	6	10.3	1.3	4.8	29.9
Net to Armour / Contingent Resources are limited to Glyde Proposed Production License Area						

The future work program for the NT includes airborne surveys and further production testing of the Glyde #1 well. The Company has identified approximately 70 prospects within the airborne survey area. Armour also intends to lodge Production-Retention Licenses and field development plan approvals for Glyde, Cow Lagoon & Lamont Pass conventional gas discoveries. Once granted, Armour is looking to achieve sales gas production as early as 2022 to regional businesses and communities.

<sup>2</sup>. Source: Armour ASX Announcement 13 August 2012.

<sup>3</sup>. October 201, MBA Report Conventional and unconventional Prospective Resource Estimate EP 171 & 176; April 2015, D&M Report, Prospective Resources Attributed to Certain Prospects in Various License Blocks NT; November 2013, SRK Report, Coxco Dolomite Resource Evaluation Batten Tough McArthur Basin EP 171, 176, 190 NT; September 2015, SRK Report, Conventional and Unconventional Resource Assessment of the Wollgorang and McDermott Formations – Tawallah Group NT.

Armour has also identified unconventional gas play fairways in the NT acreage and have booked unconventional Prospective Resources P50 (Best Estimate) of approximately 30 TCF (Net)<sup>4</sup>. The acreage is well positioned to take advantage of commercialisation opportunities from the NEGI Pipeline that connects the Northern Territory with the east coast of Australia.

<sup>4</sup>. ASX release, 21 September 2015, 66% increase in Prospective Gas Resources in Northern Australia.

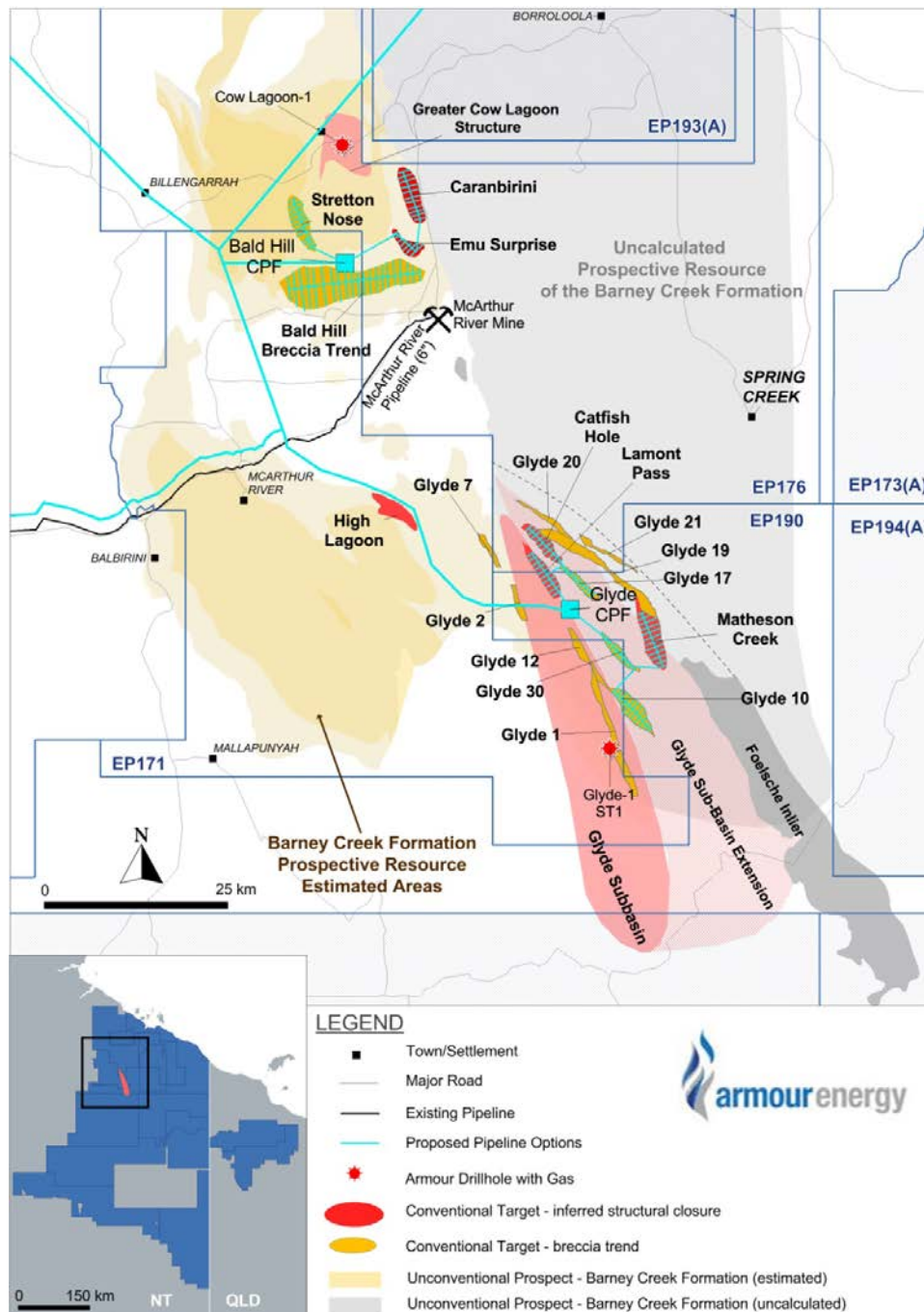


Figure 4: Gas Targets in the Batten Trough



## South Nicholson Basin and Santos Farm-out

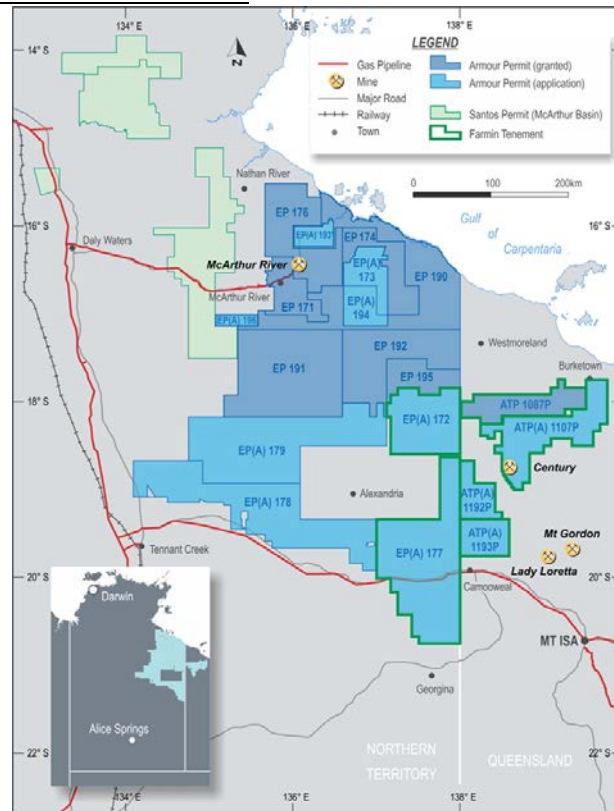


Figure 5: Map showing the Farm-out Permits within the green border

The South Nicholson Basin exploration project area covers approximately 408 million acres and includes the Egilabria 2DW1 directional well which was the first hydraulically stimulated horizontal shale well in Australia to flow hydrocarbons to surface.

Santos are in the process of a farm-in to the South Nicholson Basin exploration project area which covers approximately 10.07 million acres (see Figure 5). Under the Farmin Agreement, Santos has the right to earn a 70% interest in Armour's North Queensland tenements, being ATP1087 (granted), and the application permit areas in Queensland ATP1107, ATP1192 and ATP1193 and the Northern Territory tenements EP172 and EP177 (collectively the "Application Areas").

Santos will carry 100% of Armour's share of expenditure for the work programs within the Farm-in Tenements up to a combined total expenditure of \$A65million.<sup>4</sup>

<sup>4</sup> ASX release "Acceleration of Contingent Farmin Payments to Armour Energy" 27 July 2020

*This Announcement is Authorised by the Board of Directors*

Karl Schlobohm  
Company Secretary

Nicholas Mather – Executive Chairman  
07-3303 0680

Karl Schlobohm – Company Secretary  
07-3303 0661

Brad Lingo – CEO  
07-3303 0680

**Competent Person's Statement**

Statements in this announcement as to oil and gas resources have been compiled from data provided by, or based on independent expert reports reviewed by, Armour's Chief Geologist, Mr Luke Titus. 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. Mr Titus' has over 20 years of relevant experience in both conventional and unconventional petroleum exploration in various international hydrocarbon basins. Mr Titus has sufficient experience that is relevant to Armour's reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules 5.11. Mr Titus consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.