

**ASX Announcement**

**Armour Energy Limited**

**12 November 2020**

**Surat 2020 Work Program Update**

**Horseshoe-2 Stimulation Successfully Completed and  
Warroon-1 Stimulation Commencing**

**Highlights:**

- **Multi-stage stimulation activities on Horseshoe #2 successfully completed.**
- **Horseshoe #2 proceeding to flowback, clean-up and re-connection to the gas gathering network.**
- **Stimulation equipment relocated to Warroon #1 to commence single-stage stimulation.**

The Board of Armour Energy (“Armour” or the “Company”) is pleased to provide an update on the Surat 2020 Work Program which is being conducted on its 100% owned and operated Kincora Gas Project.

**Multi-stage stimulation activities on Horseshoe #2 successfully completed**

Armour has successfully completed the multi-stage stimulation activities on the Horseshoe #2 well. The Horseshoe-2 programme involved a two-stage stimulation programme targeting two independent production intervals in the intra Wallabella sandstone and the basal Rewan sandstones.



**Horseshoe #2 Stimulation Activities**

Prior to conducting the stimulations, the Company conducted DFIT tests (diagnostic fracture injection) and used the data to make customized changes to the frac design. The first-stage stimulation was completed in the intra-Wallabella sandstone over a 5-metre interval between 1937 metres to 1942 metres and successfully placed approximately 76,500 lbs of proppant into the target zone. Following completion of the stimulation wellhead pressure rapidly build-up to 2000 PSI when the zone was shut-in to allow the second-stage stimulation to proceed.

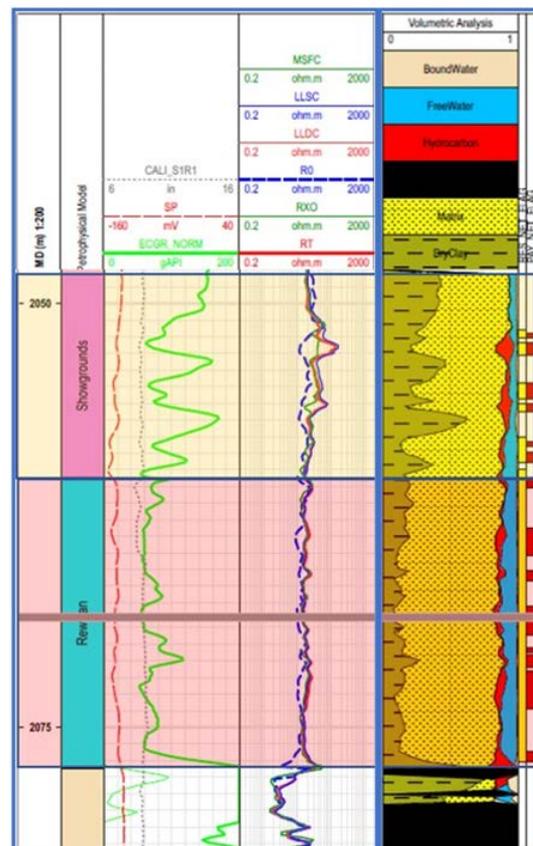
The second-stage stimulation was completed in the basal Rewan stimulation over a 14-metre interval (5 meters of perforations) between 1791 metres to 1805 metres and successfully placed approximately 116,000 lbs of proppant into the target zone. Following completion of the stimulation wellhead pressure rapidly built up to 2100 PSI and increasing delivering a very similar pressure response to the Horseshoe #4 stimulation in the basal Rewan target interval.

A production string will now be installed, and the Horseshoe #2 well will commence the clean-up and flowback phase prior to returning to sales gas production. The Company will provide further information on the well flow rate and the outcome of the Horseshoe #2 stimulation programme as they come available.

### Overview of Warroon #1 stimulation programme

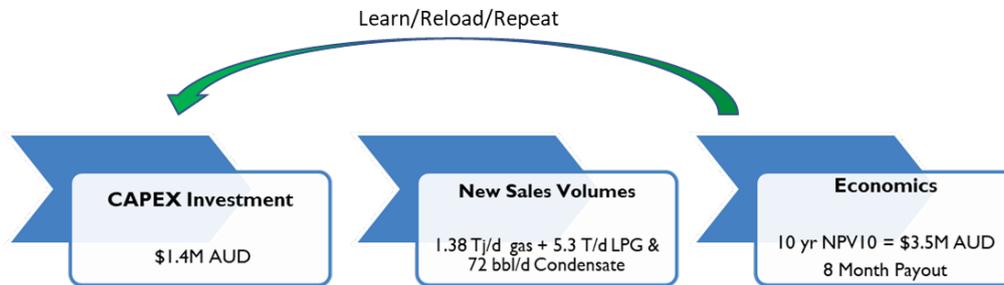
The Warroon #1 well was drilled by Hematite Petroleum in 1979 targeting the Showgrounds sandstone and produced 8.1 mmscfd on DST. The well was completed in the Showgrounds sandstone and produced 3.5 BCF of gas, 95,500 bbls of condensate and 6,950 tonnes of LPG. Additionally, an unexpected gas saturated Rewan section was encountered immediately below the Showgrounds which flowed 150 mscfd, however was deemed too tight to complete at that time.

The primary target of the Warroon #1 stimulation programme is a single stage stimulation in the gas saturated Rewan section directly underlying the Showground sandstone. Petrophysical analysis indicates a gas-saturated porous zone throughout the upper Rewan sand interval. Prior to conducting the stimulation programme this was confirmed with Schlumberger's Pulsar logging tool back in August 2020.



Warroon #1 Well Log – upper Rewan Target Interval

The result is expected to deliver a strong commercial outcome with a quick payout which will allow the invested capital to be quickly recovered and reinjected back into future programs.



**Warroon #1 CAPEX Investment and Expected Payout**

Following completion of the stimulation of the target upper Rewan interval, the well will go through a clean-up process to recover stimulation fluid. After the clean-up phase, the Warroon #1 well will commence flowing gas into the Kincora Gas Gathering System for processing and sale via the Kincora Gas Processing Plant. It is anticipated that the Warroon #1 stimulation programme and clean-up process will take approximately 10 to 14 days.

The Company plans to provide regular updates on the Warroon #1 stimulation programme.

#### Stimulation programme – next stages

The entire three-well stimulation programme is expected to cost approximately \$4.7 million. Minor weather and equipment delays will push part of the program into early December 2020. All three wells will produce and flow gas into Armour’s Surat Basin Gas Gathering System to the Kincora Gas Processing Plant for additional gas sales.

The programme is targeting achieving an aggregate initial increase in daily sales gas production of approximately 4 TJ/day (Best estimate) with a potential aggregate high-side outcome of up to approximately 7 TJ/day sales gas (High estimate).

The 2020 work program has been designed not only to increase production from existing well stock, but to capture learnings that can be incorporated into additional production enhancements efforts. Results will be used to optimise Armour’s next program which is planned for the first half of 2021. Additionally, these two programs are expected to support the de-risking of new drilling locations and contribute to the reserves maturation plan.

Armour Energy’s CEO, Brad Lingo said:

***“With the successful execution of both the Horseshoe #4 and Horseshoe #2 well stimulations Armour is looking forward to completing the current programme with Warroon #1. It remains early days, but both signs from both Horseshoe #4 and Horseshoe #2 look very promising. As I’ve said previously, delivering these results is the result of meticulous planning and a commitment to quality in execution. We are, and will remain, very focussed on continuing this level of execution in being able to deliver the increase in daily sales gas production.”***



*This Announcement is Authorised by the Board of Directors*

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