



# Armour Energy Limited

## Investor Presentation

South East Asia Australia Offshore & Onshore Conference  
SEAAOC – 11-13 NOVEMBER 2020



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## Competent Persons Statement

Statements in this presentation as to gas and mineral resources has been compiled from data provided by Armour's Chief Operating Officer, Mr Michael Laurent. Mr Laurent's qualifications include being a professionally registered engineer in both Australia and Canada, has over 20 years of diverse oil and gas industry experience and has successfully held various senior managerial and GM positions. His career spans a number of sectors and includes expertise in reservoir, drilling, facilities, production and operations with particular emphasis on resource and business development. Experience is underpinned with strong strategic, commercial and technical acumen in both conventional and unconventional reservoirs. Prior to joining Armour Energy, Michael successfully held a variety of domestic and international technical leadership appointments. Most recently he worked for Santos where he was responsible for managing Cooper Basins oil and gas appraisal/development wells and field optimisation initiatives from inception through to approval and implementation. Mr Laurent 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. Mr Laurent has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## Authorization

This presentation and announcement has been authorized by the Board of Directors of Armour Energy Limited.

# Primed for growth & focused on delivery

- Vast prospective acreage in proven fairways
- Deep multi-TCF resource project & prospects pipeline
- Material reserves with growth from overlooked pay
- Long life production with near-term growth & activity
- Operator with significant infrastructure & capacity
- Well-established pathways to premium markets
- Clear priorities & focused on delivery
- Proven CEO to drive strategy & committed to execution



### Northern Basins

**NT- McArthur Basin 100% Operator**

- 12 permits covering approx. 89,000km<sup>2</sup>
- Multi-TCF Conventional & Unconventional Gas Resource
- Conventional Gas Discoveries
- Multiple Plays
- Glyde, Cow Lagoon & Lamont Pass Gas Discoveries

**QLD/NT - South Nicholson Basin 30% Non-operated**

- JV with Santos; 6 permits covering approx. 22,720km<sup>2</sup>
- A\$65 million Free Carry

### Surat Basin

**100% Operator**

**Various Non-operator**

- Kincora Gas Plant
- Newstead Gas Storage
- Multi-TCF Tight Wet Gas Resources
- Conventional Wet Gas Production
- Low CO<sub>2</sub> sales gas spec production
- Significant Liquids

### Cooper Basin

**100% Operator**

**Multiple Permits Covering 5,242 km<sup>2</sup>**

- Western Flank Oil
- Northern Flank Oil & Wet Gas
- Paning Tight Gas Discovery
- Significant 3D Seismic Coverage
- Deep Portfolio of 3D Controlled Leads & Prospects

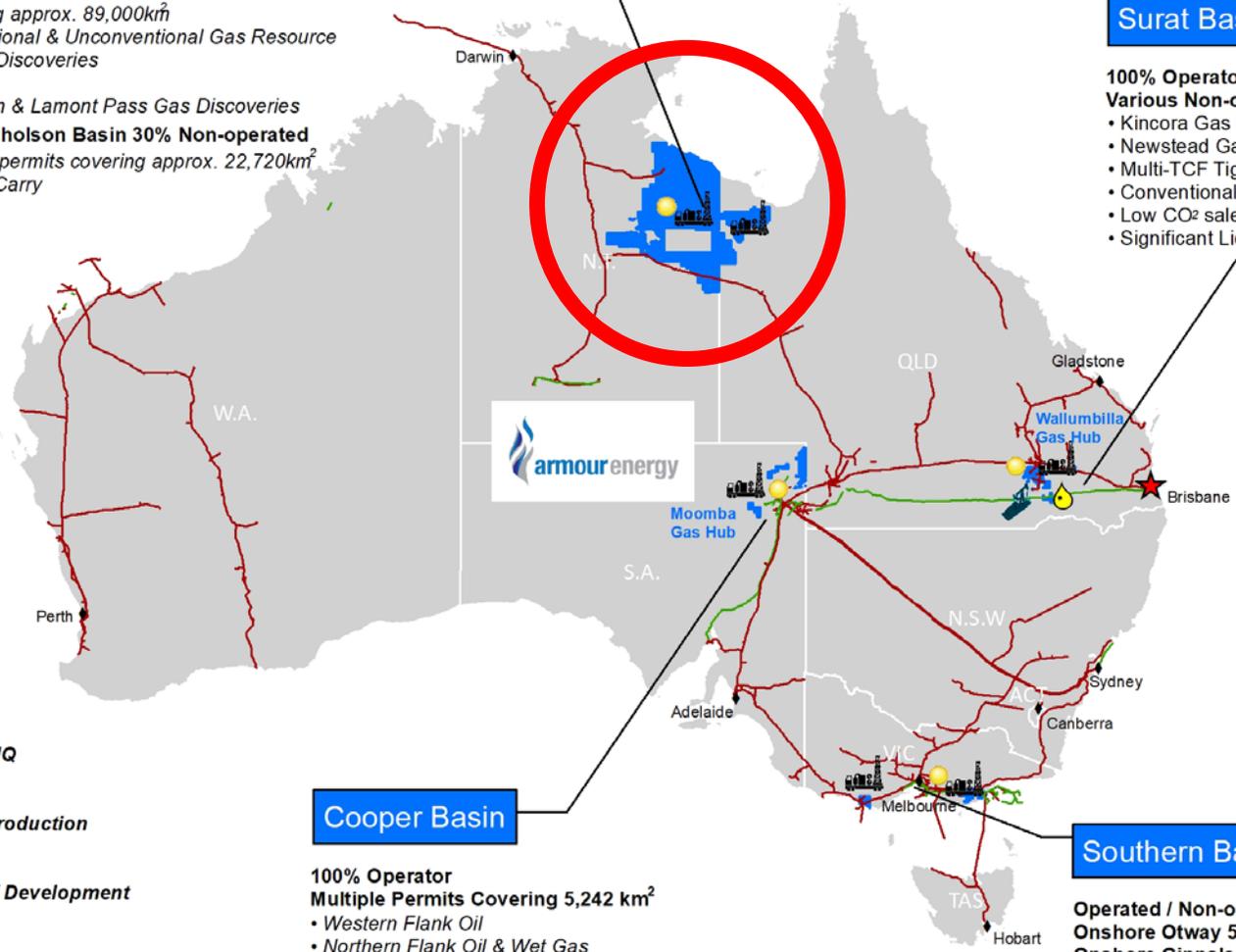
### Southern Basins

**Operated / Non-operator**

**Onshore Otway 51% Operator**

**Onshore Gippsland 25% Non-operated**

- Conventional gas proximate to infrastructure
- 15% in wombat tight gas discoveries
- Major Shareholder- Lakes Oil



- ★ Brisbane HQ
- 💧 Gas / Oil Production
- 🟡 Appraisal / Development
- 🏗️ Exploration
- 🛣️ Infrastructure

# Armour Portfolio

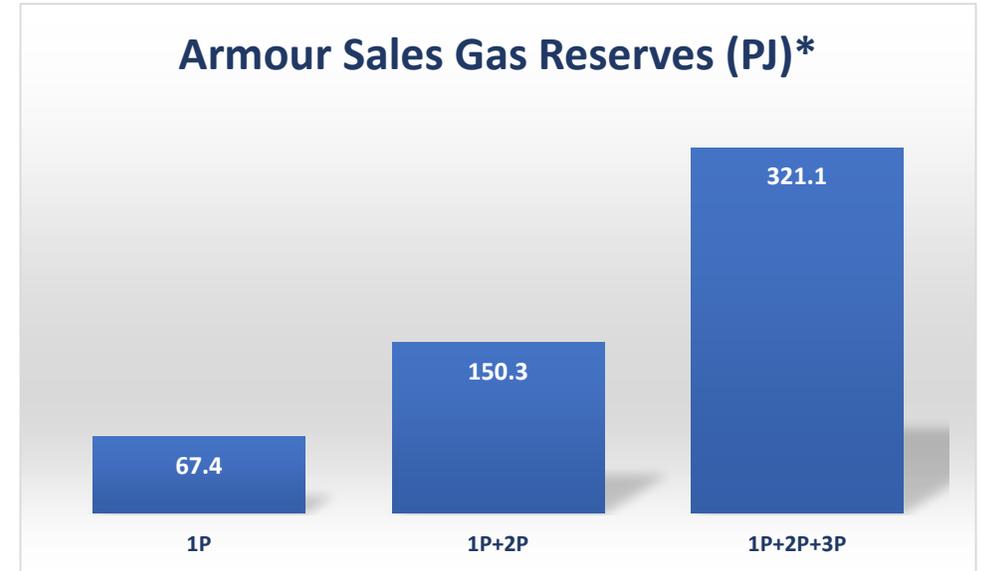
# Corporate snapshot

## Key statistics

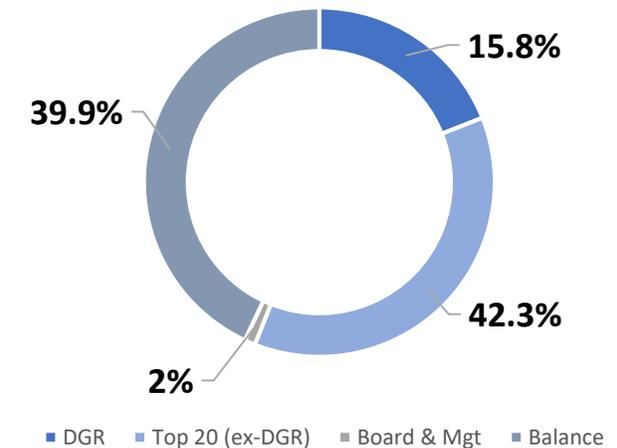
ASX Code:	AJQ
Issued shares	1161 million
Market Capitalisation (6 November 2020)	\$48.8m
Cash on hand (30 September 2020)	\$5.0m
Debt (30 September 2020)	\$51.5m
Proved & Probable Gas Reserves*	150.3 PJ
Proved & Probable Liquids Reserves*	1,397,000 BOE
Contingent Gas Resources (2C)*	46 PJ
Prospective Resources – Northern Basins (Best estimate)	41.5 TCF

\*All Gas and Liquids Reserves attributable to Surat Basin Kincora Gas Project

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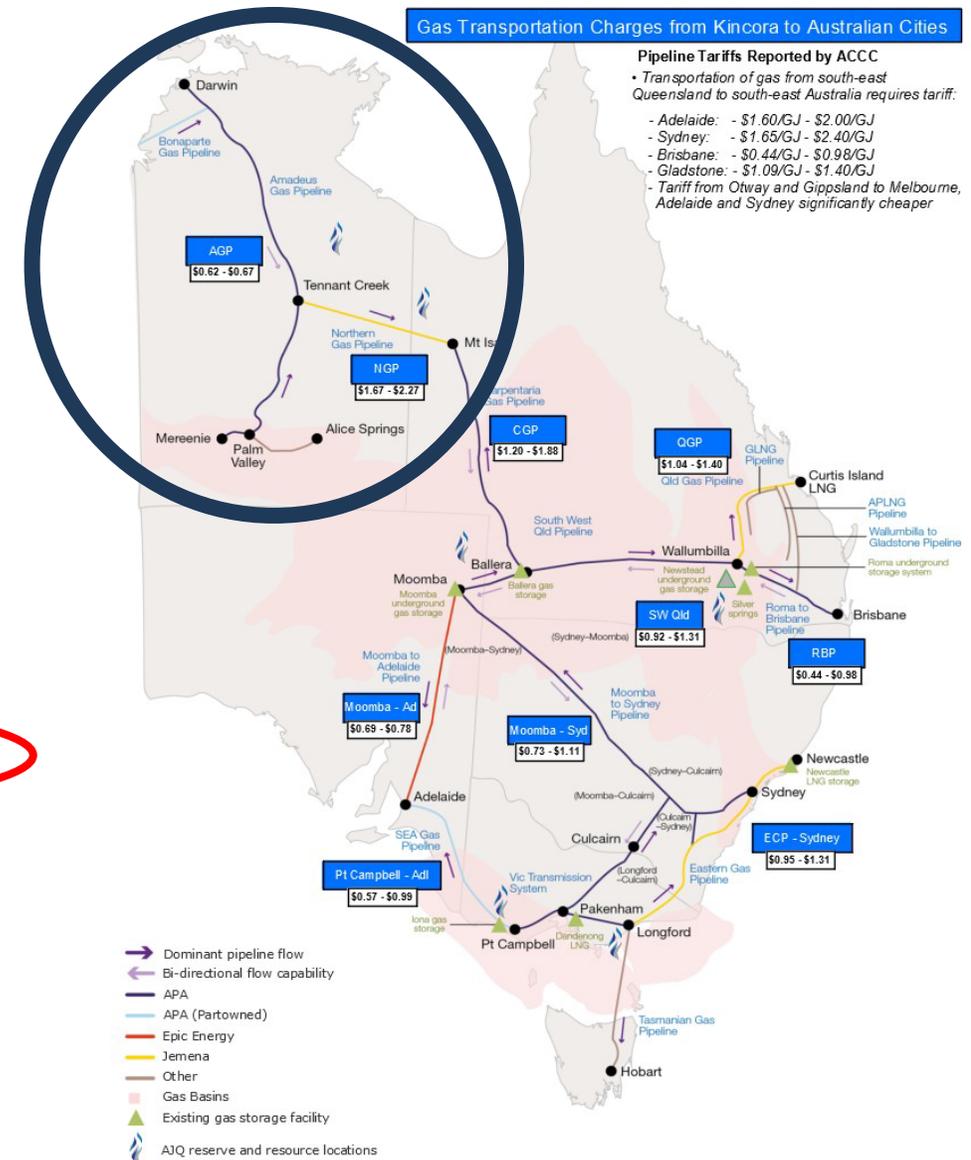


Armour Share Register Composition



# Market access - right locations, right infrastructure

- Armour's resources are in the right locations
- Existing conventional gas producer with material resources supplying into premium East Coast Gas Market
- Owner/Operator of significant dedicated processing, storage & pipeline infrastructure
- Existing processing with available capacity and significant, low cost expansion potential
- Significant uncontracted 2P Sales Gas Reserves
- Low cost gas producer with ability to competitively supply into major East Coast Gas markets
- Establishing new gas supplies in Northern Basins to provide gas supply into Top End gas markets (Mt Isa, NT)
- Programmes in Surat, Northern Basins, Cooper & Southern Basins to establish multi-TCF gas supply



# Priorities – focused on delivery



	Action	Deliverables
<b>Priority 1</b>	Deliver sales production increase of 4-6 TJ/day from 2021 Surat development work programme on time and within budget	<ul style="list-style-type: none"> <li>• Generate sufficient free cash flow to cover all operating and corporate costs</li> <li>• Provide reinvestment capital for further development and exploration expenditure</li> </ul>
<b>Priority 2</b>	<b>Secure exploration and development farmin joint venture partner for NT McArthur Basin Project</b>	<ul style="list-style-type: none"> <li>• <b>Recover full historical investment</b></li> <li>• <b>Secure free carry for development of existing conventional gas</b></li> <li>• <b>Reduction of debt/working capital for exploration and development</b></li> <li>• <b>discoveries and comprehensive multi-year exploration work programme</b></li> </ul>
<b>Priority 3</b>	Extract value through commercialisation of under-utilized assets (e.g. Newstead Gas Storage)	<ul style="list-style-type: none"> <li>• Release/recover invested capital to reduce debt</li> <li>• Support investment in high return growth projects</li> </ul>
<b>Priority 4</b>	Materially reduce debt	<ul style="list-style-type: none"> <li>• Strengthened, unencumbered balance sheet allowing maximum capital and business flexibility</li> </ul>
<b>Priority 5</b>	Consolidate core operating focus areas and projects and rationalize non-core assets (high grading of asset portfolio)	<ul style="list-style-type: none"> <li>• Focus work programmes, people resources and capital on high-return, high growth opportunities with reinvigorated focus on exploration</li> </ul>

# Northern Basins

## McArthur & Isa Superbasin

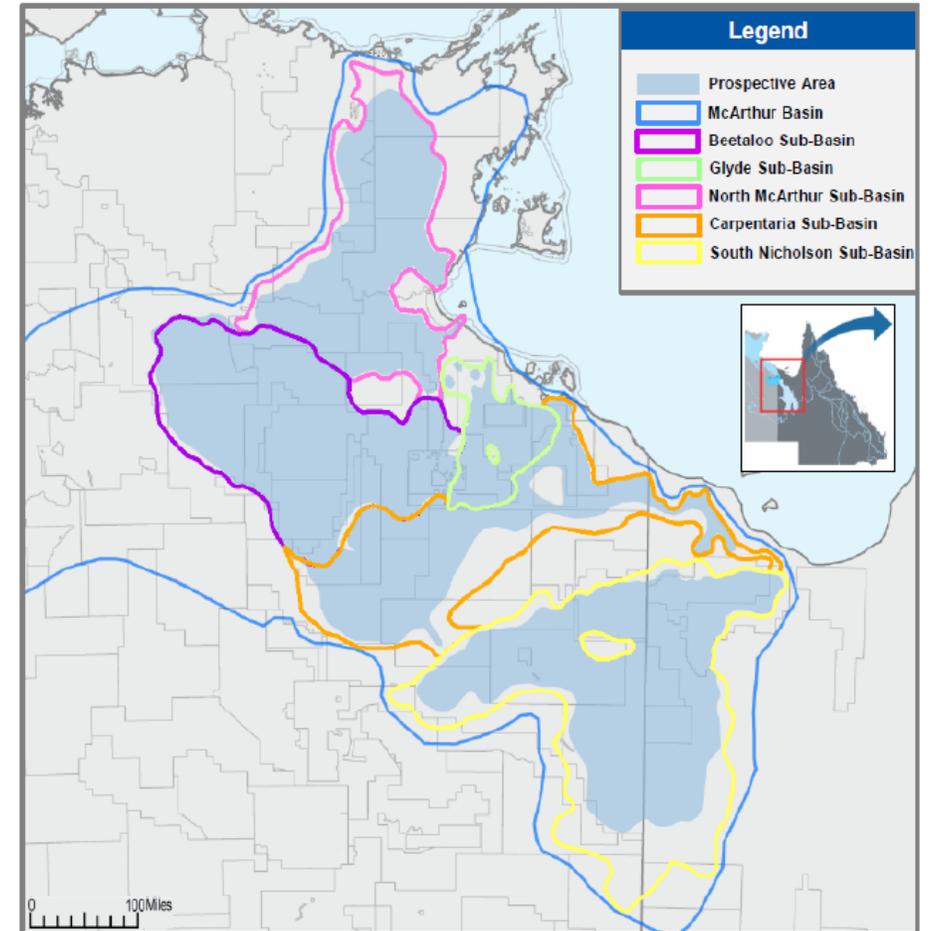
- Multi-TCF conventional & unconventional gas resources
- Multiple basins, plays and prospects – both conventional & unconventional
- 2 core areas – McArthur Basin (NT) and Isa Superbasin (NQ-NT)
- 7 discovery wells drilled across Queensland and Northern Territory
- \$67M expenditure to date

### McArthur Basin

- Armour (100%) operator / 12 permits covering ~89,000 km<sup>2</sup>
- Proven conventional & unconventional gas play fairways
- Multiple conventional gas discoveries reported on ASX
- Conventional Prospective Resources P50 (Best Estimate) = 4.9 TCF (Net)
- Unconventional Prospective Resources P50 (Best Estimate) = 30 TCF (Net)

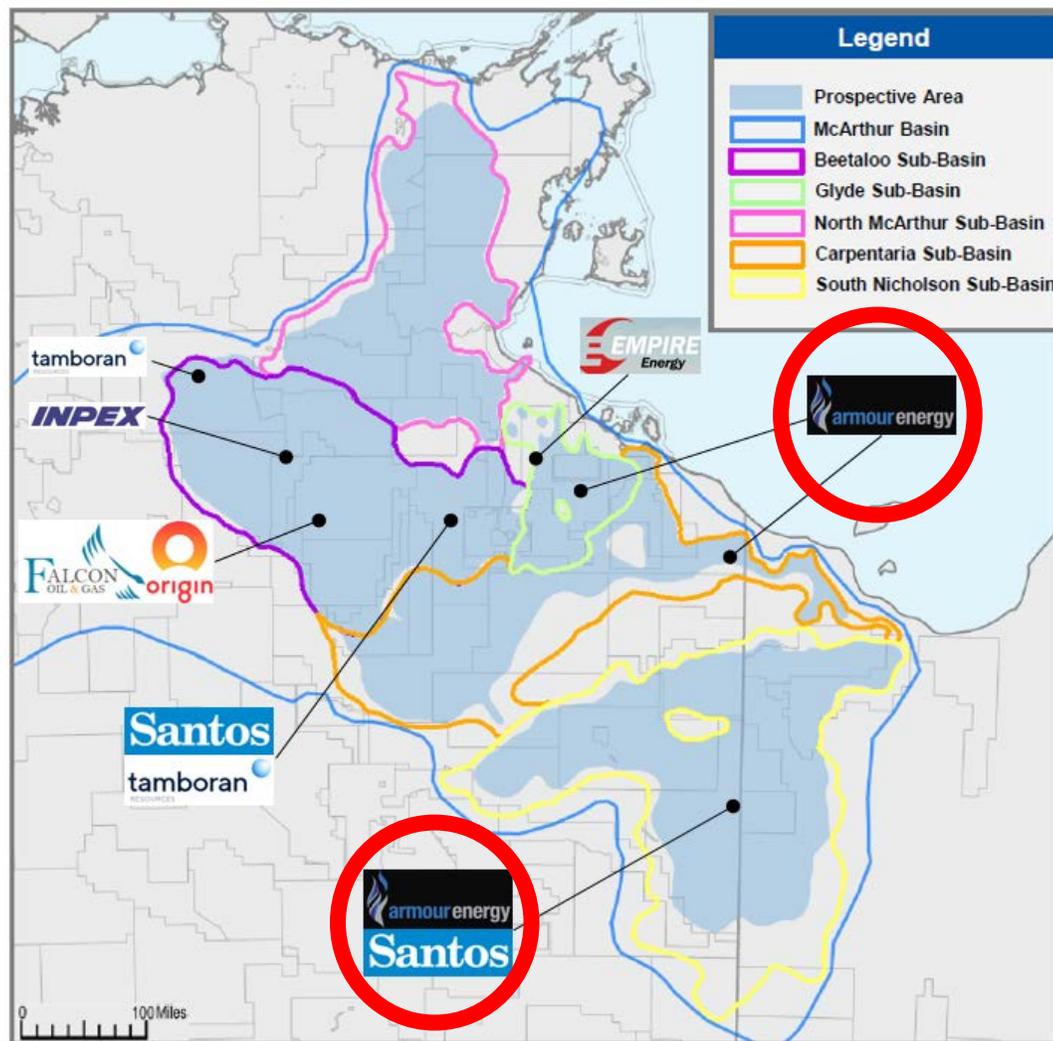
### Isa Superbasin

- South Nicholson Basin JV with Santos (70% operator)
- Armour (30%) non-operator / 6 permits covering ~40,800 km<sup>2</sup>
- Free carry on \$65 million / 4-year work programme
- Multiple unconventional prospective shale source rock reservoirs
- Unconventional Prospective Resources P50 (Best Estimate) = 6.6 TCF (Net)



Northern Basins – overview

# Northern Australia – Our peers and how we compare



✓ Commanding acreage position and portfolio

✓ Active regional exploration programme

✓ Strong exploration results

✓ Opportunity for early conventional gas sales

✓ Unconventional- The Seven Sisters of Shale

✓ Active farm-out process underway

# Overview of Armour's Northern Australia Project

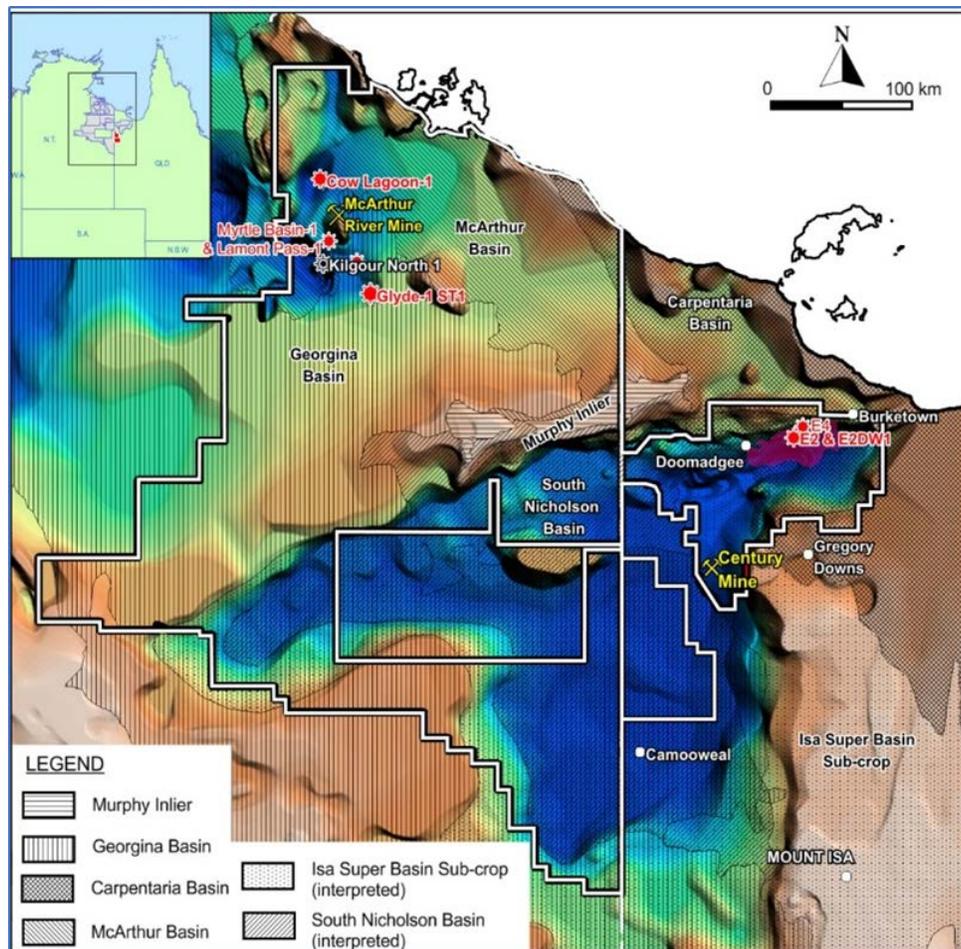
## Northern Territory Exploration Timeline



### Armour's track record of delivery .....

- ✓ **First mover advantage** - First applied for and granted permits in 2010
- ✓ **Commanding acreage position** - Now holds over 130,000km<sup>2</sup> of granted and application tenements across the NT & North QLD
- ✓ **Multi-Basin/Multi-Play** - NT/North QLD tenements include multiple basin, multiple conventional/unconventional gas and liquid plays
- ✓ **Conventional & Unconventional** - Led the charge on exploration for conventional and unconventional in the Northern Territory
- ✓ **Drill bit delivery** - First company in Australia to flow gas to surface from multi-stage stimulated lateral shale exploration well
- ✓ **World- class results** - Shale Plays (oil and gas) – World Class exploration results - 80% exploration success to date
- ✓ **Active regulatory engagement** - Successfully worked through revised regulatory framework with authorities
- ✓ **Established relationships** - Good working relationships with relevant stakeholders since 2012
- ✓ **Access to markets** - Close to infrastructure, including the Jemena Northern Gas Pipeline

# Northern Australia Shale Gas Play - Isa Super Basin



Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

- 6 wells drilled in ATP1087 to date
- Extensive seismic data highly prospective shale formations
- Well understood rock properties; up to 11% TOC
- Egilabria-2 well; an Australian first; flows from a hydraulically stimulated lateral in shale
- 22.1 TCF Prospective Resource<sup>(1)</sup>
- 364 BCF Contingent Gas Resources (3C)<sup>(2)</sup>



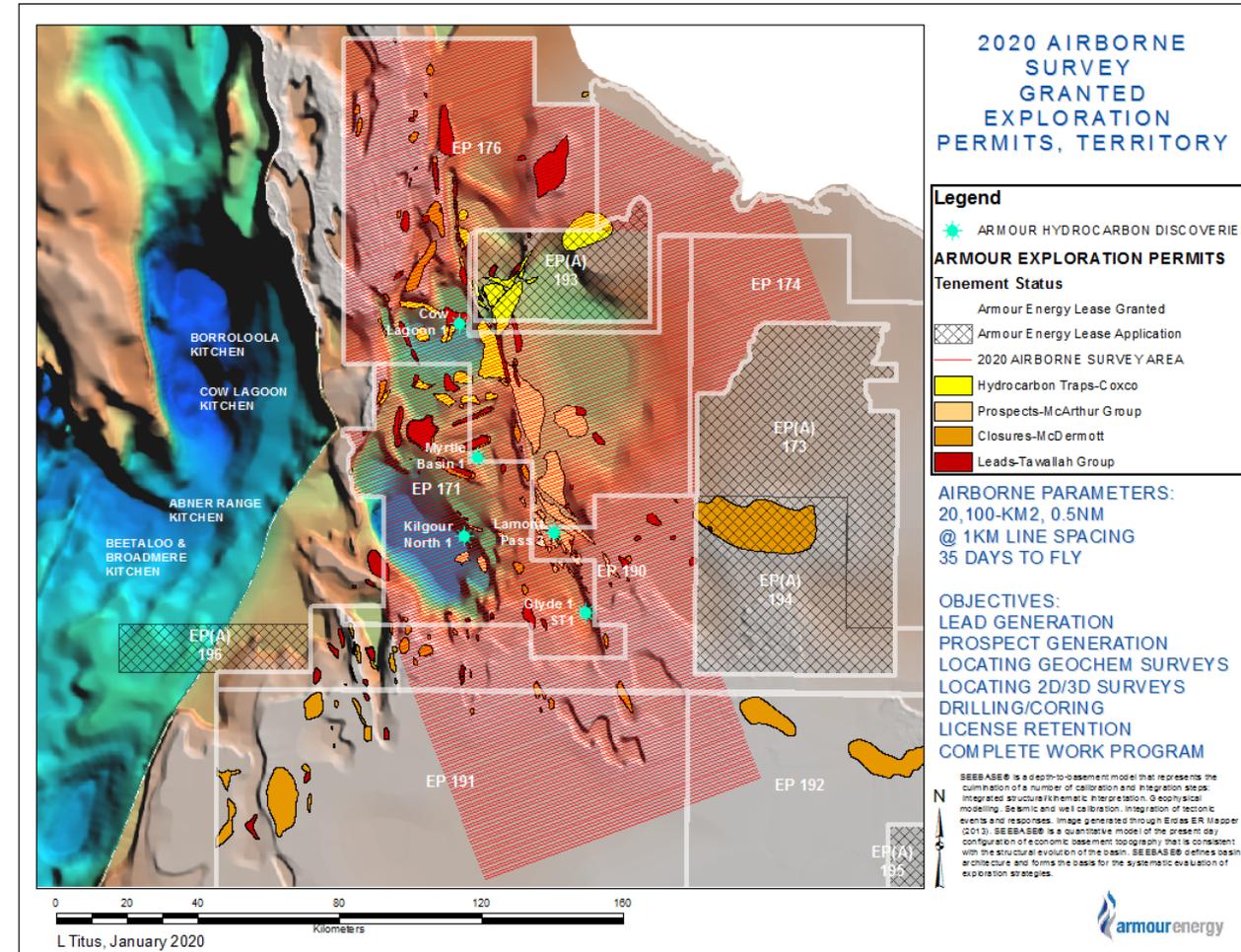
- (1) SRK Report, Lawn Hill and Riversleigh Formation Prospective Resources ATP 1087, QLD, September 2015  
 (2) SRK Report, Egilabria 2 Hydraulically Stimulated DW 1, Lawn Hill Formation, Contingent Resource Estimation, ATP 1087, QLD, July 2014

# McArthur Basin Conventional

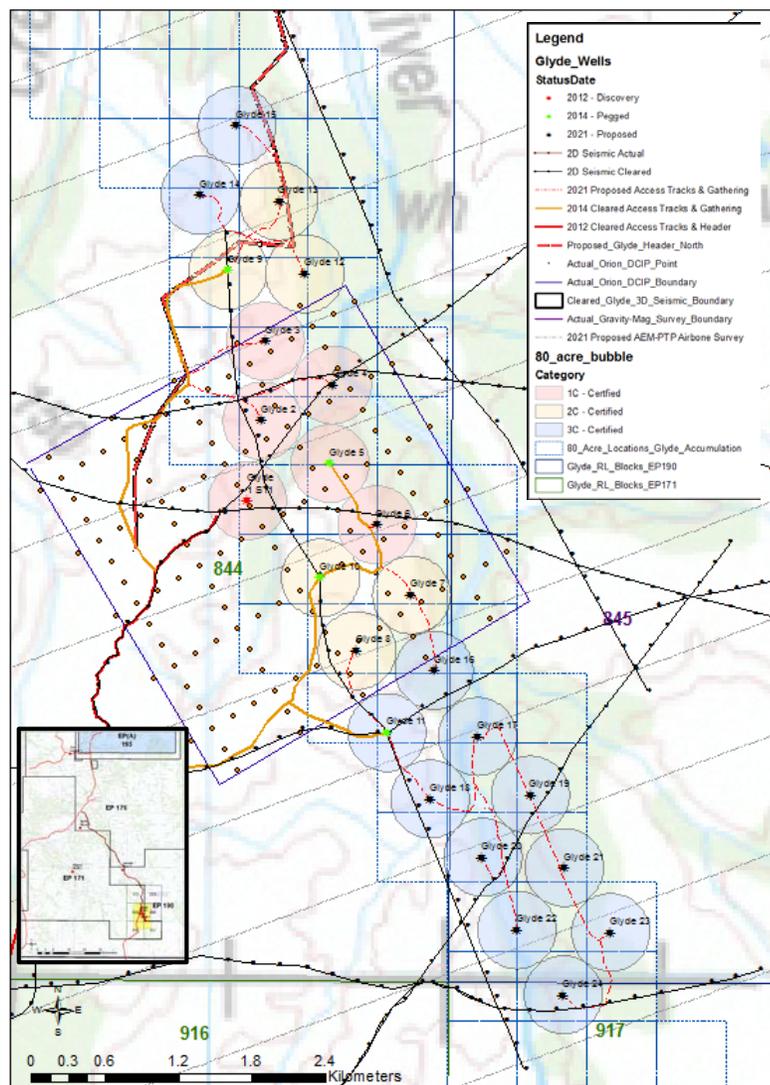
- Armour (100%) operator
- Proven discoveries and reservoirs
  - Coxco-Cooley Dolomitic Breccias & Reward Dolomite
- Conventional play fairways and prospects
  - Early gas sales ahead of unconventional
  - Existing Gas discoveries – Glyde, Cow Lagoon & Lamont Pass
  - Conventional Prospective Resources P50 (Best Estimate) = 4.8 TCF
  - Shallow targets – circa 300m-1800m
  - Low exploration/appraisal well costs ~A\$1.5 million (excluding mob/demob)
  - Discoveries contain dry, sales quality gas
- 2020-2021 Work Program
  - 20,000 km<sup>2</sup> airborne survey
  - Production testing Glyde-1 gas well
  - 2D seismic and appraisal pilot clearances
  - Progressing Production-Retention license applications pending
  - Sales Gas production potential as early as 2022 & progressing gas off-take agreements
  - Advance southern tenement application areas

Northern Basins – McArthur Basin Resources*						
Target	Contingent (BCF)			Prospective (TCF)		
	1C	2C	3C	Low	Best	High
Coxco-Cooley	2.4	6	10.3	1.3	4.9	29.9

\*Net to Armour / Contingent Resources are limited to Glyde Proposed Production License Area



# Northern Territory - Glyde Conventional Gas Retention License



Armour is pursuing an active conventional gas development plan ....

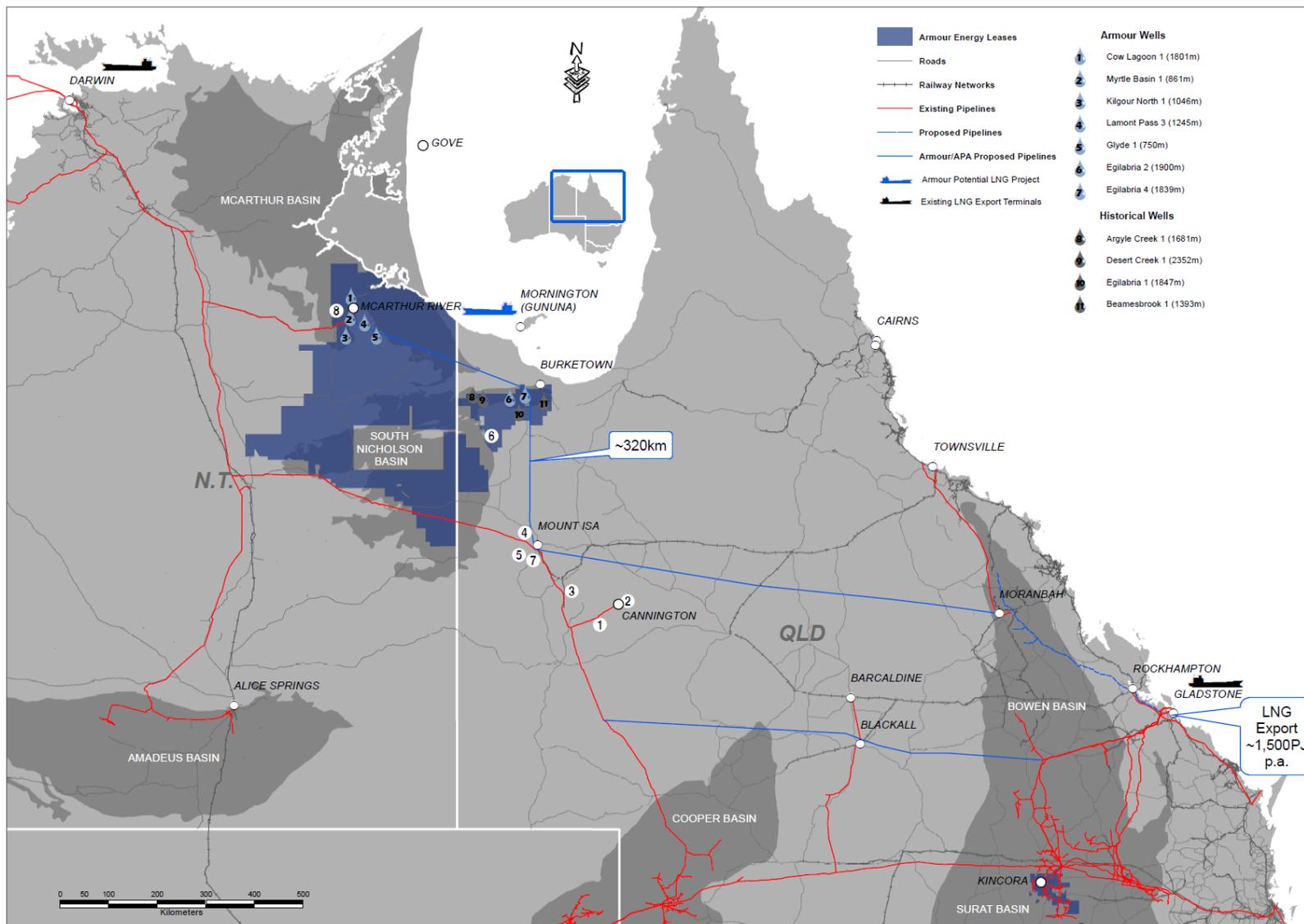
- Glyde-1 ST1: Flow tested at 3.33 Mmscf/day – low CO<sub>2</sub>, sales gas quality
- Coxco Dolomite Conventional Gas Field with multiple follow-on prospects
- Shallow wells, low cost drilling & development
- 24-Well conceptual development Program
- Seeking a 5-year Retention License
- Pursuing multiple sales gas MOUs
- Within available Farm-out area

Glyde 1 ST-1 Discovery Well		Area (Acres)			Area (km2)			OGIP (Bcf)			Recover Factor (%)			Raw Gas Contingent Resources		
Exploration Permit	Reservoir	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C	1C	2C	3C
171	Coxco	480	960	1434	1.9	3.9	5.8	4.0	8.1	12.1	0.6	0.8	0.9	2.4	6.1	10.3
190	Coxco	0	0	485	0.0	0.0	2.0	0.0	0.0	4.1	0.6	0.8	0.9	0.0	0.0	3.5
<b>Total</b>		<b>480</b>	<b>960</b>	<b>1919</b>	<b>1.9</b>	<b>3.9</b>	<b>7.8</b>	<b>4.0</b>	<b>8.1</b>	<b>16.2</b>				<b>2.4</b>	<b>6.1</b>	<b>13.8</b>

Notes:

1. Area is based on 24 total wells at 80-acres per well average
2. OGIP based on mean OGIP per acre
3. Application of any risk factor to contingent resources quantities does not equate to contingent resources with reserves
4. There is no certainty that it will be commercially viable to produce any portion of the contingent resources
5. Conversion factor 1.128
6. Contingent resources have an economic status of "undetermined"
7. D&M Report, Contingent Resources in Northern Territory Exploration Permit 171 interests licensed by Armour Energy Ltd, April 2013

# Northern Australia Project - Markets



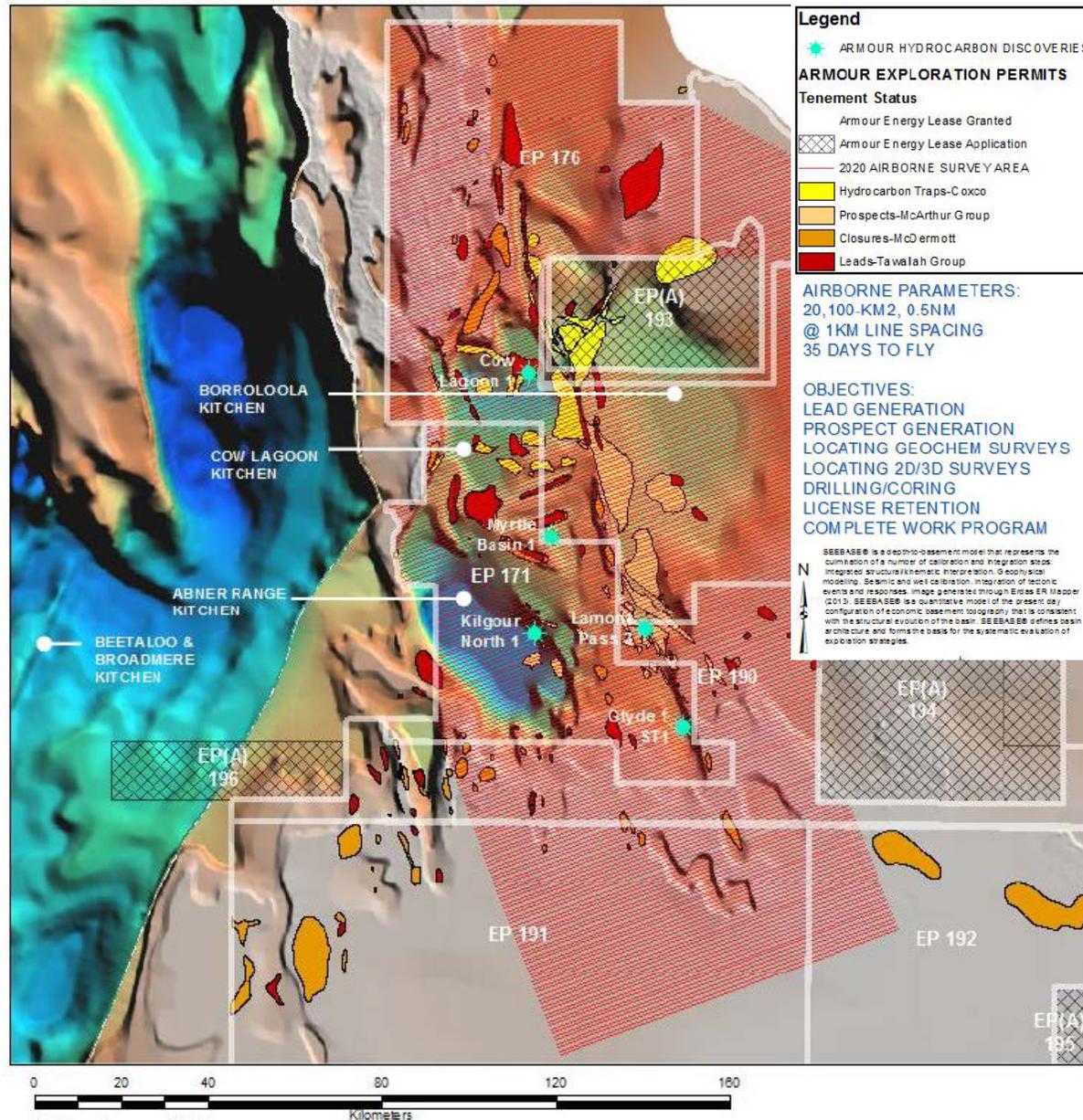
- Key local markets in Northern Australia
- Currently supplied by Cooper Basin and Amadeus Basin
- Transportation costs in excess of \$1.20/GJ to deliver Gas to Mt Isa from Cooper Basin
- Potential for production close to major markets<sup>(1)</sup>

ID	Customer	PJ/a
1	Osborne	1.1
2	Cannington Mine	2.8
3	Phosphate Hill	15.4
4	Diamantina Power Station	24.5
5	Mica Creek Power Station	38.2
6	Century Mine	14.6
7	Mt Isa Mines	9.5
8	McArthur River Mines	5.0
	<b>Total</b>	<b>106.1</b>

- Potential to supply Gladstone or Darwin LNG projects or new stand-alone projects

(1) Source : Market data based on Maximum Daily Quantity of Gas Deliverable <https://www.apa.com.au/globalassets/documents/info/schematic/cgp-schematic.pdf>

# Northern Territory - Next Steps



## Focussing on delivery - the next steps.....

- Approval of Glyde Conventional Gas Retention Licence – early 2021
- 20,000-km<sup>2</sup> airborne survey scheduled for June 2021 & processing Q3 2021
- 2D Seismic planning Q4 2021
- Progress Santos-JV exploration plans for the southern area
- Actively seeking Farm-out partners for northern area – engaged Ocean Advisory
- Looking to provide energy for local communities and businesses via transition from diesel to gas and renewables
- Early monetisation opportunities on path to larger project development

# FY 21 Forward work programmes

	Development & Production	Exploration
<b>Surat</b>	<ul style="list-style-type: none"> <li>• Stage 1 – 3 well fracture stimulation programme (Dec 20 quarter)</li> <li>• Stage 2 – 3 well fracture stimulation programme (June 21 quarter)</li> <li>• Production enhancement projects – multiple well workovers (Sep 2020)</li> </ul>	<ul style="list-style-type: none"> <li>• Commence 3D seismic location planning based on AEM-PTP Airborne Geophysical Survey (completed late 2019) across key Surat Basin exploration assets</li> <li>• Develop 3-5 drill-ready prospects for potential CYE 2021 drilling programme</li> </ul>
<b>Northern Basins</b>	<ul style="list-style-type: none"> <li>• Applying for Production Licenses and field development plan approvals for Glyde, Cow Lagoon &amp; Lamont Pass conventional gas discoveries</li> <li>• Commence gas marketing for up to 9TJ/day</li> <li>• Sales gas production potential as early as 2022</li> </ul>	<ul style="list-style-type: none"> <li>• McArthur Basin – Conduct AEM-PTP Airborne Geophysical Survey to identify REDOX activity indicating possible hydrocarbon zones</li> <li>• McArthur Basin - Commence 2D/3D seismic location planning based on AEM-PTP Airborne Geophysical Survey results</li> <li>• South Nicholson Basin – Santos to prepare for and acquire new 2D seismic and execute targeted drilling activity</li> </ul>
<b>Cooper Basin</b>	<ul style="list-style-type: none"> <li>• Assessment of appraisal programme for the Panning Tight Gas discovery and assessment of development potential</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed 3D seismic reinterpretation of North and Fairway PRLs utilizing Total Depth Seismic and 3D seismic next generation AI evaluation tool</li> <li>• Conduct AEM-PTP Airborne Geophysical Survey to identify REDOX activity indicating possible hydrocarbon zones</li> <li>• High-grade leads and prospect inventory to generate drill-ready exploration targets for 2021 drilling program</li> <li>• Develop 3-5 drill-ready prospects for potential CYE 2021 drilling programme</li> </ul>

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- Vast prospective acreage in proven fairways
- Deep multi-TCF resource project & prospects pipeline
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For further information please contact:

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Nick Mather - Executive Chairman