

ASX ANNOUNCEMENT

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Executives

Bradley Lingo - Chief Executive Officer
Karl Schlobohm – Company Secretary
Michael Laurent – Chief Operating Officer
Toni Hawkins – Chief Financial Officer

Directors

Nicholas Mather – Executive Chairman
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SURAT PROGRAMME ESTABLISHES NEW BY-PASSED PAY PLAY

HIGHLIGHTS:

- **Warroon #1 well on flowback & cleaning up with encouraging initial results**
- **Warroon #1 result establishes proof of concept in the Rewan formation and unlocks new play potential with multiple additional targets**
- **Positive step towards realising the potential for the Rewan formation to yield material production and contribute to the reserves maturation story across Armour’s Surat acreage**
- **Horseshoe #2 and Horseshoe #4 stimulated flowback testing to commence shortly**
- **Sandy Creek #2 and Carbean #1 artificial lift projects completed on budget and delivering to expectations**

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.

Stimulation Programme Update

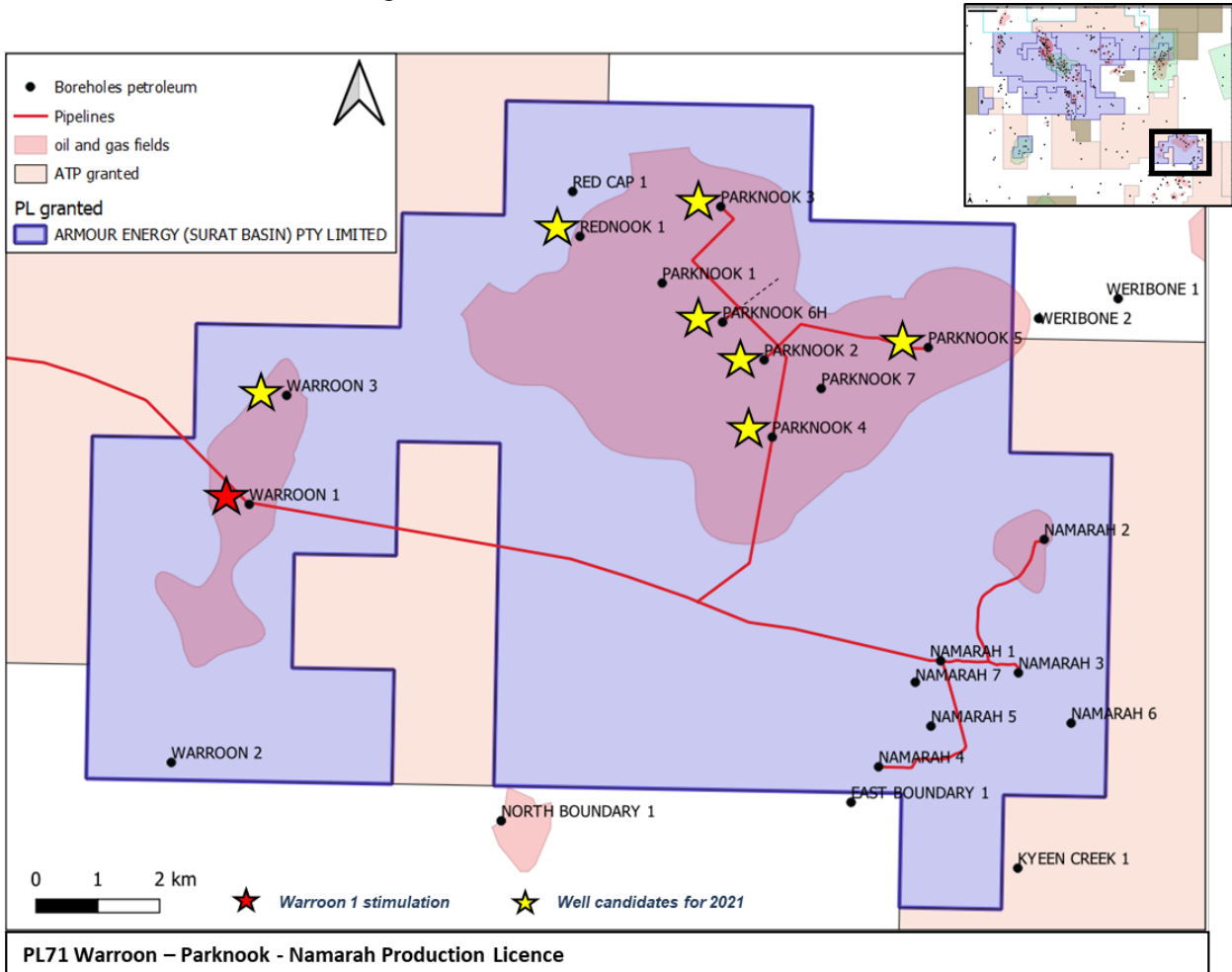
Following delays due to the recently enacted COVID-19 quarantine measures restricting personnel movements from South Australia, Armour has reestablished momentum on its 2020 Work Program and intends to complete all activities in December.

On 8 Dec 2020 sand and fluids were cleaned out on Warroon #1 with a coiled tubing unit and the well is currently on test recovering frac fluid. The stimulated Rewan interval flared rates of up to 700 mcf/d on 9 Dec 2020. Flow rates are expected to increase through clean-up operations and once the evaluation phase is completed the well will be connected to sales. As a final step, the temporarily suspended Showgrounds interval, previously producing at approximately 400 mcf/d, will be commingled with the new Rewan production.



Warroon #1 Coil Cleanout & Flare (8/12/2020)

The Company is very encouraged with the Warroon #1 Rewan results as it establishes the **potential of a significant new pay zone with multiple additional candidates** that has been previously overlooked by other operators. Identification of **bypassed pay** zones is possible due to advancements in logging technology allowing for the identification of mineralogically complex sandstones with hydrocarbon saturation suitable for hydraulic stimulation. The encouraging initial results pave the way for a potential material reserves maturation plan to unfold across Armour’s Surat acreage from the Rewan formation.



Potentially Unlocked Rewan Candidates in the Parknook Field

Once the flowback and clean-up operations are concluded on Warroon #1, the testing equipment will be mobilized to **Horseshoe #4 and Horseshoe #2**. Initial flowback data from these wells is expected during the week of 14 Dec 2020. The Company will provide initial well flow rates for each well once sales gas production has commenced. 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).

Update on other Production Enhancement Activities



Carbean #1 with Successfully Installed Artificial Lift

Plunger lift systems have been successfully installed and commissioned on two Kincora wells in early December. Carbean #1 & Sandy Creek #2 have historically been manually cycled open and closed on a fortnightly basis to maintain critical lift of liquids and gas flow. This is done via regular operator visits to the well. The installation of the Plunger Lift system automates this cycling of the well on a frequency that optimises the well production. This reduces operator visits and improves overall well performance.

For the two wells, initial results show a combined gas uplift of 0.2TJ/d plus associated liquid (condensate) production. The two well projects were delivered on budget and to expectation.

Armour Energy's CEO, Brad Lingo said:

"This is a very encouraging result and shows Armour's focus on targeting potential pay zones identified with advanced logging technology and then proving up this potential with proven development tools establishes a clear road map for the Company going forward to deliver material reserve and production additions."

Mr. Lingo added:

"We are highly encouraged with these early indications in unlocking a new play within the Surat. With the earlier success in the Black Alley Shale at Myall Creek, the Rewan is the second new pay interval Armour has started to unlock. These results clearly point to multiple new targets in both the Rewan and the Black Alley to build a multi-well programme around."

This Announcement is Authorised by the Board of Directors

Karl Schlobohm

Company Secretary

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