

Armour Energy (ASX:AJQ)

ASX Announcement

27 October 2021

Appointment of Morgans as Lead Manager for McArthur Oil & Gas IPO

HIGHLIGHTS:

- **Morgans appointed as lead manager for the proposed IPO of McArthur Oil & Gas.**
- **Current expectation to IPO Q1 2022.**

The Directors of Armour Energy Limited (Armour, the Company, ASX:AJQ) are pleased to announce the appointment of Morgans Corporate Limited (Morgans) to act as Lead Manager for the Initial Public Offering (IPO) and proposed listing on the Australian Securities Exchange (ASX) of McArthur Oil and Gas.

McArthur Oil & Gas Limited is the holder of Armour's Northern Basin Assets which, subject to the satisfaction of certain demerger conditions, is expected to make an Initial Public Offering (IPO) and apply for quotation of its shares on the ASX in Quarter 1, 2022.

Morgans is Australia's largest national full-service stockbroking and wealth management network with over 500 advisers supported by an award-winning research team, as well as a leading corporate finance team.

Morgans as Lead Manager for the McArthur IPO will work alongside Armour's Corporate Advisors, Bizzell Capital Partners Pty Ltd (associated with Armour Energy Director, Stephen Bizzell) and JB Advisory Partners Pty Ltd who will also support the IPO raising.

In addition to the appointment of a Lead Manager, other IPO work streams continue to be progressed with Fluid Energy Consultants, who are acting as independent experts for the geological reporting for the IPO, currently progressing the Independent Geologist's Report required for the IPO Prospectus as well as legal due diligence and accounting due diligence workstreams also continuing to be advanced.

Armour Energy's CEO, Brad Lingo said:

"The appointment of Morgans as lead manager is a significant milestone for McArthur in its journey towards ASX listing. Morgans are very knowledgeable about these assets and have a strong track record of delivering successful IPO transactions."

McArthur proposed Chairman, Greg Martin added:

"Selecting the right team to bring McArthur to market is a critical choice and we are extremely pleased to have appointed Morgans as our Lead Manager for the IPO following a selection process."

McArthur Oil & Gas Highlights

- **Commanding acreage holding** – 96,000km² (granted & application permits) in McArthur Basin and South Nicholson Basin, a strategic footprint in a globally significant regional gas play.
- **Experienced Proposed Board & Management** with significant industry financial, technical geological and environmental experience and an established track record in the Northern Territory and McArthur Basin of delivering businesses, delivering exploration programs and establishing a social license to operate with all Governmental, landholder and traditional owner stakeholders. A team that “knows the ground”.
- **A Board focus on ESG, committed to 100% carbon offsetting of all activities.**
- **Proven Low CO₂ Conventional Coxco Play** with sales quality gas and liquids potential offering early commercialisation opportunity.
- **Early development potential.** Existing conventional gas discoveries present near-term pathway for low-cost development and sales. Potential for first gas to market CY2023.
- **Low drilling & development costs** – circa \$3-6 million per conventional well¹.
- **Capex spent to date:** ~\$40 million of investment to date in drilling, seismic and airborne surveys delivering conventional gas discoveries.
- **Clearly identified markets** with a priority on NT first.
- **Exploration of unconventional play** – adjacent drilling activity presents a fast follower opportunity to leverage success in adjacent parts of the Basins.
- **Large, independently certified prospective gas resources.** NSAI certified Conventional Prospective Resource P50 (Best Estimate) = 4.6TCF (Net). NSAI certified Unconventional Prospective Resources P50 (Best Estimate) = 28 TCF (Net)². It should be noted that 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.

Successful completion of the proposed IPO of McArthur will result in a significant strengthening of the Company's balance sheet whilst setting McArthur up to be able to move aggressively forward with the appraisal and development of its significant resources and unlock the considerable potential value in these assets.

As previously disclosed, the proposed demerger will be subject to the successful completion of the IPO of McArthur Oil & Gas as well as a number of other standard conditions for a transaction of this nature, including all necessary shareholder approvals, all ASX and other regulatory approvals as required, any required consents or approvals from the Company's financiers and receipt of any necessary or desirable tax rulings from the ATO regarding the tax implications of a distribution in specie for Armour shareholders. The terms of appointment of Morgans will be contained in the McArthur IPO Prospectus and are considered standard for appointments for a transaction of this type and nature.

¹ Refer to Armour Energy ASX Announcement – 9 August 2021

² Refer to Armour Energy ASX Announcement – 27 April 2021. The Company is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

This Announcement is Authorised by the Board of Directors

Karl Schlobohm

Company Secretary

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Executives

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

Directors

Nicholas Mather – Executive Chairman
Stephen Bizzell - Non-Executive Director
Roland Sleeman – Non-Executive Director
Eytan Ulriel – Non-Executive Director

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