

Armour Energy

Annual General Meeting

25 November 2021

CEO Presentation



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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.

Authorisation

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

PRIMED FOR GROWTH AND 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



BOARD AND MANAGEMENT



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Non-Executive Director



Ronald Sleeman
Non-Executive Director



Eytan Uliel
Non-Executive Director



Brad Lingo
Chief Executive Officer



Karl Schlobohm
Company Secretary



Toni Hawkins
Chief Financial Officer



Michael Laurent
Chief Operating Officer



Mark Greenwood
Chief Commercial Officer

Northern Basins

NT- McArthur Basin 100% Operator

- 13 permits covering approx. 89,000km²
- Multi-TCF Conventional & Unconventional Gas Resource
- Conventional Gas Discoveries
- Multiple Plays
- Glyde, Cow Lagoon & Lamont Pass Gas Discoveries

QLD/NT - South Nicholson Basin

- 1 permit ATP(A) 1107, covering approx. 7,906km²

Surat Basin

100% Operator Various Non-operator

- Kincora Gas Plant
- Newstead Gas Storage
- Multi-TCF Tight Wet Gas Resources
- Conventional Wet Gas Production
- Low CO₂ sales gas spec production
- Significant Liquids

★ Brisbane HQ

🔹 Gas / Oil Production

🟡 Appraisal / Development

🏠 Exploration

🚧 Infrastructure

Cooper Basin

100% Operator

Multiple Permits Covering 5,242 km²

- 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

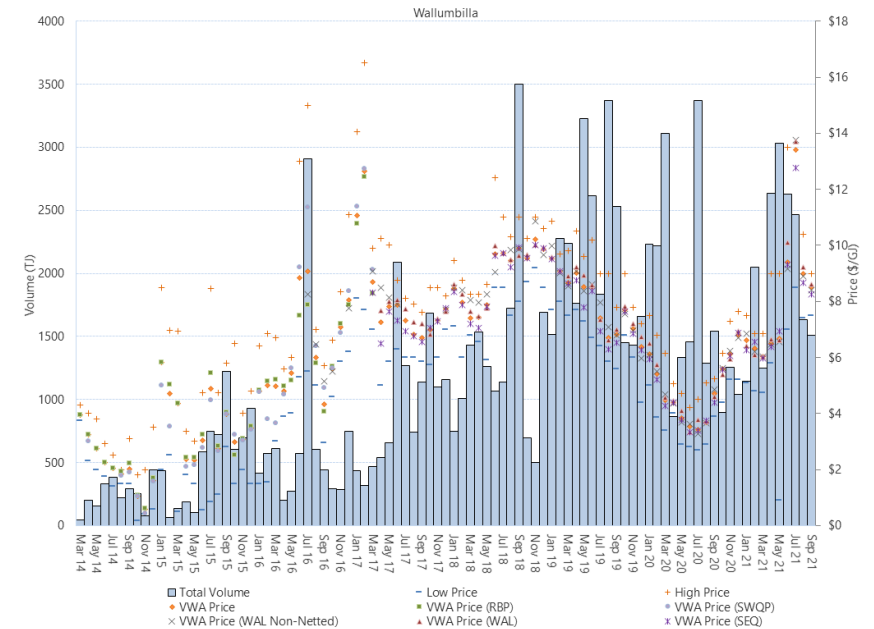
Onshore Gippsland 25% Non-operated

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

THE ARMOUR PORTFOLIO

YEAR IN REVIEW

- Unsuccessful 3-well Surat fracture stimulation programme and ensuing dispute with fracture stimulation contractor
- Following 2020 gas price collapse strong gas price recovery
- Announcement of planned Northern Basin assets IPO and demerger
- Continued focus on operating cost and debt reduction
- Secured multiple farmin partners in Surat Basin to carry production development and exploration activities forward in 2022
- COVID pandemic continues to impact everyone and everything
- Share price recovery and decline following unsuccessful fracture stimulation programme



Source: AEMO; AER, Last updated: 25 Oct 2021 - 3:56 pm



OPERATIONAL AND FINANCIAL OVERVIEW

	FY2019 (Actual)	FY2020 (Actual)	FY2021 (Actual)
Production			
Gas (TJ/d)	9.0	7.9	6.2
Gas (PJ/a)	3.2	2.6	2.1
Liquids (BOE/d)	598.16	283.5	202.1
Liquids (BOE/a)	109,165	94,570	69,915
Gas & Liquids (TJe/d)	10.6	9.4	7.3
Gas & Liquids (PJe/a)	3.9	3.1	2.5
Revenue			
Revenue (\$/yr)	\$27.82m	\$21.10m	\$17.50m
Expenditure			
Production OPEX (\$/yr)	\$18.93m	\$18.82m	\$17.73m
G&A and Corporate Costs (\$/yr)*	\$6.23m	\$4.27m	\$4.47m
Production/Maintenance CAPEX (\$/yr)	\$1.14m	\$0.84m	\$0.20m
Development CAPEX (\$/yr)	\$10.89m	\$21.99m	\$10.30m
Exploration CAPEX (\$/yr)	\$1.31m	\$3.36m	\$4.90m

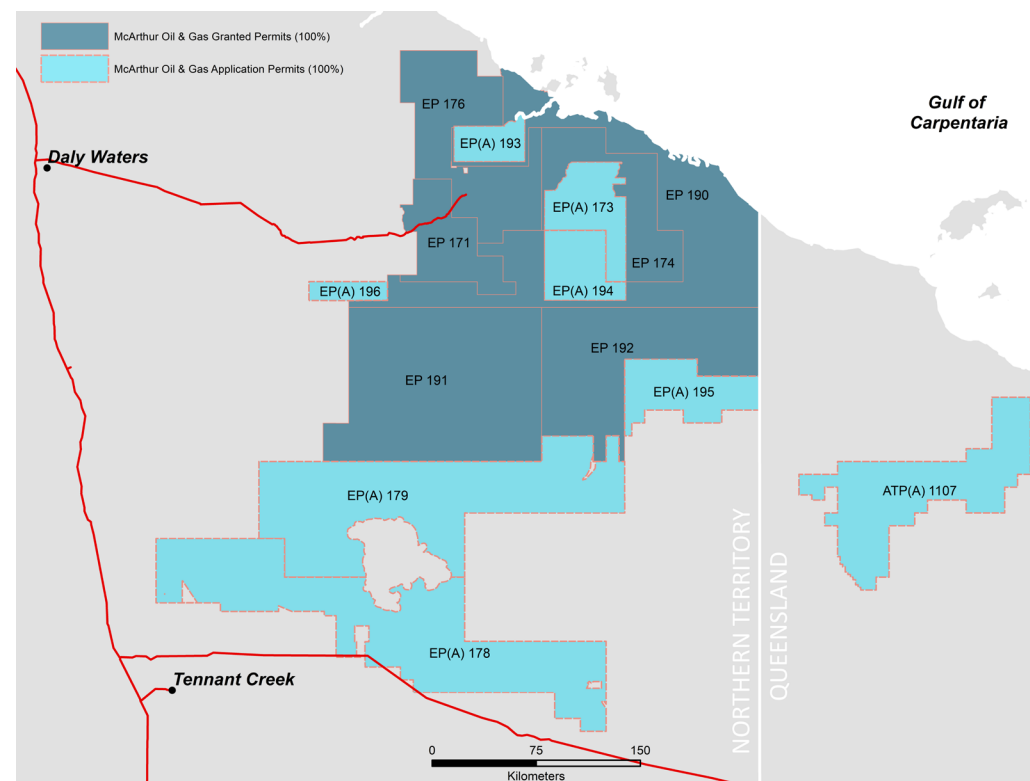
- Debt has reduced to \$36.9m or a 36% decrease since 1 July 2020
- Improved pricing in late FY21 has seen revenue recovering despite earlier impact of Covid-19 and declining production
- Costs have continued to be rigorously managed with savings delivered across operational areas
- Capital has been constrained to ensure diligent cash flow management with targeted spend on exploration

* Excludes financing, impairment, depreciation and amortisation

PROPOSED DEMERGER OF NORTHERN BASIN BUSINESS

Announced¹ plans to unlock the value of the Northern Basin Exploration Business through a proposed IPO and demerger

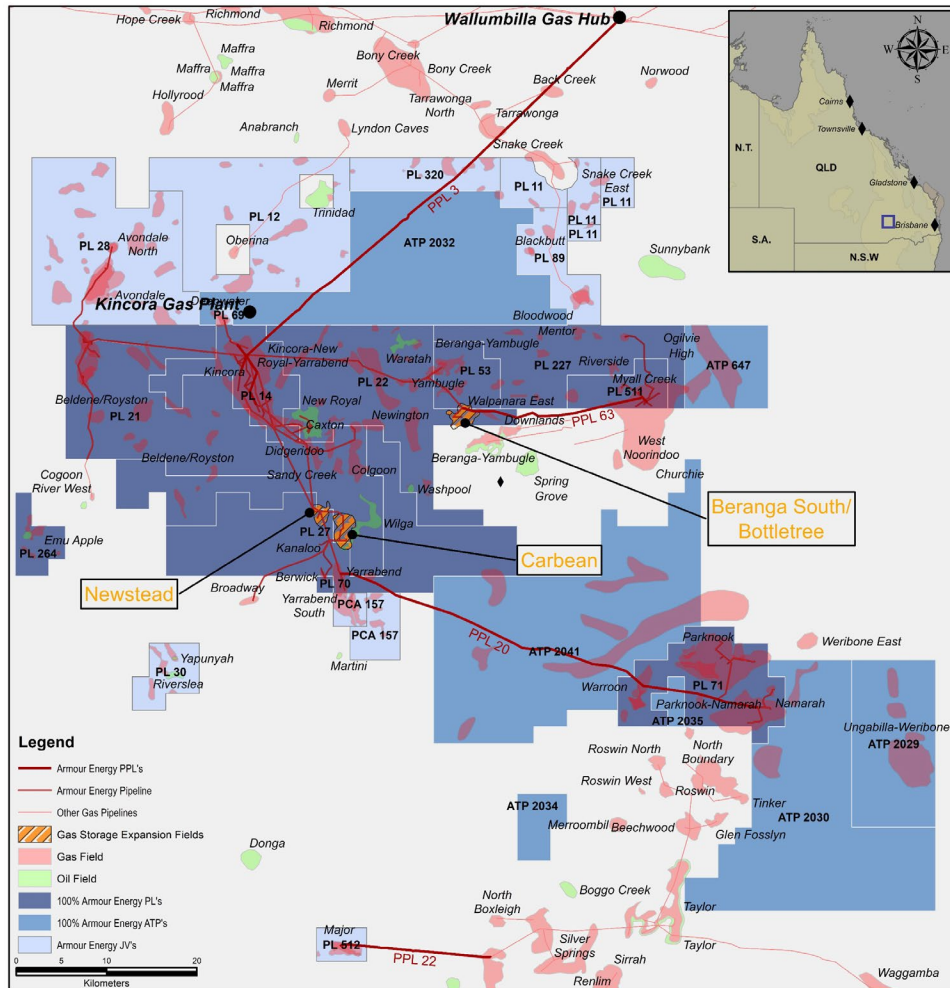
- New subsidiary - McArthur Oil & Gas created as the IPO vehicle
- Updated NSAI Contingent & Prospective Resource completed confirming Prospective Resource²
- Targeting \$65 million IPO of McArthur Oil & Gas
- Portion of IPO funds received by Armour to retire outstanding debt
- Morgans appointed Lead Manager for the IPO
- Targeting completion CY 2022 Q1/Q2
- Demerger subject to shareholder, ASX and other regulatory approvals and any required consents or approvals from Armour's financiers



Map of granted and application permits included in the IPO

1. Refer to ASX announcement dated 3 March 2021
2. Refer ASX announcement dated 27 April 2021

SURAT BASIN



- Armour 100% owner & operator of Kincora Gas Project
- Operator of 3,000 km² of production licenses and exploration licenses*
- 4 exploration Authority to Prospect (ATP) licenses covering over 2,000 km²
- Multiple producing oil & gas fields with further development potential
- Proven, established gas storage facility with material expansion potential
- Large uncontracted gas position
- Material appraisal/development projects
- Transformational exploration opportunities
- Deep conventional exploration leads portfolio
- Pursuing JV partners to fund 3D seismic to mature leads to drillable prospects

*In the Surat Basin, Armour holds 19 Production Licenses, 4 Authority to Prospect (ATP) licenses, 6 Potential Commercial Area (PCA) applications pending and 4 Petroleum Pipeline Licenses (PPL). PCA's 289, 290, 293, 294 and 295 applications areas are under administrative review.

SURAT PRODUCTION ENHANCEMENTS

- Deep portfolio of production enhancement opportunities
- Partner funding strategies progressed
 - Warroon#1 re-stimulation of the Rewan scheduled for mid-December 2021
 - Myall Creek#2 workover and perforation of the lower Tinowon to commence early January 2022
- Joint ventures and partnering continues to be a focus for unlocking and acceleration production potential
- Additional stimulation candidates being readied for 2022/2023 execution

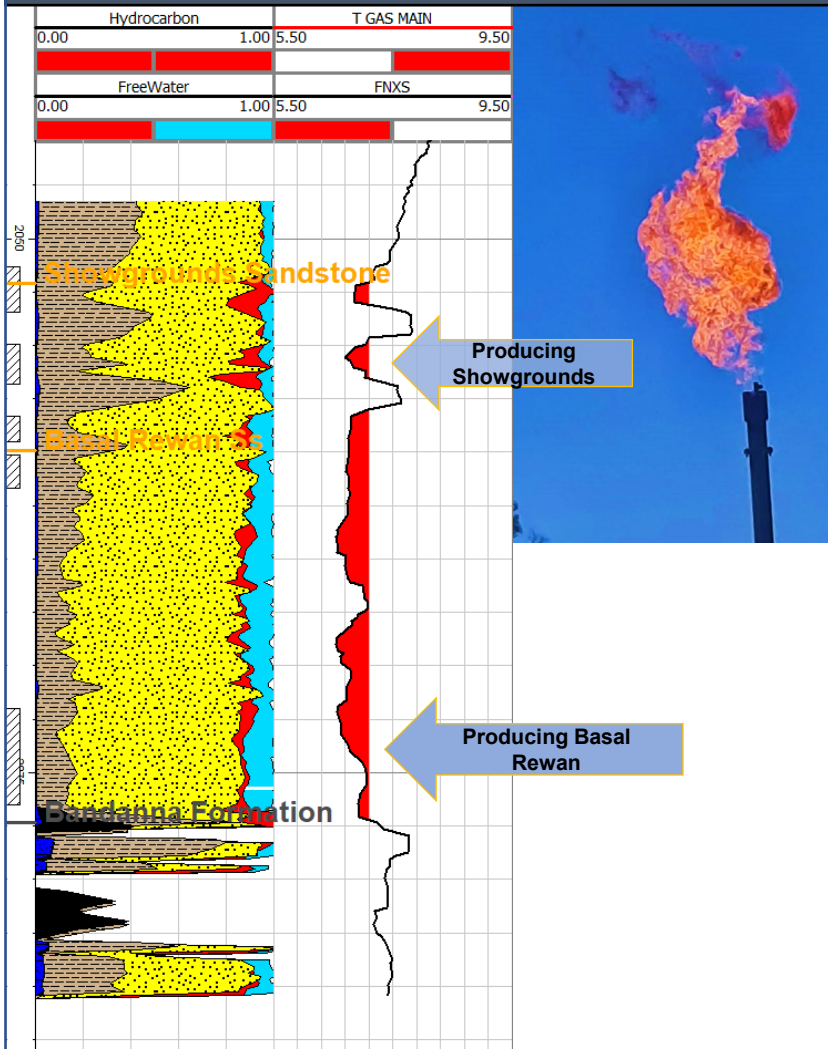


Warroon #01 Lease Ready for Stimulation (Sept 2021 photo)

BYPASSED PAY & TIGHT GAS STIMULATION CANDIDATES

- ✓ Successful 2019 and 2020 stimulation programs
- ✓ Vertical exploration establishing new primary targets
- ✓ Bypassed pay within existing well stock
- ✓ Opportunity to add highly commercial volumes with 1-to-2-year payouts
- ✓ Existing gathering network with capacity enables gas to sales with immediate effect
- ✓ Program data de-risks future drilling candidates and contributes to the reserves maturation plan

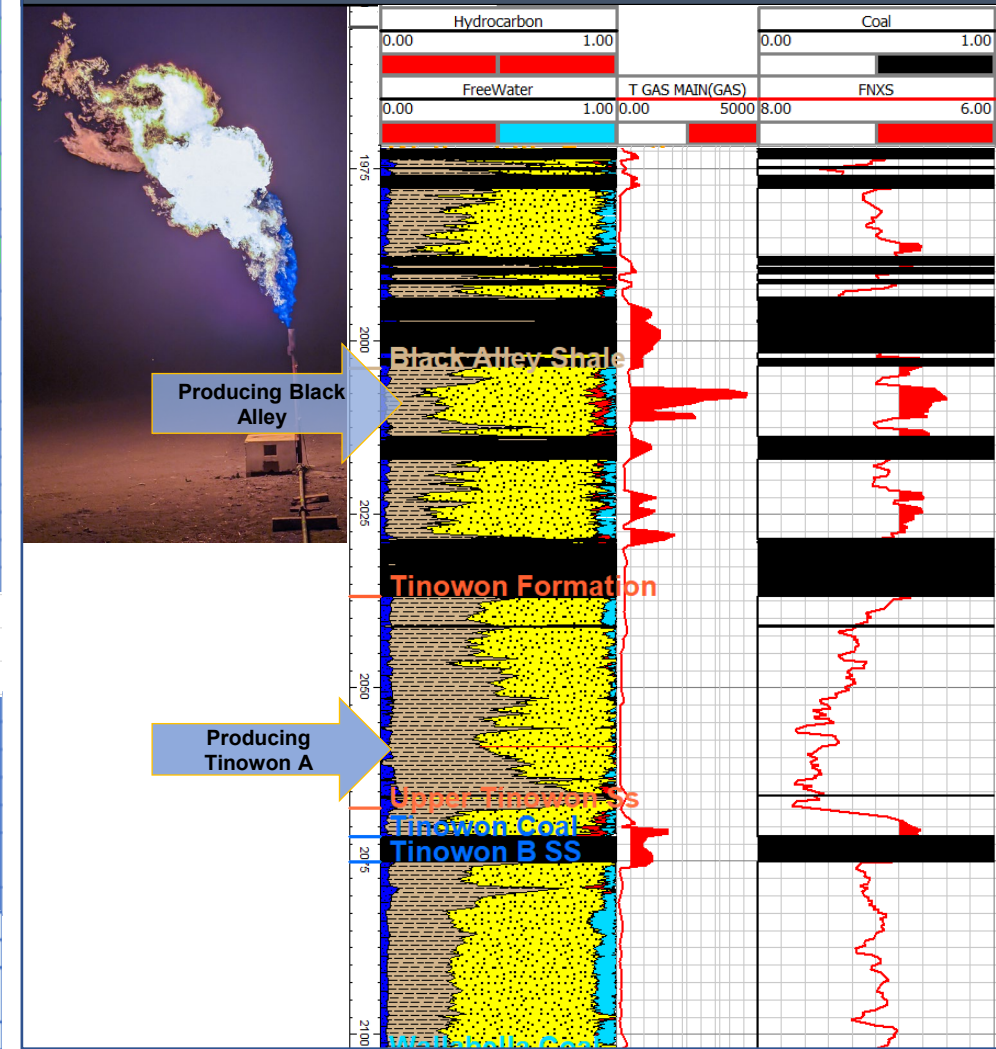
Warroon 1 Flare & Log Evaluation



Potential Stimulation Candidates

Candidate	Reservoir	Opportunity
Myall Creek 5A	Bandanna - Black Alley	Proof of Concept - Success!
	Tinowon A	Stimulated
Horseshoe 4	Basal Rewan	Proof of Concept - Success!
Horseshoe 2	Basal Rewan	Proof of Concept - Success!
	Intra Wallabella	Success!
★ Warroon 1	Showgrounds	Acceleration
	Basal Rewan	Proof of Concept - Success!
Riverside 1	Bandanna - Black Alley	New Bypassed Pay
	Tinowon B	Acceleration
	Tinowon C	Acceleration
Myall Creek East 1	Rewan SS	New Bypassed Pay
	Bandanna - Black Alley	New Bypassed Pay
Parknook 4	Tinowon A	Bypassed Pay
	Showgrounds	Acceleration
Parknook 2	Basal Rewan	New Bypassed Pay
	Basal Rewan	Acceleration
Parknook 5	Bandanna - Black Alley	New Bypassed Pay
	Basal Rewan	Acceleration
★ Myall Creek 2	Bandanna	New Bypassed Pay
	Black Alley	New Bypassed Pay
	Tinowon C	New Bypassed Pay
Ogilvie Creek 1	Bandanna - Black Alley	New Bypassed Pay
	Tinowon A	Bypassed Pay
Myall Creek 3	Bandanna - Black Alley	New Bypassed Pay
Ungabilla 1	Basal Rewan	New Bypassed Pay
	Tinowon A	Bypassed Pay
Rednook 1	Showgrounds	Completed interval pending tie in
	Bandanna - Black Alley	New Bypassed Pay
Noorindoo 2	Bandanna - Black Alley	New Bypassed Pay
	Tinowon A	Bypassed Pay
Myall Creek North 1	Bandanna - Black Alley	New Bypassed Pay
Parknook 3	Showgrounds	Acceleration
	Basal Rewan	Acceleration

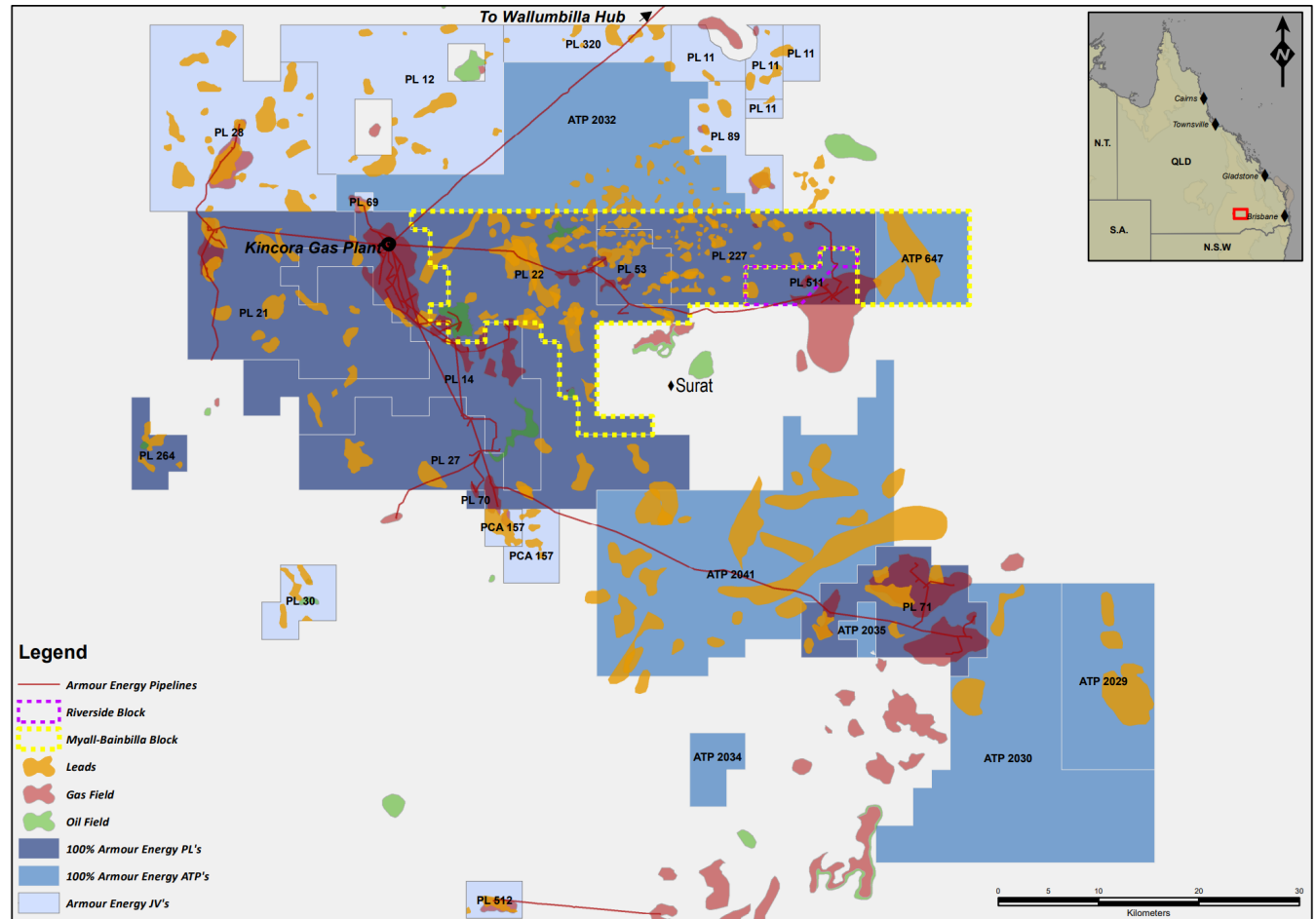
Myall Creek 5A Flare & Log Evaluation



SURAT BASIN FARMIN PARTNER SECURED

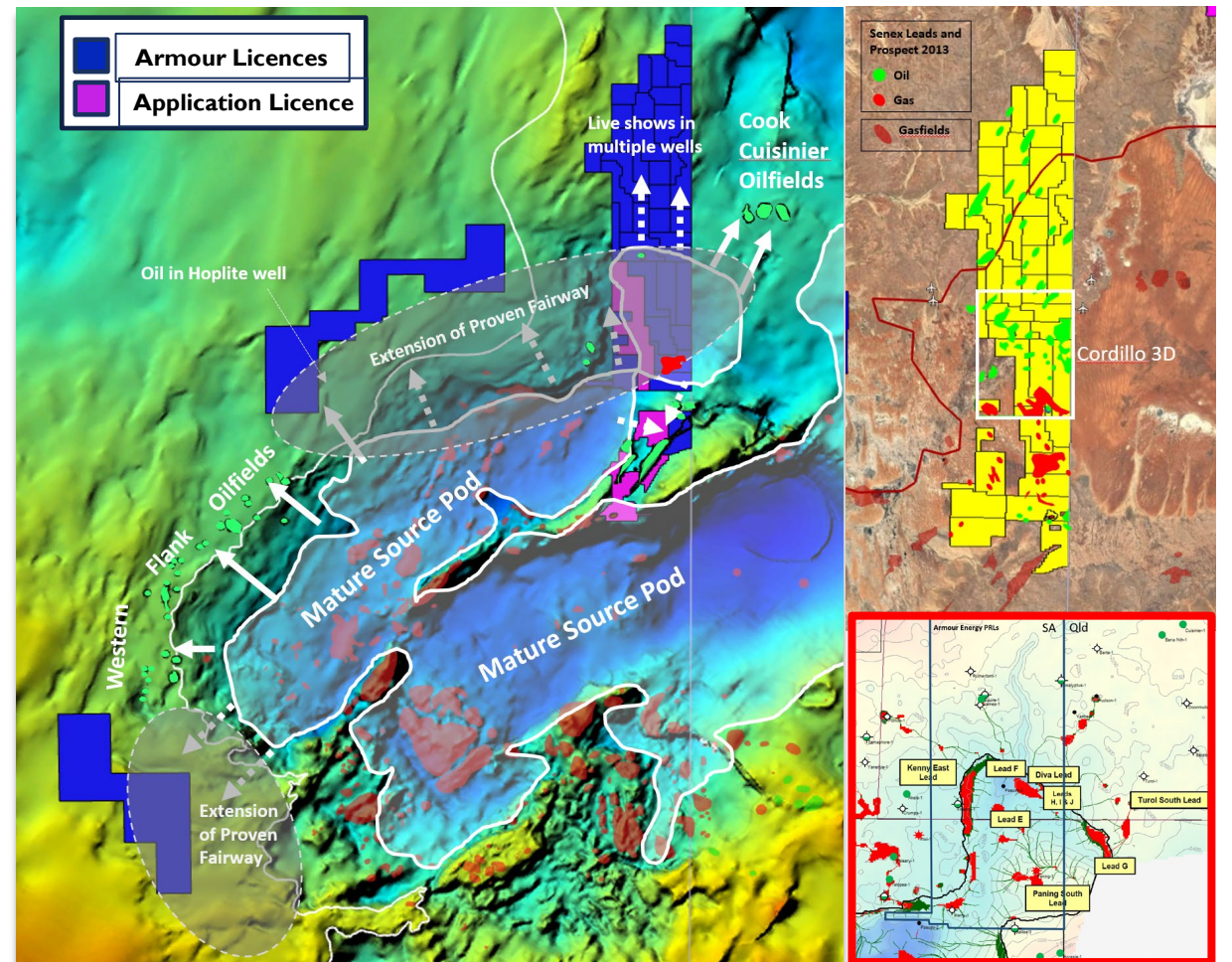
- Indicative terms agreed with Gas2Grid (ASX:GGX) to farm-in to 50% interest in 519 km² of Surat basin acreage
- GGX's total investment will be >\$12 million, including:
 - 3 new wells
 - fracture stimulation
 - seismic reprocessing
 - 100km² of new 3D seismic
- Armour is planning to acquire ~400 km² of new 3D seismic
- 3D seismic covers proven play fairway with multiple 2D-controlled exploration leads

Proposed 3D seismic is larger than any 3D seismic survey ever completed in the Surat Basin



COMPELLING COOPER BASIN POSITION

- Large acreage position
- High exploration success rates
- Structural and stratigraphic potential
- Lightly explored permit holdings
- Extensive well and seismic database
- Charge model extends proven fairways
- Targeting extension of Western Flank Oil Fairway
- Seeking farmin partners to fund additional 3D and exploration drilling



ROAD AHEAD

- Northern Basins / McArthur IPO proceeding
 - Appointment of Morgans as Lead Manager
 - Targeting completion CY 2022 Q1/Q2
- Surat Basin
 - 2021/2022 work programme driven by new production development and exploration farmout transactions
 - Focus on opening up new by-passed pay plays
- Cooper Basin
 - High grading exploration leads & prospects to select drilling targets
 - Pursuing exploration farmouts targeting Western Flank oil
- Financial
 - Targeting further significant debt reduction through McArthur IPO
 - Strengthening of the balance sheet



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