

## Armour Energy (ASX:AJQ)

### ASX Announcement

1 November 2021

## Armour Secures Partners for Fracture Stimulation of Myall Creek #2 Well

### HIGHLIGHTS:

- Armour will partner with Stonehorse Energy (ASX:SHE) and a private entity which will jointly fund 100% of the capital cost in return for a share of production.
- Armour will initially perforate and fracture stimulate the Myall Creek 2 lower Tinowon formation, commencing December 2021, and subsequently fracture stimulate up to two further formations.
- Myall Creek 2 Lower Tinowon is an over pressured, stratigraphic controlled, laterally continuous reservoir found throughout the Myall Creek and Riverside fields.

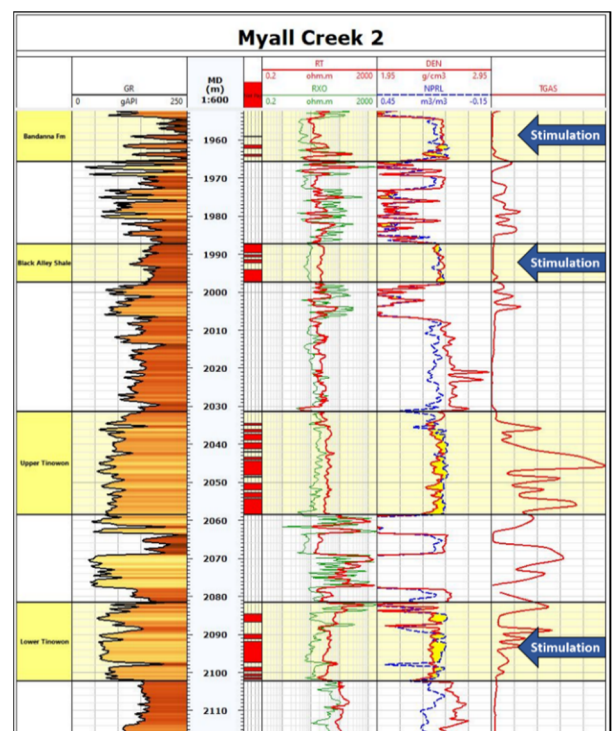
The Board of Directors of Armour Energy Limited (Armour; the Company; ASX:AJQ) is pleased to advise that the Company has secured partners to fund the workover and stimulation work programme for the Myall Creek 2 well. The workover programme is expected to commence in December 2021. The capital cost will be funded 100% by Stonehorse Energy and a private entity, consistent with previous guidance that Armour would seek partners to fund production enhancement work programs.

### Background on the Myall Creek #2 well

The Myall Creek 2 was an exploration well drilled by OCA in 1999 to appraise the Tinowon formation. Although the primary target was the Upper Tinowon, the well encountered high mud log gas readings throughout the intervals from the Showgrounds through to the lower Tinowon formations.

Myall Creek 2 intersected good quality reservoir in the Upper and Lower Tinowon formation. The Upper Tinowon reservoir was tested and flowed gas at 5.7 MMscfd and recovered condensate. The Lower Tinowon reservoir, while not tested, was similar to the Upper Tinowon and comprised a series of good quality fluvial channel sands with moderate to strong gas shows, with fluorescence.

The Upper Tinowon formation was perforated and brought online in April 2001 and produced 1.7 Bcf over 5 years before it was fracture stimulated. The post fracture stimulation rate was ~3.0 MMscfd, more than six times the pre-fracture stimulate rate of ~0.5 Mmscfd, from a depleted reservoir.



Myall Creek 2 Well Log

Armour and its funding partners are confident that the Lower Tinowon will respond similarly well to perforation and fracture stimulation. The Myall Creek 2 well is situated structurally high on an apparent, 3D interpreted, four way dip closure, with the lower Tinowon at virgin pressure. This reservoir is also laterally continuous.

The activity will commence in December 2021, initially a perforation and subsequently a fracture stimulation most likely in Q1 CY21, with exact timing dependent on results of the perforation. The funding agreement also contemplates another fracture stimulation within 12 months of the first fracture stimulation in either the Bandanna or Black Alley formations, depending on log results. Production from the Myall Creek 2 well will commence flowing additional gas into the Kincora Gas Gathering System for processing and sale via the Kincora Gas Processing Plant. It is anticipated that initial perforation of Myall Creek 2 will take approximately 8 days from rig mobilisation to the well coming online.

Armour will partner with Stonehorse Energy and a private entity to fund the activity. Stonehorse Energy is an ASX-listed energy company which currently holds working interests in oil and gas wells in Oklahoma and Texas. The Myall Creek 2 investment is its' first oil & gas investment in Australia. The private entity is a group of private investors unrelated to the company, including parties with deep experience in fracture stimulation.

The two entities will jointly fund 100% of the capital which is estimated to cost \$1.5m for the perforation and fracture stimulation of the Lower Tinowon, then a further A\$1.4m for a second fracture stimulation within 12 months. The entities will receive 50% of the revenue produced from the well less costs for a period of six years, while Armour will retain the remaining income.

Armour's CEO Brad Lingo said "We are excited to see further investment in the Myall Creek field which offers strong potential from untapped formations. Armour will continue to pursue partnering to fund value-adding work programs and to enhance production."

### **This Announcement is Authorised by the Board of Directors**

**Karl Schlobohm**

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Toni Hawkins – Chief Financial Officer  
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#### **Directors**

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