

ASX Announcement

Corporate and Operational Update

29 November 2022

The Directors of Armour Energy Limited (**Armour; the Company; ASX:AJQ**) are pleased to provide an update on its current operations and corporate activities.

Highlights

- Armour has secured further \$2.4m of funding from DGR to be used for working capital and to repay debt facilities
- Tribeca Environmental Bonding Facility was repaid in full on 15th November 2022
- Negotiations on new gas sales agreement with a material uplift in price are progressing well
- CY2023 Roma Shelf well optimisation and field development planning is progressing
- Myall Creek#5a workover complete and well reconnected to gas gathering network
- Enterprise North-1 approval process proceeding on schedule

Corporate Activities

Funding agreement

Armour has entered into a further funding agreement with DGR Global Ltd raising \$2.4m.

This funding has been provided by way of a placement of 2,400,000 redeemable exchangeable notes issued by Armour's subsidiary, McArthur Oil and Gas Ltd (**MOG**), at an issue price per note of \$1.00 and otherwise on the terms and conditions set out in the Redeemable Exchangeable Note Trust Deed. Armour and MOG intend to obtain all necessary shareholder and other approvals and consents required to enable the exchange of the MOG Notes for Armour Convertible Notes or to enable conversion into Armour ordinary shares.

The funds raised, together with existing funds will be used for general working capital requirements and the settlement of the Tribeca Environmental Bonding Facility. Armour appreciates the continued confidence shown by DGR Global Ltd in the company's ability to realise significant value from its diverse portfolio of assets.



Tibeca Environmental Bonding Facility

Armour has made the final principal and interest payment of \$1.78 million due on the Tibeca Natural Resources Fund Environmental Bonding Facility which has now fully repaid this facility. .

As a result of the repayment of the Tibeca facility, **Resolution 3** of the upcoming Annual General Meeting, dealing with the issue of 12,083,334 options and 72,500,000 Shares to Pecal, for the purpose of funding the Tibeca debt repayment is no longer required and is therefore withdrawn.

Gas Sales Agreement

Negotiations to enter into a new gas sales agreement commencing 1st December 2023, when the current APLNG gas sales contract term ends, are progressing well. Following a tender process where several bids were received for CY24 and CY25 gas, Armour is progressing negotiations with the preferred bidders. Bids received have been at materially higher pricing than the existing contract pricing and reflect the current market.

Operations Update

In-Well-Bore (IWB) Programme 2H-2022

The “in-well-bore” programme was designed to arrest premature decline, restore production, optimise well performance and access bypassed and stranded gas.

The primary focus of the workover component of the campaign was to restore production to Myall Creek #5a. After overcoming weather and technical challenges, the workover operations were complete, and rig released in late October. Subsequent swabbing of fluids was then undertaken to restore gas production. The well is currently reconnected to the gathering network; however, further intervention is planned throughout December to recover the balance of fluids impacting the well's full recovery.

In other areas of the work programme, the plunger lift installation is operating and generating uplift per design. To date, three of the six automated intermitter units have been installed with the balance expected to be commissioned and online by the end of November. Preparations are underway for the installation of well head rod pumping facilities to an existing oil well and the reconnection of an existing stranded well bore is scheduled for early December.

Enterprise North 1 – Planned Well



Preparations are progressing for the drilling of the Enterprise North 1 well in the Otway Basin following the lifting of the drilling moratorium in Victoria. The joint venture partners (Armour 51% interest and operator and Lakes Blue Energy 49%) have commenced the necessary work scopes to gain land holder and regulatory approvals.

The Enterprise North prospect is in Victorian tenement, PEP 169 and is on trend with the Enterprise 1 discovery (Beach Energy) and Minerva gas field (Cooper Energy).

New transition seismic interpretation has identified the Enterprise North prospect as an analogue of the Enterprise Gas field recently discovered by Beach Energy in the adjacent tenement to PEP169. The Enterprise 1 discovery well flowed on test at 61 million scfd and 2P gas reserves of 161PJ have been assessed (*Beach Energy Ltd - ASX release 15 February 2021*).

The Enterprise North 1 prospect is well located close to gas pipeline, processing, and storage infrastructure with a nearby gas processing plant with current excess capacity providing a potential near-term processing option to expedite commercialisation of a discovery.

CY23 Roma Shelf Well Optimisation and Field Development

Planning is well advanced on the CY23 Roma Shelf well optimisation and field development initiative. Armour's near-term focus is to substantively increase gas and associated liquids production from its core Surat Basin assets. Lifting production will allow Armour to capitalise on current robust gas prices. This initiative will include a comprehensive well and network study to assess/evaluate and execute production uplift from existing infrastructure and wells; seismic reprocessing and targeted 3D seismic acquisition coupled with a comprehensive review of existing reservoir models and related subsurface data to pinpoint development opportunities (new wells).

This announcement has been authorised and approved by the Board of Armour Energy for lodgement with ASX.

Geoff Walker
Company Secretary

For more information, please contact:

Email: info@armourenergy.com.au

Nick Mather
Executive Chairman
Tel: +61 7 3303 0680

Christian Lange
Chief Executive Officer
Tel: +61 7 3303 0620

Geoff Walker
Company Secretary
Tel: +61 7 3303 0620



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