

Armour Energy (ASX:AJQ)

ASX Announcement

27 September 2021

Successful Completion of \$8.2 million Equity Raising

HIGHLIGHTS:

- **Armour has received firm commitments for an equity raising of \$8.2 million (before issue costs) by way of a private placement to institutional and sophisticated investors.**
- **Funds raised together with existing funds will be used for the Northern Basin Business demerger and IPO costs, progressing planning and approvals for proposed 2022 work program, tenure compliance expenditure, Kincora processing facilities and pipeline maintenance, servicing and ensuring compliance with debt facilities, the costs of the offer, trade creditor payments and general working capital.**
- **Armour will continue to pursue further partnering opportunities to fund production enhancement work programs at its Surat project.**

The Board of Directors of Armour Energy Limited (Armour; the Company; ASX:AJQ) is pleased to announce that the Company has received firm commitments for an \$8.2 million capital raising being undertaken by way of a private placement to institutional and sophisticated investors.

The capital raising comprises the following components:

- \$6.6 million of New Shares with attaching options which utilises the Company's placement capacity under Listing Rule 7.1 & 7.1A.
- \$1.6 million of Conditional Placement with attaching options that will be subject to shareholder approval. The Conditional Placement includes commitments to subscribe by the Company's largest shareholder DGR Global Ltd.

The capital raising was managed by Bizzell Capital Partners Pty Ltd (associated with Armour Energy Director, Stephen Bizzell) and JB Advisory Partners Pty Ltd as Joint Lead Managers.

The placement shares are at an issue price of \$0.026 which represents a discount of 21% to the last traded price of \$0.033 on 22 September 2021 and a 17% discount to the 5 day volume weighted average price. All New Shares issued pursuant to the capital raising will rank equally with the Company's existing shares on issue.

For every three (3) New Shares issued under the Placement, the holder will also receive one (1) free attaching option. The options are the existing listed option series (ASX:AJQOA) which are exercisable at \$0.05 and expiring 29 February 2024.

The funds raised together with existing funds will be used for the purposes of:

- Transaction costs associated with progressing the proposed Northern Basin Business demerger and IPO of McArthur Oil & Gas (McArthur);

- Costs associated with progressing the planning and approvals required to undertake the proposed 2022 work programs on the Northern Basin projects;
- Ongoing expenditures related to retention of exploration areas of interest, holding tenures in good standing and compliance across all Armour's areas of interest, including the Northern Basin;
- Kincora Gas Processing Plant production assurance and pipeline maintenance capital;
- Costs associated with securing a remediation outcome in relation to the 2020 work program;
- Payment of interest and scheduled principal amortisation payments in respect of the Company's Amortising Notes; and
- General working capital requirements, outstanding trade creditor payments and costs of the Offer.

The costs funded by the Company associated with (1) progressing the Northern Basin Business demerger and IPO of McArthur, and (2) progressing the planning and approvals required to undertake the proposed 2022 Northern Basin projects work programmes, will be reimbursed to the Company by McArthur upon completion of its IPO.

In addition to the funds raised via this placement, Armour will continue to also seek partners to fund production enhancement work programs at its Surat project. As announced on 23 September 2021, Armour will re-stimulate the Warroon #1 well in partnership with a private entity who will meet the full costs of restimulation of the well and will receive 50% of the incremental revenue produced above the current well production profile less costs for a period of 6 years. The Warroon #1 Rewan sandstone was originally stimulated in November 2020 however failed due to a frac gel issue which is the subject of a dispute notice with the contractor who performed the stimulation. The Rewan sandstone remains an attractive candidate for production stimulation.

Armour Energy's CEO, Brad Lingo said:

"The Company has seen very significant support for this equity capital raise reflecting a growing level of interest in the proposed demerger and IPO of the Northern Basin Business, McArthur Oil & Gas, together with ongoing interest in the potential of the Company's Surat and Cooper basin project portfolios."

This Announcement is Authorised by the Board of Directors

Karl Schlobohm
Company Secretary

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