

ASX Announcement

Armour Energy Limited

24 November 2020

Surat 2020 Work Program Update

Schedule Impacts from COVID19 Crew Quarantining

Highlights:

- **3 well stimulation program entering the final cleanup and testing phase.**
- **Activity has commenced on the artificial lift production enhancement projects.**
- **Production reinstatement schedule adjusted to deal with COVID quarantine requirements.**
- **All activities expected to be completed and wells online by the middle of December.**

The Board of Armour Energy (“Armour” or the “Company”) is pleased to provide an update on the Surat 2020 Work Program which is being conducted on its 100% owned and operated Kincora Gas Project.

Stimulation Programme Completion & Production Re-instatement Schedule

The stimulation activities on Horseshoe #4, Horseshoe #2 and Warroon #1 wells have been successfully completed and all three wells are ready to commence flowback, clean-up and testing prior to production reinstatement. As part of this process, production strings have already been installed in both the Horseshoe #4 and Warroon #1 wells.

Flowback and clean-up wireline operations were originally intended to commence immediately following the completion of the Warroon #1 stimulation activities. However, due to recently enacted COVID-19 quarantine measures restricting personnel movements from South Australia, the commencement of these wireline activities will not take place until later this week. As a result, reconnecting all of the wells to the gas gathering system and the recommencement of gas sales from these wells has been delayed. The cost impact of the work programme delays is minimal, and the programme remains within budget. The Company remains pleased with the overall project delivery to date along with the service companies supporting the project and currently assisting with mitigating further delays.

Next Stage – Re-commencement of Sales Gas Production from Stimulated Wells

Armour has adjusted the schedule for the delay in commencement of the wireline operations services to minimize overall impacts on production reinstatement and production additions. Specifically, the testing and flowback schedule has been adjusted. Once wireline crews are available, Horseshoe #4 will be flow tested and reconnected to the sales gas gathering system first. Flowback, clean-up and production reinstatement operations are scheduled to commence with the mobilization of the wireline unit and crew to Horseshoe #4 well on Friday, 27 November. Upon completion of wireline operations at Horseshoe #4, operations on Horseshoe #2 will then proceed, followed by Warroon #1.

The Company expects to be able to provide further information on the initial well flow rates once sales gas production has commenced, estimated from the week of 30 November 2020 for Horseshoe #4. Updates will subsequently be provided on Horseshoe #2 and Warroon #1 during the first half of December.

Further, the Company will provide initial well flow rates for each well once sales gas production has commenced, and production data 30-days following commencement of sales gas production.

The entire three-well stimulation programme is expected to cost approximately \$4.7 million. All three wells will produce and flow gas into Armour's Surat Basin Gas Gathering System to the Kincora Gas Processing Plant for additional gas sales.

The programme is targeting achieving an aggregate initial increase in daily sales gas production of approximately 4 TJ/day (best estimate) with a potential aggregate high-side outcome of up to approximately 7 TJ/day sales gas (high estimate).

Commencement of Other Production Enhancement Activities

As part of the 2020 Work Program, artificial lift will be installed on a number of existing wells. These low risk activities have commenced and are designed to artificially lift liquids and enhance production. A workover rig will install a reciprocating mechanical pump deep in the well bores of Myall Creek 3 and Myall Creek 4. The pump supported by a wellsite generator and pump controller and will remove the liquids and restore gas production. In addition, plunger lift, also designed to artificially lift liquids, will be installed in two wells (Sandy Creek #2 and Carbean #1) with the support of wireline services.

This Announcement is Authorised by the Board of Directors

Karl Schlobohm
Company Secretary

Nicholas Mather – Executive Chairman
07-3303 0680

Karl Schlobohm – Company Secretary
07-3303 0661

Brad Lingo – CEO
07-3303 0680