

Federal & Northern Territory Government Announcements Provide More Certainty for Industry & Investors

Armour Energy Limited, 'Armour' or 'the company', is pleased to announce that the recent release of the Federal Government Consultation Paper on the Mandatory Code for East Coast Gas Market combined with the Northern Territory Government decision to open the door for Unconventional Gas development projects, will provide more certainty for Armour Energy and Industry participants.

HIGHLIGHTS

- Northern Territory Government opens the door for Unconventional Gas development projects in the Northern Territory
- Mandatory Code of Conduct for the east coast gas market (consultation paper) provides conditional exemptions for 'small producers who supply the domestic market'

Federal Government releases Consultation Paper on Mandatory Code of Conduct for the East Coast Gas Market

On 26 April 2023, the Australian Federal Government published its proposed Mandatory Code of Conduct for the supply of wholesale gas in the East Coast Gas Market. The draft Code continues the existing \$12/GJ price cap (subject to certain exemptions), introduces "good faith" conduct requirements for negotiations between producers and users, and requires producers to publish uncontracted gas volumes.

Importantly, the draft code also paves the way for 'conditional exemptions' from the price cap for producers on the basis of satisfactory voluntary enforceable supply commitments or being a small producer who exclusively supplies the domestic market. Armour welcomes these specific 'small producer' carve outs which will underpin continued investment in gas supply and exploration activities.

Armour CEO, Mr Christian Lange, commented:

"While there is still a level of uncertainty around the application of the draft code, the proposed small producer exemptions, which should apply to Armour, are a positive step in the right direction. Armour has contracted 5 TJ/day of gas to Shell Australia from December 1st, 2023 at \$12/GJ and materially higher for 12-months beginning January 1st, 2024, importantly, this is significantly higher than current contract and will therefore improve financial performance and underpin our growth ambitions."

Northern Territory Government opens the door for Unconventional Gas development projects

On the 3rd of May, the Northern Territory Government released the Final Implementation Report to the Scientific Inquiry into Hydraulic Fracturing and concluded that industry risks could be managed if the Inquiry recommendations were implemented.

This significant milestone moment for the onshore energy industry opens the door for unconventional exploration projects to progress to production phases of activity which will undoubtedly have a material impact on jobs and revenue in the Northern Territory.

Over the past four years, the Northern Territory Government has been working to implement those recommendations by undertaking comprehensive baseline studies and developing multiple assurances for the regulation and monitoring of an onshore gas industry.

Armour CEO, Mr Christian Lange, commented:

"For a company that strives for best practice and sustainable interaction with all our stakeholders, Armour Energy is pleased to see the pathway to commercialisation of unconventional resources progress in the right direction."

Armour Energy holds 100% interest in an extensive exploration acreage position in the McArthur Basin of the Northern Territory where comparable shale gas potential to the neighbouring Beetaloo Basin has been identified and multi-TCF shale gas prospective resources booked by the company. Importantly, the McArthur Basin boasts a unique position in the Northern Territory where proven conventional gas plays are also present.

The Armour Energy exploration team has recently undertaken a reset of the McArthur Basin exploration strategy focusing on a 2-tier integrated exploration approach initially targeting the appraisal of the Glyde conventional gas discovery and evaluating the extents of the conventional gas play fairway and in parallel continuing to develop the unconventional shale potential of the Basin.

Earlier this year, Armour Energy entered into a Heads Of with the Australian Natural Diamonds Ltd, a wholly owned subsidiary of Lucapa Diamond Company Ltd, to supply gas to the Merlin Diamond Project locally in the McArthur Basin.

As soon as mid- 2024, Armour is planning to re-visit the Glyde discovery well and undertake extended well testing to better quantify the gas resources and additionally to acquire new 2D and 3D seismic. This will assist in appraising the Glyde discovery for follow up drilling and to delineate new exploration targets within the identified conventional gas fairway for further exploration drilling.

Armour CEO, Mr Christian Lange, commented:

"Whilst Armour is pleased by the shale-gas potential in the McArthur Basin, the HOA in place with Australian Natural Diamonds demonstrates the tangible and near-term opportunity to commercialise conventional gas in the Northern Territory and this will be a key focus of the company with first gas slated for mid- 2025."

This Announcement has been authorised by the Armour Energy Board for ASX lodgement.

Geoff Walker
CFO & Company Secretary

About Armour Energy Limited is an ASX listed company in the oil and energy industry. The company is focused on the exploration, development and production of gas and other liquids resources in the Northern Territory, Queensland, Victoria and South Australia.

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