

## Armour Energy Limited

29 June 2018

### Armour Executes Gas Acceleration Program Agreement with Australian Government and Receives First \$2.3m Instalment

#### Highlights:

- **The Gas Acceleration Program (GAP) agreement with the Australian Government has been executed.**
- **Armour has received the first \$2.3 million (net of GST) of the GAP grant totaling \$6 million.**
- **The GAP grant will partially fund Armour's four well program to be completed by June 2019.**
- **The first well of the program, Myall Creek 4A, has been successfully drilled in Armour's 100% owned PL 511, and stimulation, testing, completion and tie-in to infrastructure is planned by end August 2018.**

The Board of Directors of Armour Energy Limited (**Armour**, ASX:AJQ) is pleased to announce the agreement with the Australian Government under the Gas Acceleration Program (GAP) has been executed. Armour will receive up to \$6 million of funding under the program, enabling Armour to accelerate the drilling, completion and connection of 4 production wells by June 2019. The 4 well program is designed to facilitate the delivery of an estimated 6.9 PJ of gas to market within the GAP program horizon (to 30 June 2020), with a total of 14 PJ of gas production expected over the life of the wells. This production is planned to come from the Company's existing Kincora reserves as published in detail on 3 April 2017.

GAP provides grants to businesses to accelerate direct investment in onshore natural gas projects, and provides funding on a cost-contribution basis of up to 50% of a participant's eligible drilling costs, capped at \$6 million. Armour Energy was awarded a GAP grant of \$6m which it expects to provide approximately 40% of its costs for the drilling, completion (including stimulation) and connection costs for its 4 well program scheduled to be completed by June 2019.

Armour's first well in the GAP initiative, Myall Creek 4A, has been successfully drilled in Armour's 100% owned PL 511, and stimulation, testing, completion and tie-in to infrastructure is planned by end August 2018. Myall Creek 4A was drilled and cased on time and on budget without any adverse operational, environmental or safety incidents.

The well encountered strong gas shows in the Triassic and Permian between 1900-metres and 2200-metres measured depth. The well was successfully wireline logged for further petrophysical and geomechanical analysis, and the prospective 300-metre gross production section was cased with 4-1/2" casing and cemented in place. Armour and its contractors are currently finalising preparation for a multistage hydraulic stimulation with the aim of enabling commingled production from stacked hydrocarbon saturated sandstones in the Triassic and Permian. Previous operators in the Myall Creek Field have only stimulated and produced from the over-pressured Permian Upper Tinowon sandstone, which was also present in this well and currently on production in Armour's offset wells.

Armour has received the initial GAP grant payment of \$2.3 million (net of GST) with subsequent payments to be received over the next 12 months at the completion of project milestones.

Armour would like to acknowledge the Australian Government for its initiative to secure gas supply to the domestic market through investment in the gas sector and is looking forward to playing a strong role in delivering gas to the East Coast Market.



On behalf of the Board  
Karl Schlobohm  
Company Secretary

**For further information contact:**

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**Competent Persons Statement**

Reported reserves and resources are in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines and under the supervision of Mr. Luke Titus, Chief Geologist, Armour Energy Limited. Mr. Titus qualifications include a Bachelor of Science from Fort Lewis College, Durango, Colorado, USA and he is an active member of AAPG and SPE. He has over 20 years of relevant experience in both conventional and unconventional oil and gas exploration & production in the US and multiple international basins. Mr. Titus meets the requirements of qualified petroleum reserve and resource evaluator as defined in the ASX Listing Rules and consents to the inclusion of this information in this release.