

Armour Energy (ASX:AJQ)

ASX Announcement

9 August 2021

Unlocking the Value of its Northern Basin Assets Demerger Update

HIGHLIGHTS:

- **Demerger and proposed IPO of McArthur Oil & Gas well advanced**
- **Current expectation to IPO Q4 2021**
- **McArthur Board and Management team with deep Northern Basin sector experience**

Further to the previous announcements of 3 March 2021 and 4 August 2021, the Board of Directors of Armour Energy Limited (Armour, the Company, ASX: AJQ) are pleased to provide an update on the demerger of its Northern Basin Assets.

Attached as an annexure to this ASX announcement is an overview of the McArthur Oil & Gas business (**Overview**). McArthur Oil & Gas Limited and McArthur NT Pty Ltd (McArthur Group) is the intended vehicle for holding the Northern Basin Assets which, subject to the satisfaction of certain demerger conditions, is expected to make an Initial Public Offering (IPO) and apply for quotation of its shares on the ASX later this year.

The Company is working with its financial and legal advisors and has engaged independent financial and technical experts to assist in the proposed demerger and the execution of the IPO of McArthur Oil & Gas.

Armour Energy's CEO, Brad Lingo said:

"The demerger and IPO of MacArthur Oil & Gas is progressing well and currently on track to complete in the December quarter. I'm impressed by the quality of the Board and Management team that has been assembled and that two of the five Directors are based in Darwin. The main focus of McArthur Group is the NT and it was important to reflect this at the Board level."

McArthur proposed Chairman, Greg Martin added:

"Just two things attracted me to join a junior oil & gas explorer; the team and the quality of the rocks. I'm impressed with the diversely experienced and talented Board and Management that has and is being assembled. I'm equally impressed by the quality of the rocks & the promise they hold as, ultimately, in any play it is and ever has been all about the rocks."

Shareholders and investors should note the following:

- **The Overview:**
 - provides an indicative overview and update on the demerger of McArthur Group as at 1 August 2021.
 - should be read together with this ASX announcement and Armour Energy's other periodic and continuous disclosure announcements.
 - should not be relied upon as a predictor of future performance.
 - is of a general background nature and does not purport to be complete.

- Decisions by shareholders regarding voting on the demerger proposal should be made on the basis of the Notice of Meeting and Explanatory Memorandum which is not yet published and will be provided in due course.
- The issue of a prospectus by McArthur Oil & Gas is planned for early in the December 2021 Quarter in connection with an application for quotation and listing on the Australian Securities Exchange. The Overview is issued by the Company for information purposes only, and is not to be construed as an offer or invitation to buy or sell securities in the Company or McArthur Oil & Gas.
- As previously disclosed, the proposed demerger will be subject to the successful completion of the IPO of McArthur Oil & Gas as well as a number of other standard conditions for a transaction of this nature, including all necessary shareholder approvals, all ASX and other regulatory approvals as required, any required consents or approvals from the Company's financiers and receipt of any necessary or desirable tax rulings from the ATO regarding the tax implications of a distribution in specie for Armour shareholders.

This Announcement is Authorised by the Board of Directors

Karl Schlobohm

Company Secretary

For further information contact:

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07-3303 0680

Karl Schlobohm – Company Secretary
07-3303 0661

Sarah Schuiringa – Marketing & Communications
07-3303 0619

Executives

Bradley Lingo - Chief Executive Officer
Karl Schlobohm – Company Secretary
Michael Laurent – Chief Operating Officer
Toni Hawkins – Chief Financial Officer
Mark Greenwood – Chief Commercial Officer

Directors

Nicholas Mather – Executive Chairman
Stephen Bizzell - Non-Executive Director
Roland Sleeman – Non-Executive Director
Eytan Uliel – Non-Executive Director

Armour Energy

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Kilgour North-1 exploration well



McArthur Oil & Gas

PROPOSED DEMERGER BRIEFING

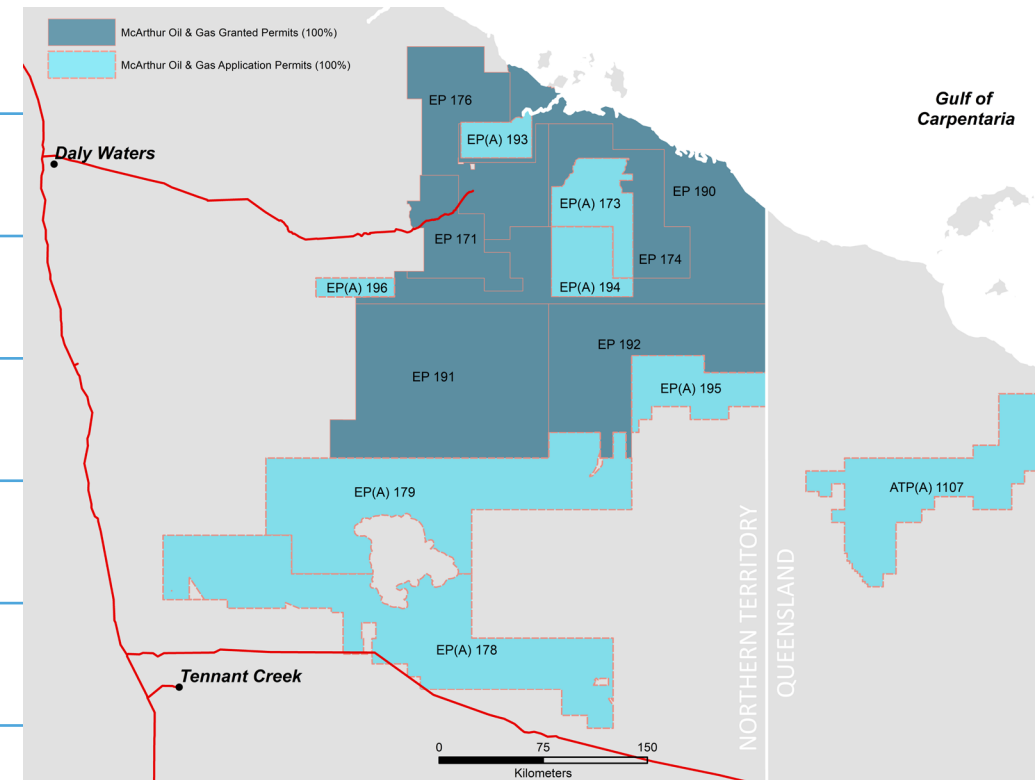
AUGUST 2021



MCARTHUR – CORPORATE SNAPSHOT

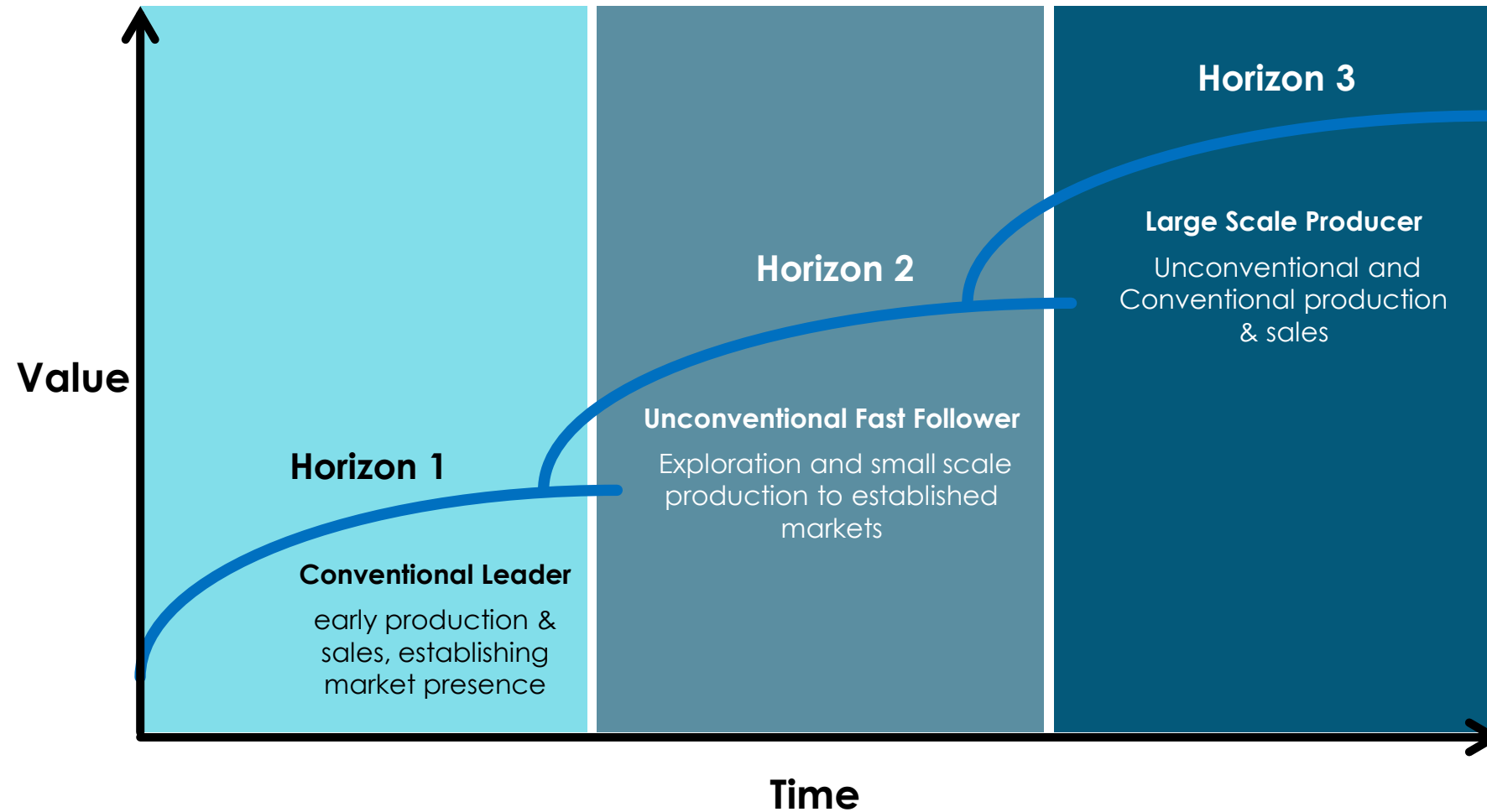
On the basis that the demerger proceeds, McArthur is expected to have the following:

- ✓ **Commanding ownership position** covering 96,000 km² of the McArthur & South Nicholson Basins¹ with NT focused experienced Board and Management team
- ✓ **Large exploration potential** with Prospective Recoverable Resources Conventional 4.6 TCF (2U)² and Unconventional 28.1 TCF (2U)²
- ✓ **Multiple proven plays** - conventional and unconventional plays, providing multiple World-class opportunities
- ✓ **Discovered low CO₂ conventional gas** in proven Coxco play fairway
- ✓ **Early mover development potential** - conventional gas discoveries present near-term pathway for low cost development and sales
- ✓ **Low drilling & development costs** – circa \$3-6 million per conventional well³
- ✓ **Unconventional Fast Follower** – adjacent unconventional positions with successful drilling activity presents a fast follower opportunity to prove-up multi-TCF unconventional resource potential
- ✓ **Compelling valuation** - Prospective Resource valuation of ~\$3/TJ – vs Peers of \$6-8+/TJ³



1. Subject to successful demerger from Armour Energy - refer ASX Announcement 3 March 2021
2. Refer Slide 10 – NSAI Certified Resources
3. Refer McArthur Basin – Our Peers and how we compare – Slide 20

MCARTHUR'S STRATEGIC HORIZONS



McArthur's Unique Exposure
to both discovered conventional and unconventional gas in the NT de-risks the path to large scale production and sales

MCARTHUR – OUR FOCUS, VISION, AND VALUES

Acknowledgement	We acknowledge the custodians of the land on which we operate and respect the spiritual relationship the people of the world's oldest continuous living culture hold with the Country and we acknowledge their Elders past, present and emerging
Our Focus	To prove the commercial potential of the Greater McArthur Basin - both conventional and unconventional
Our vision	To become the Northern Territory's leading gas explorer and producer
Our Values	Creating value for our stakeholders by: <ul style="list-style-type: none">• Respecting people & the environment• Delivering what we promise• Integrity in everything we do• Commitment to quality in execution• Establishing quality relationships with all stakeholders



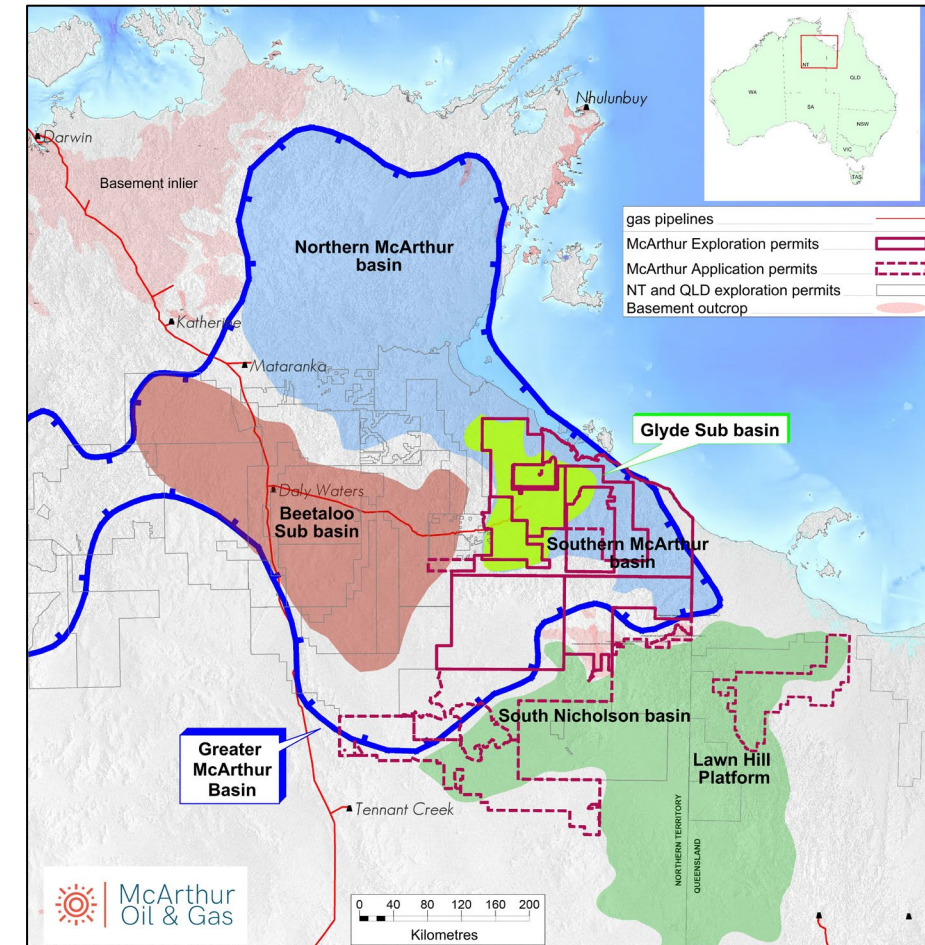
Photo of the 'Lost City' on the Abner Range Escarpment
an area of cultural heritage significance

MCARTHUR'S DISTINCTIVE POSITION

McArthur permits span both the McArthur and South Nicholson Basins

- **Holder of material interest across multiple proven and prospective basins**
 - McArthur Basin including Glyde Sub-basin and eastern Beetaloo Sub-basin
 - South Nicholson Basin including Lawn Hill Platform
- **Acreage covers significant conventional and unconventional play fairways**
 - Conventional Coxco/Reward dolomites & Wologorang/McDermott sandstones
 - Unconventional Barney Creek, Wologorang and McDermott shale plays
- **Pervasive thick Multi-TCF unconventional shale gas sequences**
 - Proven regional multi-TCF shale plays extending across McArthur acreage
- **Potential for stacked conventional & unconventional pay**
 - McArthur can target gas, wet gas & liquids in stacked source/reservoir shale intervals
- **Unique position over proven Coxco conventional play fairway in Glyde Sub-basin**
 - McArthur's permits capture entire proven conventional Coxco Glyde Sub-basin dolomite play fairway enabling early commercialisation

Regional basins map



MCARTHUR – OUR PEOPLE – PROPOSED BOARD NOMINEES



Greg Martin

Independent Chair

Mr Martin is Chairman of Iluka Resources Limited & Hunter Water Corporation, Deputy Chair of Western Power & Non-Executive Director of Spark Infrastructure. Mr Martin was a Member of the COAG Energy Council Energy Appointments Selection Panel and was previously a Non-Executive Director of Santos Limited, Energy Developments Limited and the Australian Energy Market Operator Limited.

Mr Martin has 40 years' experience in the utilities, financial services, energy and energy related infrastructure sectors in Australia, New Zealand and internationally. Mr Martin was CEO and Managing Director of the Australian Gas Light Company for five years. Mr Martin then joined Challenger Financial Services Group as Chief Executive Infrastructure, principally engaged in the management of predominantly European and North and South American infrastructure investments.



Geoff Barker

Non-Executive Director

40 years of global experience in the upstream oil and gas industry. Prior to joining McArthur, Mr Barker was Group Executive Development at Beach Energy.

Past roles include Member of the Energy and Resources Advisory Board, University of Adelaide, Non-Executive Director of Royalco Resources Ltd, Partner and Director at leading oil and gas consulting firm RISC where he managed development and value enhancement studies on a wide range of conventional and unconventional onshore and offshore major projects.

Mr Barker has also held senior management and technical positions in development and operations at Woodside, Shell and Bridge Oil. Mr Barker is a member of the AICD, SPE and holds an M.Eng. Sc. (Pet. Eng.) from Sydney University



Karen Green

Non-Executive Director

Ms Green brings 33 years chartered accountancy and business advisory experience across the public and private sectors.

Ms Green is a 30-year resident in the Northern Territory and has spent over 20 years as an equity partner in the Deloitte Darwin practice, 5 years as Managing Partner for the Northern Territory.

Ms Green also currently serves on the Northern Territory National Security Advisory Panel, as a Non-Executive Director on the Airport Development Group and is an Australian Institute of Company Directors NT Committee Member. Ms Green has previously served on the Darwin Port Corporation and the Business Advisory Council for the Department of Trade Business, Innovation.



Ray Hall

Non-Executive Director

Mr Hall is a Certified Environment Practitioner with the Environment Institute of Australia and New Zealand with over 25 years' experience in Northern Australia.

After studying Geology his career has evolved through developing pioneering innovative Natural Resource Management based business opportunities, especially for Indigenous Groups through to now owning and operating the Northern Territory's largest environmental consultancy.

Mr Hall is the deputy chair of the Minerals Council (NT) ESG Committee, has just completed a 6 year term as a board member of Territory Natural Resource Management and is an Independent Director of Injalak Arts at Gunbalanya in Arnhem Land



Brad Lingo

Director

Proven executive in the Australian Oil & Gas Sector having been Managing Director of Drillsearch Energy from 2009 until July 2015 building the company from a 200 BOPD (barrel oil per day) oil production company to a leading ASX 200 Cooper Basin focused oil & gas company.

During his 6 years at Drillsearch he was the pioneer of taking 3D seismic out into the field, discovering over 50 commercial oil discoveries on a success rate of 82%. He was instrumental in increasing the market capitalisation of the company from ~\$40m to ~\$800m before being acquired by Beach Energy.

In his time at Drillsearch Brad received industry recognition including winning the SMH/East Coles S&P/ASX 200 Energy Best CEO 2014

MCARTHUR – OUR PEOPLE – PROPOSED MANAGEMENT

Executive



Andrew Logan

Interim CEO / Chief Technical Officer

36 years of broad international upstream oil & gas experience covering conventional and unconventional E&P, in a variety of technical, operational, commercial, business development, consultancy, management and executive roles. Spanning exploration new ventures, operated & non-operated exploration ventures, exploration & production operations, and development and production assets. Mr Logan's experience has been gained in a variety of organisations including Haliburton, BHP Petroleum, ADNOC, Oil Search, Pangaea and Sasol. Most recently CEO of Sweetpea Petroleum until the acquisition by Tamboran Resources. Masters of Petroleum Geology from Imperial College London, and an MBA from Kingston University Business School London.



Peter Harding- Smith

Chief Financial Officer & Commercial

An experienced public company senior finance professional with 20+ years of experience over a wide range of industries and businesses. Peter has a deep experience in mergers and acquisitions, debt and equity funding, investor relations, corporate governance and financial management. Peter is a Chartered Accountant and a Fellow of the Governance Institute of Australia. More recently, he was the CFO and Company Secretary at Orbis Gold, which was acquired in 2015 by Canadian gold producer SEMAFO Inc and CFO at Comet Ridge Limited.



David Spring

Chief Operating Officer & HSE

A Graduate of the Australian Institute of Company Directors, David is an Experienced Executive with over 35 years of international experience in the upstream oil and gas industry. David has a demonstrated history of working as a Leader in Exploration, Operations, HSE and Business Development in conventional and unconventional oil and gas plays. He has previously held senior roles in Senex Energy, Maersk Oil, Mubadala Petroleum and BHP Petroleum after starting his career as a geophysicist with Esso Australia.

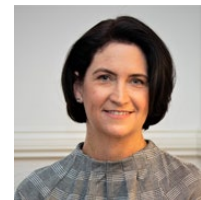
Support Team



Geoff Hokin

Geoscience Consultant

Conventional and unconventional E&P geology services to oil and gas industries across Australia.



Olivia Versace

Legal Consultant

Senior legal positions in the energy and resources industry and private legal practice. Olivia will be engaged post IPO for McArthur specific matters.



Neil McDonald

Stakeholder Management Consultant

Stakeholder experience across the energy and minerals sectors.

ESG – THE SOCIAL LICENSE TO OPERATE

Committed to the highest standards of ESG performance

- **Board focus** - established a Risk & ESG sub-committee with a charter to ensure it achieves this commitment
- **Sustainable development** - committed to the UN definition of sustainable development
- **Climate change** – acknowledgement of climate change risks & committed to 100% carbon offsetting of exploration, development & production activities
- **Mapping a carbon management path** - to be a net zero producer through early engagement with specialist carbon management advisers

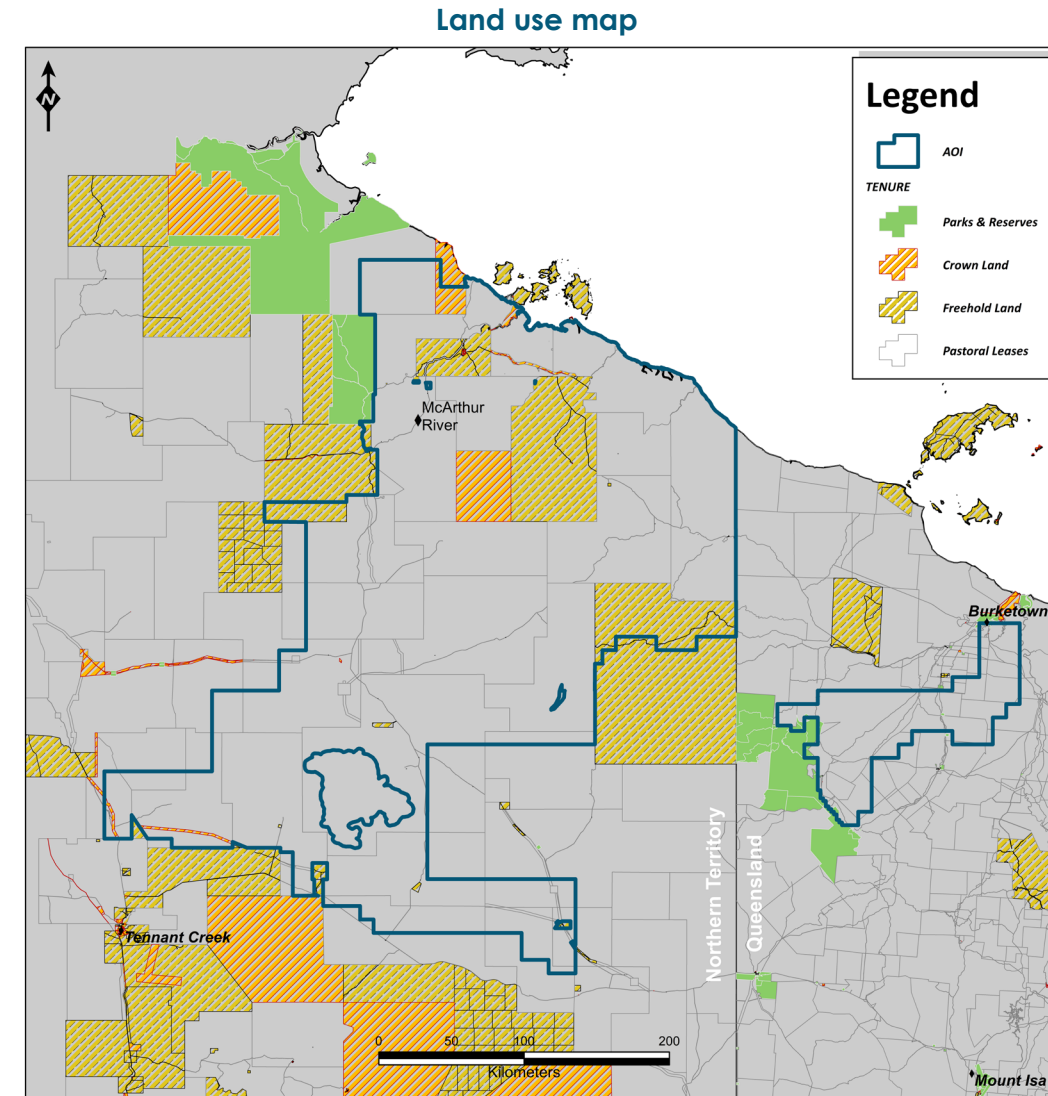
Local Pastoralists and Traditional Owners relaxing together after successfully completing site works supporting the Armour Energy Exploration Program, 2012



LAND ACCESS – ESTABLISHED RELATIONSHIPS

McArthur licence to operate will be built on long established relationships and committed stakeholder engagement

- **Well established existing relationships** - with local communities, Traditional Owners, pastoral leaseholders, local businesses and government bodies
- **Track record of performance and compliance** - from 2011 no environmental incidents and compliant with Aboriginal Areas Protection Authority Certificates and Environment Management Plans
- **Committed stakeholder engagement** – in remote operating area used for low intensity grazing with low population density reduces potential for conflicts over perceived impacts
- **Continuing focus on our local communities** - to procure locally wherever possible



MCARTHUR'S RESOURCE ESTIMATE - NSAI CERTIFIED¹

Reservoir	Unrisked Gross (100%) Prospective Gas Resources (BCF)			Unrisked Gross (100%) Contingent Gas Resources (BCF)		
	Low Estimate (1U)	Best Estimate (2U)	High Estimate (3U)	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
Conventional						
Coxco Dolomite	165	2,645	19,712	0	6	53
McDermott	16	1,430	23,531	-	-	-
Wollogorang	6	547	11,573	-	-	-
	187	4,622	54,816	0	6	53
Unconventional						
Barney Creek	1,023	4,781	16,837	-	-	-
McDermott	2,582	14,093	68,416	-	-	-
Wollogorang	1,198	7,307	37,943	-	-	-
South Nicholson Basin	400	1,946	6,106	-	-	-
	5,203	28,127	129,302	-	-	-
Total	5,390	32,749	184,118	0	6	53

Note: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The aggregate 1U estimates may be very conservative and the aggregate 3U very optimistic due to the portfolio effects of arithmetic summation. In using the probabilistic method – at 90% probability level Contingent Resource low estimate rounds down to zero.

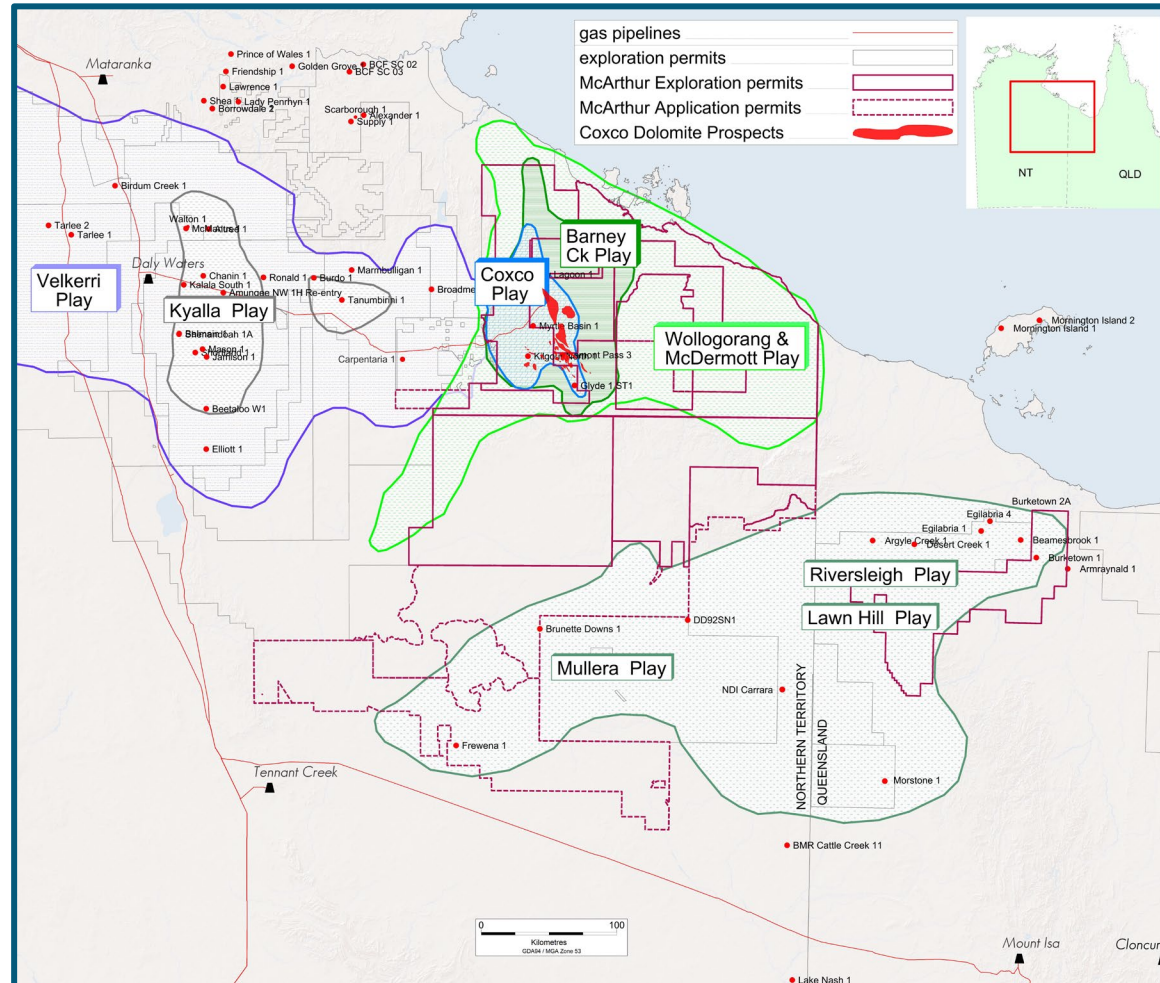
¹ Refer Armour Energy ASX Announcement – Northern Territory Resource Update – 27 April 2021. The Company is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

STACKED PLAY FAIRWAYS - CONVENTIONAL & UNCONVENTIONAL

Conventional Plays

- **Coxco & Reward Dolomite**
 - Proven Fairways unique to Glyde Sub-basin
 - Prospective Resources 2.6 TCF (2U)¹
 - Multiple prospects/leads
 - Shallow, low cost drilling
 - Gas and oil discoveries
 - Strong reservoir production potential - Glyde-1 ST1 flow tested at 3.3MMSCFD²
 - Sales quality gas with potential for liquids
- **Wollogorang & McDermott Sandstones**
 - Prospective Resources 2 TCF (2U)¹
 - Multiple prospects and leads - 176 mapped

Map of McArthur Basin Conventional & Unconventional Play Fairways



Unconventional Plays

- **South McArthur Basin Shales**
 - Barney Creek Shale (Proven)
 - Gas flares in Cow Lagoon-1
 - Source rock for Coxco reservoir gas tested in Glyde-1 ST
 - Wollogorang Shale
 - McDermott Shale
- **South Nicholson Shales**
 - Mullara Shale
 - Lawn Hill Shale (Proven)
 - Frac-Stim tested in Egilabria-1
 - Riversleigh Siltstone
- **Beetaloo Shales**
 - Velkerri Shale (Proven)
 - Frac-Stim tested in Amungee, Tanumbirini 1H & Carpentaria-1
 - Kyalla Shale (Proven)
 - Frac-Stim tested in Kyalla-1H

¹ Refer Slide 10 – NSAI Certified Resources

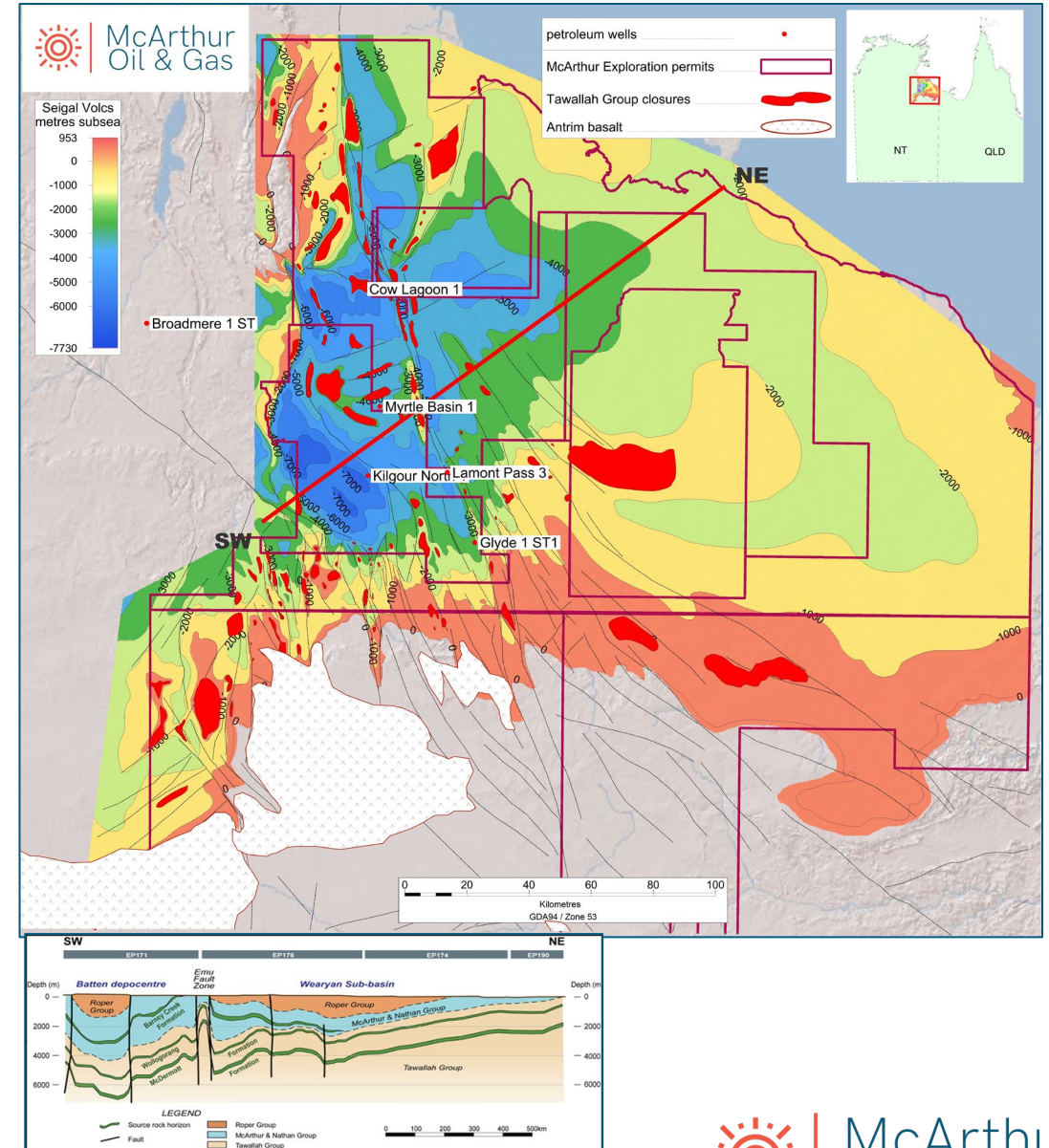
² Refer Armour Energy ASX Announcement Testing of Glyde #1 Lateral Well Confirms Glyde Sub Basin Prospectivity 13/08/12

MCARTHUR'S CONVENTIONAL TARGETS

- **Conventional prospectivity identified in the McArthur Group include:**
 - Coxco dolomite (10-70m thick); 2.6TCF (2U) Prospective Resource¹
 - Reward dolomite (30m-350m thick)
 - Cooley dolomite (15m-100m thick)
 - Looking Glass carbonates (up to 100m thick)
- **Oil/condensate prospectivity from McArthur Group reservoirs indicated by live oil, bitumen, wet gas shows and fluorescence from several core holes**
- **Conventional prospectivity identified in the Tawallah Group include:**
 - Wologorang Formation sandstone and dolomite reservoirs
 - 79 Prospects and leads mapped
 - 0.5TCF (2U) Prospective Resources¹
 - McDermott formation sandstones dolomite reservoirs
 - 97 Prospects and leads mapped
 - 1.4TCF (2U) Prospective Resources¹

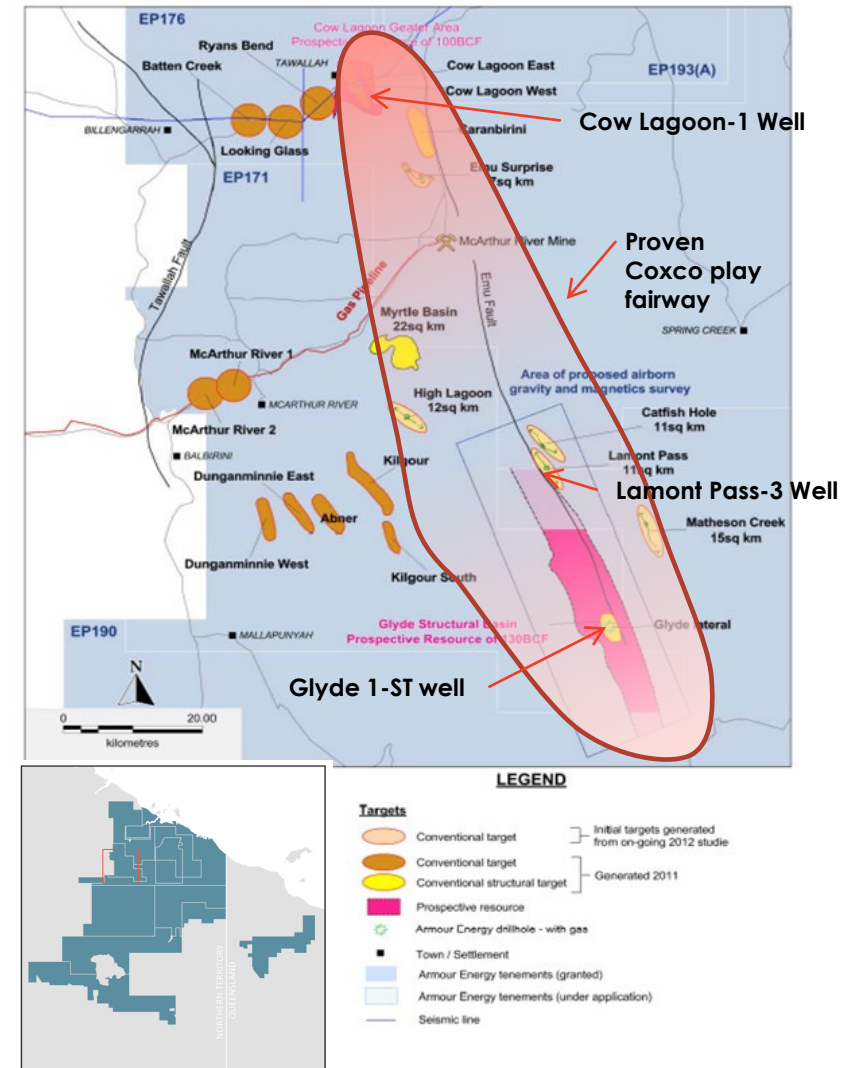
¹ Refer Slide 10 – NSAI Certified Resources

Structure map on Seigal volcanics showing basin architecture, fault trends and location of conventional structural prospects & leads



PROVEN CONVENTIONAL COXCO PLAY FAIRWAY

- Coxco dolomite brecciated fairway 100km in length (Glyde-1 ST1 to Cow Lagoon-1)
- Play proved by Glyde-1 ST1, Cow Lagoon-1 & Lamont Pass-3
- Predominantly fault-dependent structural traps
- Characterised by natural fractures, dolomitization from hydrothermal fluids and karstification
- Enhanced reservoir porosity of 8-14%, up to 20%
- 60 Coxco prospects and leads identified
- At depth range 240m to 1600m
- Thickness up to 70m
- 2.6TCF (2U) Prospective Resources¹



Map of Coxco Play Fairway including prospects and leads

¹ Refer Slide 10 – NSAI Certified Resources

MCARTHUR'S UNCONVENTIONAL SHALE TARGETS

Multiple working petroleum systems

Shale source generating hydrocarbons

- Barney Creek, Wollgorang & McDermott are currently generating and expelling oil & gas

Barney Creek Shale Play

- Wet gas window 350m-2400m
- Dry gas below 2400m
- Thickness up to 900m
- Oil-prone organic matter
- TOC average 2-4%, ranging up to 7%
- Prospective Resources 4.8TCF (2U) ¹

Wollgorang Shale Play

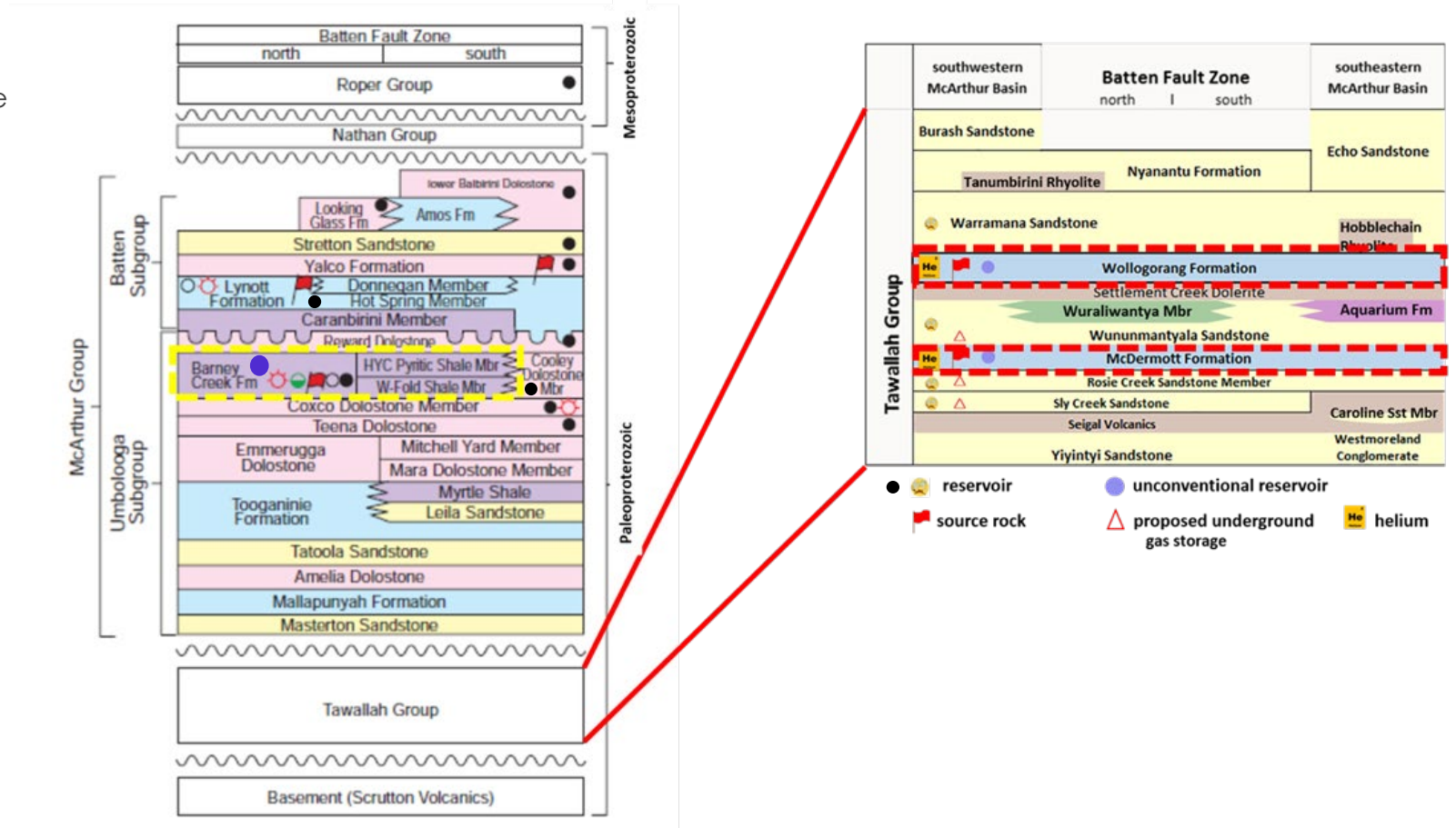
- Thickness up to 200m
- Prospective Resources 7.3TCF (2U) ¹

McDermott Shale Play

- Thickness up to 300m
- Prospective Resources 14.1TCF (2U) ¹

South Nicholson Basin Shale Plays

- Mullara Shale
- Lawn Hill Shale
- Riversleigh Siltstone
- Prospective Resources 1.9TCF (2U) ¹



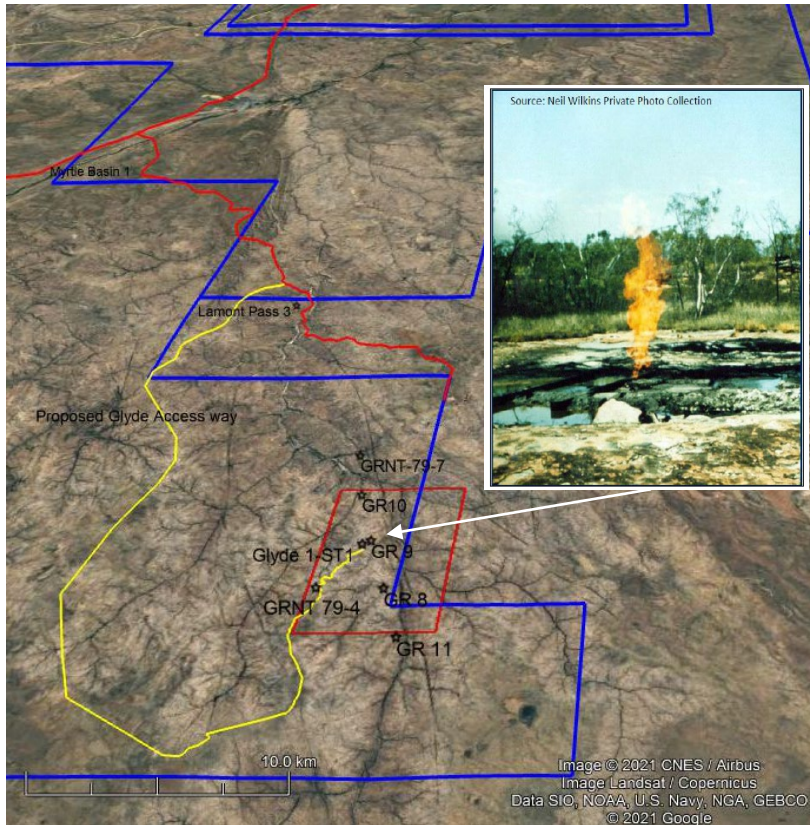
South McArthur Basin Stratigraphy

¹ Refer Slide 10 – NSAI Certified Resources

THE GLYDE GAS DISCOVERY – COMMERCIALISATION FOCUS

1980

Glyde River-9 (GR9) Mineral Core Hole
the First Glyde Gas Discovery well



Google image showing Amoco mineral core holes in McArthur NT Permits, including GR9, many with oil shows in core

2012

Armour Energy's Glyde-1 ST1
Glyde Gas Re-discovery well



We used this rig...

...to drill this hole at Glyde, NT

... this is what was found
3.3MMSCFD of gas!

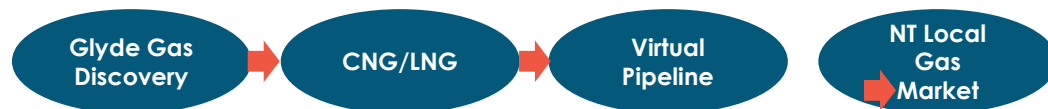
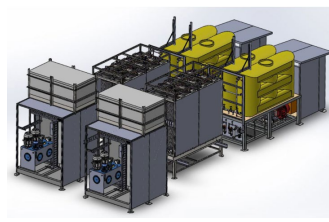
- Glyde-1 ST1 drilled to 698m vertical depth¹
- 162m gas pay encountered
- Flow tested at 3.33 MMSCFD¹
- Sales gas quality - negligible CO₂ and potential for C₂/C₃ NGL's¹
- Contingent gas resource of 6BCF (2C); 53BCF (3C)²
- Appraisal focus - Shallow wells, low-cost drilling & development

¹ Refer Armour Energy ASX Announcement Testing of Glyde #1 Lateral Well Confirms Glyde Sub Basin Prospectivity 13/08/12

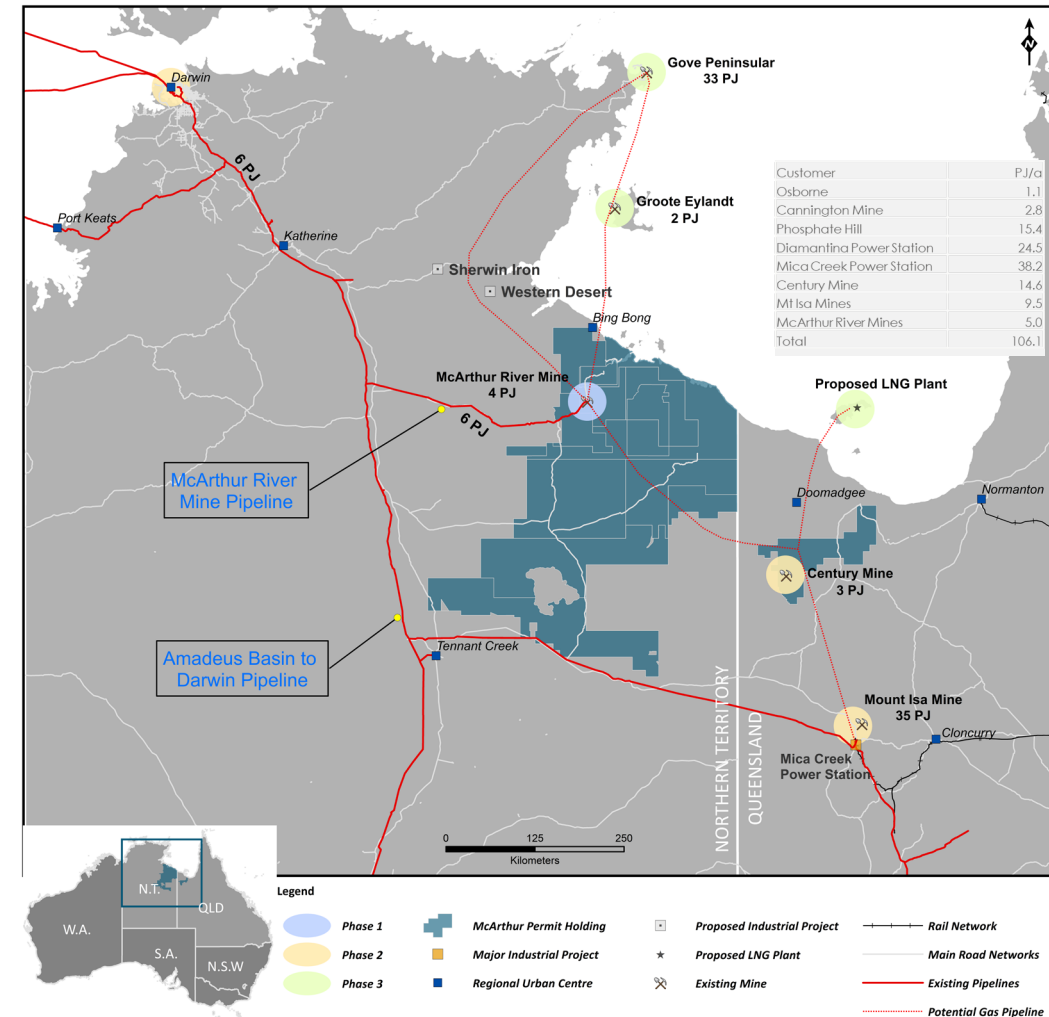
² Refer Slide 10 – NSAI Certified Resources

A CLEAR PATH TO COMMERCIALISATION

- NT Markets First**
 - Serve local markets via “virtual pipeline” trucked LNG/CNG
 - Diesel substitution at mine sites and regional towns
 - Access and close proximity to existing pipelines
 - Significant Government supported industry & road developments
- Potential for production close to major markets**
 - Phase 1 - McArthur Basin Local market gas demand = 5+ PJ pa
 - Phase 2 - Regional NT and NW Queensland gas demand = ~100 PJ pa
 - Phase 3- Total East Coast Domestic & LNG export demand = 2,000 PJ pa
- Fast-Track to Market via Virtual Pipeline Solution**
 - Ongoing discussions with modularised Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) solution providers
 - Targeting first gas sales early to mid CY 2023



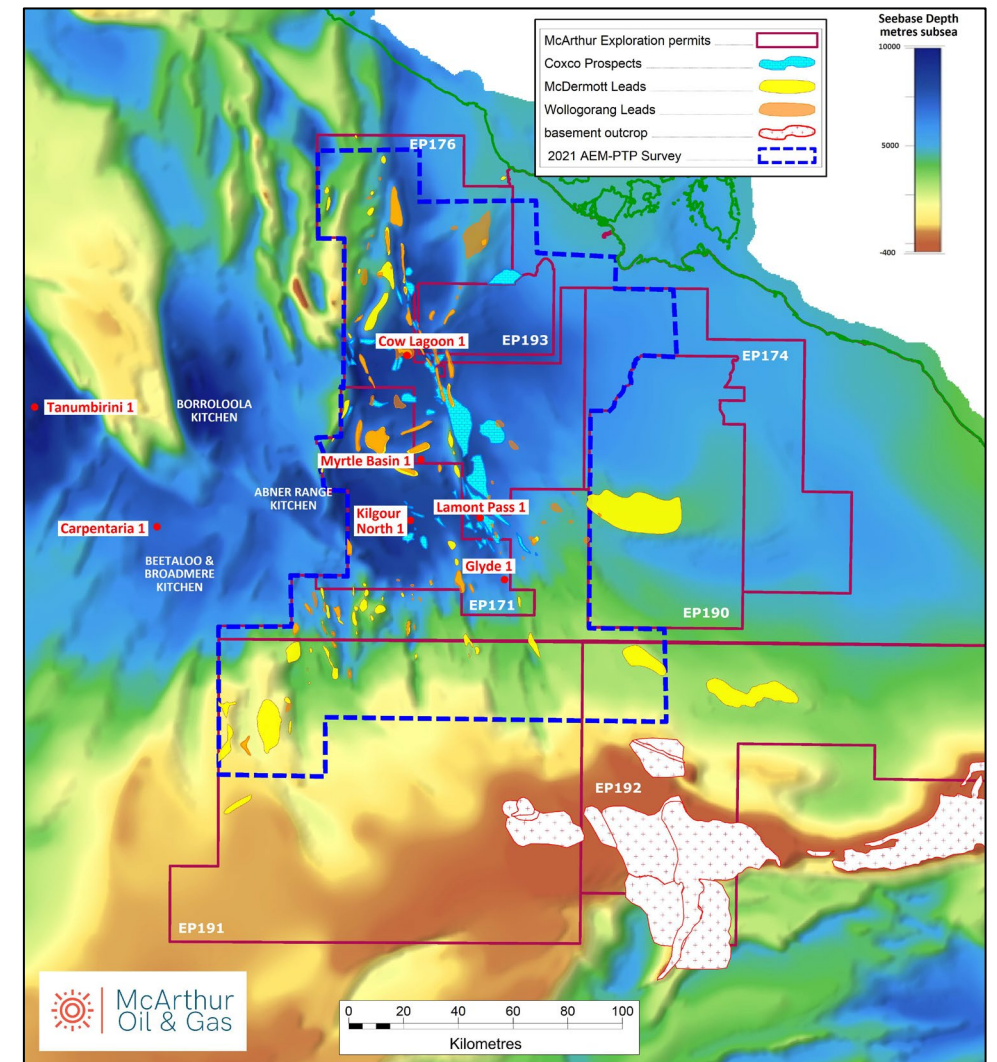
Regional map showing potential markets for McArthur¹



¹ Source AEMO and Armour internal gas market studies

MCARTHUR'S PROPOSED WORK PROGRAMME 2021-2023¹

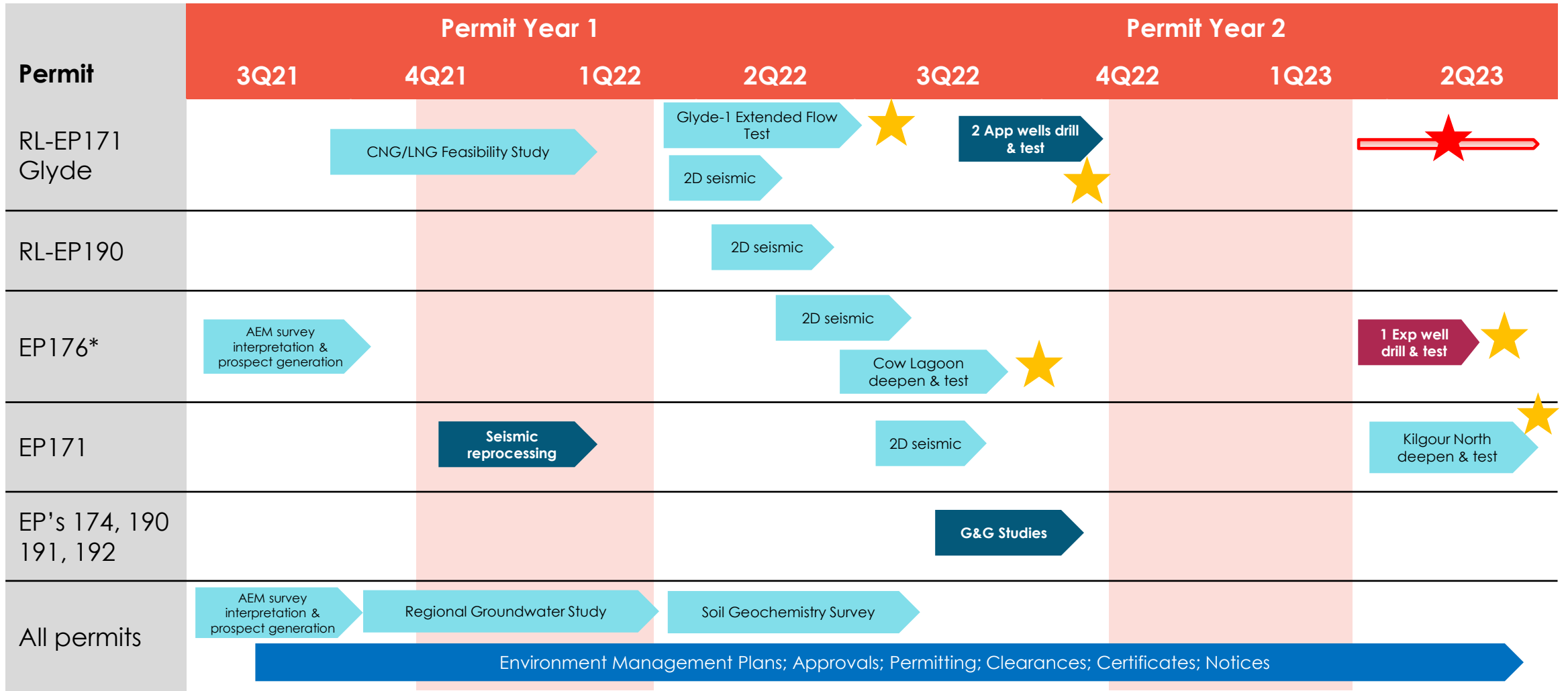
- Production-Retention license applications pending
- 20,000 km² airborne EM survey “(recently completed)”
- Airborne EM survey data to refine leads and prospects inventory
- Production testing Glyde-1 ST1 gas well – gas flow target mid 2022
- Re-enter, deepen and test Cow Lagoon-1 gas discovery
- Re-enter, deepen and test Kilgour North-1
- 2D seismic surveys on EP176, EP171 and RL’s
- 2 appraisal wells on Glyde Retention Licence RL-EP171
- 1 contingent exploration well on EP176 Coxco prospect
- Early sales gas production potential – early to mid 2023
- Soil Geochemistry surveys across all permits
- Regional Environmental and Ground Water studies



Basement depth map with overlay of 2021 Airborne survey area (blue dashed outline), wells, conventional prospects & leads

¹. Refer to Cautionary Statement at Slide 23

THE PATH FORWARD – WORK PROGRAMME¹



*EP176 Permit Year 1 from 10/8/20 to 9/8/21

----- Wet season -----

----- Wet season -----

➡ Commitments
 ➡ Accelerated programme
 ➡ Contingent programme
 ★ Target Gas flow
 ★ Target First Gas Sales



THE WORK PROGRAMME – WHAT ARE WE AIMING TO DELIVER¹

The proposed work programme has clear technical objectives & commercial deliverables

Glyde Appraisal & Development

- Prove up overall extent of Glyde Gas Discovery Reserves & Resources
- Mature Glyde Contingent Resources to Reserves
- Establish commerciality for development
- Commercial gas production early to mid 2023

Conventional Exploration

- Prove gas resource potential at Cow Lagoon, Kilgour North and one Caranbirini Prospect, and mature Prospective Resources to Contingent Resources
- Use airborne survey data to refine leads & prospects inventory and identify new opportunities
- Acquire seismic data to de-risk current inventory, identify new prospects and leads, and develop drill-ready projects

Unconventional Exploration

- Explore stacked shale plays as part of conventional exploration drilling programme
- Deepen Cow Lagoon & Kilgour North wells to evaluate unconventional shales

MCARTHUR BASIN - OUR PEERS AND HOW MCARTHUR MAY COMPARE

	McArthur Oil & Gas	Empire Energy Group Ltd Pangaea Resources Acquisition	Santos Tamboran Resources JV	Origin Falcon Oil & Gas Ltd JV
Basin	McArthur/Beetaloo/South Nicholson	McArthur/Beetaloo	Beetaloo/McArthur	Beetaloo
Listing / Code	TBC	ASX:EEG	ASX:TBN	AIM:FOG
Resource Focus	Conventional & Unconventional Wet & Dry Gas & Oil	Unconventional Only Targeting Wet Gas	Unconventional Only Dry Gas	Unconventional Only Targeting Wet Gas
Acreage/Tenements	96,900 km ²	106,800 km ²	22,800 km ²	18,600 km ²
Market Cap (A\$ million) (A)	Potentially \$110 via McArthur IPO ¹	EEG: ~\$182 post acquisition Pangaea ²	TBN: \$266 at IPO ³	FOG: ~102 ⁴
Prospective Resources (Best) (B)	33 TCF Gas	42 TCF ²	31 TCF (Net to Tamboran) ³	19 TCF (Net to Falcon) ⁴
Implied In-ground Value \$/TJ - (A)/(B)	\$3.33	\$4.33	\$8.54	\$5.36
Target Depth	600m to 4,000m	1,400m to 2,800m	2,000m to 4,000m	1,800m to 3,800m
Indicative Well Cost Drill/Frac/Test (A\$ million)	Conventional-Drill & Test Exploration/Appraisal shallow = \$3m per well Exploration/Appraisal deep = \$6m per well Unconventional-Drill Initial Exploration = \$TBD	Unconventional Only – Drill/Frac/Test Initial Vertical Exploration = \$10m per well Initial Horizontal Exploration = \$15m per well	Unconventional Only – Drill/Frac/Test STO Tanumbirini 2H/3H = \$40m per well TBN ⁵ Initial Exploration = \$40-45m per well Stage 2 Exploration = \$25-30m (3-5 wells) Additional Exploration = \$20m per well	Unconventional Only – Drill/Frac/Test Initial Exploration = Cost per well undisclosed
Achieved Flow Rates	Glyde-1ST = 3.3 MMSCFD clean low CO₂ gas GR79-09 Mineral Exploration = 6 MMSCFD ⁶	Carpentaria-1 vertical ⁷ Peak = >1.6 MMSCFD Average = 0.25 MMSCFD	Tamumbirini-1 vertical ⁷ Peak = >10 MMSCFD Average = 1.2 to 0.4 MMSCFD (130 days)	Amungee NW 1H Horizontal ⁷ Peak = 2.5 MMSCFD Average = 1.1 MMSCFD Kyalla-117 Horizontal ⁷ Average = 0.4-0.6 MMSCFD

1 Potential Market Capitalisation based on proposed \$65m IPO, 35% in specie distribution to Armour shareholders, conversion of convertible note \$10m and successful demerger and IPO of McArthur

2 Based on 30-day VWAP share price of \$0.345 as at 3 August 2021 and 597m shares on issue; Refer to EEG Managing Directors Presentation to General Meeting of 3 August 2021 (page 13)

3 Based on completion of Tamboran IPO on 1 July 2021; See TBN IPO Prospectus 1 July 2021

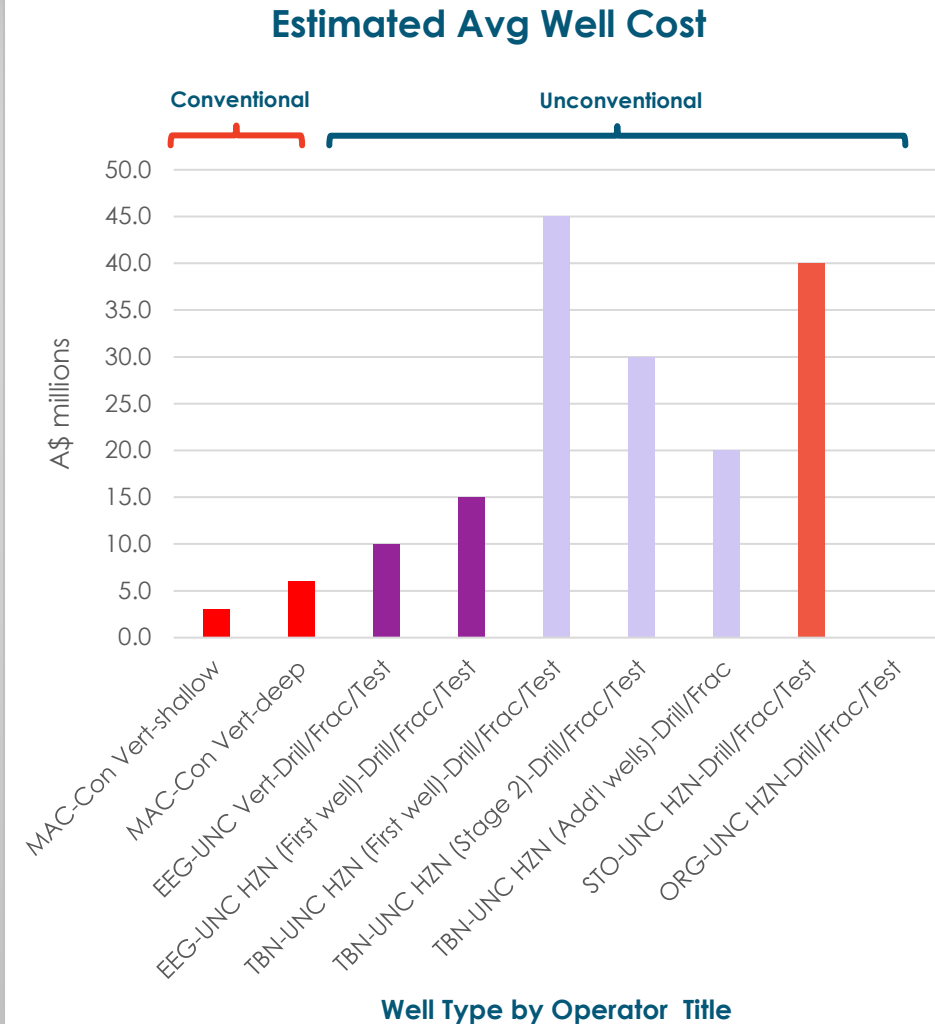
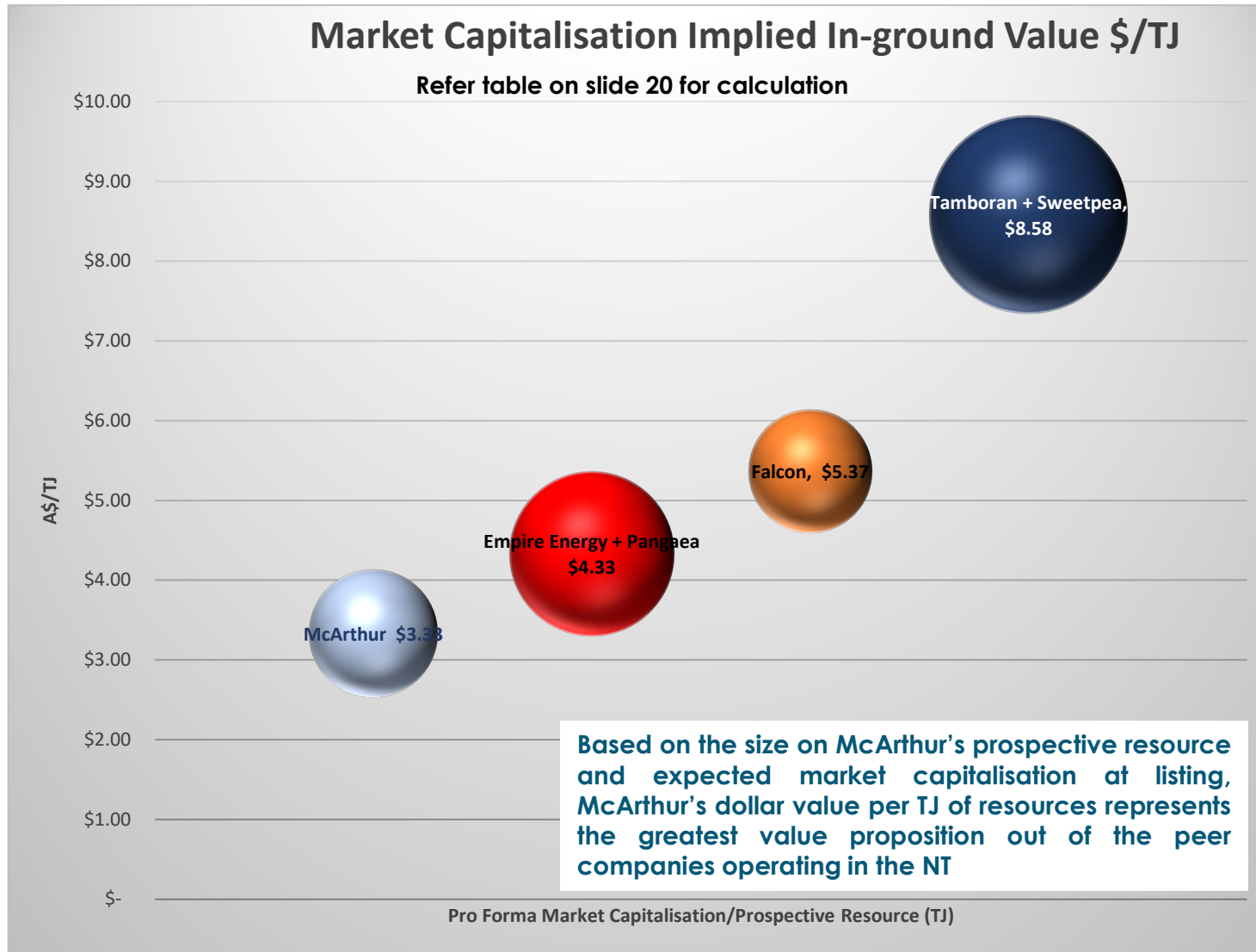
4 Based on a share price of GBP 5.13 (3 August 2021), exchange rate of .53 and 982m shares on issue; Refer to Falcon Oil & Gas Limited Investor Presentation on 9 April 2021 (page 7)

5 MST Access Initiation of Coverage Equity Research Report on Tamboran Resources Limited dated 13 July 2021 (page 18)

6 Sources: EEG PESA Presentation 11 October 2016 (page 7) and EEG NAPE Presentation 4 February 2020 (page 14)

7 Sources: EEG Quarterly Activities Report for period ending 30 June 2021 / TBN Press Release dated 22 October 2020 and Prospectus dated 1 July 2021 / FOG Press Release dated 22 June 2021

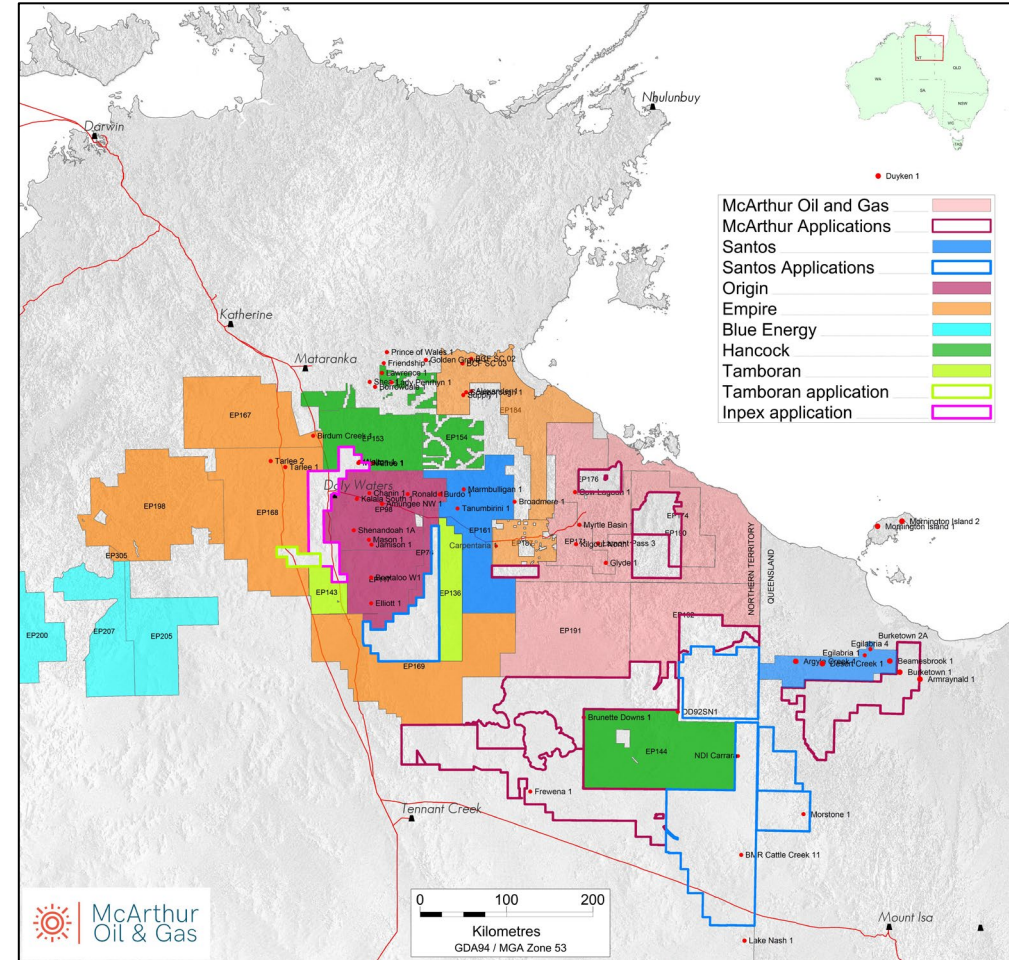
MCARTHUR – THE VALUE PROPOSITION



INVESTMENT HIGHLIGHTS – McARTHUR'S DISTINCTIVE POSITION

Assuming successful completion of the IPO, McArthur Oil & Gas is expected to have the following features:

- Commanding acreage holding – 96,000km² (granted & application permits) in South McArthur Basin and South Nicholson Basin
- Ministerial approval of transfer of permits to McArthur NT Pty Ltd
- Established Social Licence to Operate, committed Stakeholder Engagement with established relationships over 10yrs of operating
- Proven conventional Coxco play with sales quality gas and liquids potential offering early mover commercialisation
- Exploration of unconventional play – fast follower leveraging success in adjacent parts of the McArthur Basin
- Large, independently certified prospective gas resources
- Retention Licence applications - potential for first gas to market early to mid 2023* (*subject to grant of RLs)
- Clearly identified markets with a priority on NT first
- Adoption of CNG/LNG technology, utilising “virtual” pipelines for early access markets and minimise flaring
- Board focus on ESG, committed to 100% carbon offsetting of all activities
- Experienced Board & Management with significant industry, financial, technical, geological and environmental experience



Regional map of operators

Cautionary Statement

Disclaimer

This investor presentation has been prepared by Armour Energy Limited (Armour) and its subsidiary McArthur Oil & Gas Limited ACN 141 198 414 (Company).

Any material used in this presentation is only an overview and summary of certain data selected by the management of Armour and the Company. The presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in Armour or the Company nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the Corporations Act and should not be used in isolation as a basis to invest in Armour or the Company. Recipients of this presentation must make their own independent investigations, consideration and evaluation of Armour and the Company. Armour recommends that potential investors consult their professional advisor/s as an investment in Armour and/or the Company is considered to be speculative in nature.

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Proposed transaction conditional

As previously noted the proposed demerger of the Northern Basin Assets will be subject to the successful completion of the IPO of McArthur Oil and Gas as well as a number of other standard conditions for demerger transactions of this nature, including all necessary shareholder approvals, all ASX and other regulatory approvals as required, any required consents or approvals from Armour's financiers and receipt of any necessary or desirable tax rulings from the ATO regarding the tax implications of an in specie distribution for Armour shareholders. Accordingly, the information set out in this presentation assumes a successful completion of the demerger and IPO of McArthur Oil and Gas which is not guaranteed.

Assumptions

Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions, known and unknown risks and uncertainties that could cause the actual results, performance or events to differ materially from those expressed or implied in these statements. These risks include, but are not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, commercialisation reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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Competent Persons Statement

Statements in this presentation as to gas and mineral resources has been compiled from data provided by Armour's Chief Operating Officer, Mr Michael Laurent. Mr Laurent's qualifications include being a professionally registered engineer in both Australia and Canada, has over 20 years of diverse oil and gas industry experience and has successfully held various senior managerial and GM positions. His career spans a number of sectors and includes expertise in reservoir, drilling, facilities, production and operations with particular emphasis on resource and business development. Experience is underpinned with strong strategic, commercial and technical acumen in both conventional and unconventional reservoirs. Prior to joining Armour Energy, Michael successfully held a variety of domestic and international technical leadership appointments. Most recently he worked for Santos where he was responsible for managing Cooper Basins oil and gas appraisal/development wells and field optimisation initiatives from inception through to approval and implementation. Mr Laurent has sufficient experience that is relevant to Armour's reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Laurent has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Authorisation

This presentation and announcement has been authorized by the Board of Directors of Armour Energy Limited.





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