

Armour Energy (ASX:AJO)

ASX Announcement

4 February 2021

Completion of sale and purchase agreement for the sale of additional South Nicholson Basin Permit Interests to Santos.

HIGHLIGHTS:

- Completion of the sale and purchase agreement between Armour and Santos QNT Pty Ltd (Santos) to sell Armour's remaining interest in several South Nicholson Basin Permits to Santos.
- Armour has received approximately \$12.16 million in cash payments plus re-acquired 100% ownership of ATP(A) 1107.
- Armour retains a material exposure to the South Nicholson Basin play of approximately 7,906 km².

The Directors of Armour Energy Limited (ASX: AJO; "Armour", or "the Company") refer to the Company's previous announcement of 6 January 2021 and wish to advise that completion of the sale and purchase agreement (SPA) with Santos has now occurred.

As previously disclosed, Santos has acquired 100% ownership of: ATP 1087 (of which Santos previously held a 70% interest and was operator); the application permit areas in Queensland ATP(A) 1192 and 1193; and the Northern Territory tenements EP(A) 172 and 177. As consideration, Armour has received total cash payments of approximately \$12.16 million and will re-acquire full ownership and operatorship of ATP(A) 1107. ATP(A) 1107 covers 7,906 km² of the South Nicholson Basin Exploration Project.

With the completion of this additional transaction, over the last 12-months, the Company has received approximately \$33.16 million in cash proceeds in relation to the South Nicholson Basin Project, whilst retaining 100% ownership and operatorship of ATP(A) 1107.

As a result of these sale proceeds, the Company will further reduce its outstanding long-term debt by approximately \$6.08 million by way of an unscheduled amortisation payment on the Secured Amortising Notes. Since 30 June 2020, the Company has reduced its outstanding long-term debt by 28% in total from \$62 million to \$44 million as a result of the sale of its South Nicholson Basin assets.

Armour Energy's CEO, Brad Lingo said:

"The completion of the South Nicholson Basin sales to Santos and the further long-term debt reduction is a good way to start 2021 and a clear indication of the Company's commitment to strengthen the balance sheet. The Company is fully focussed on delivering on the strategic priorities we outlined in August 2020 – both and the delivering increased production in our core Kincora Gas Project and debt reduction."

This Announcement is Authorised by the Board of Directors
Karl Schlobohm
Company Secretary

For further information contact:

Nicholas Mather – Executive Chairman
07-3303 0680

Brad Lingo – CEO
07-3303 0680

Karl Schlobohm – Company Secretary
07-3303 0661

Sarah Schuiringa – Marketing & Communications
07 – 3303 0619

ASX Code: AJQ

Executives

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

Directors

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

Contact Details

Level 27, 111 Eagle Street
Brisbane Qld 4000
Tel: +61 7 3303 0620

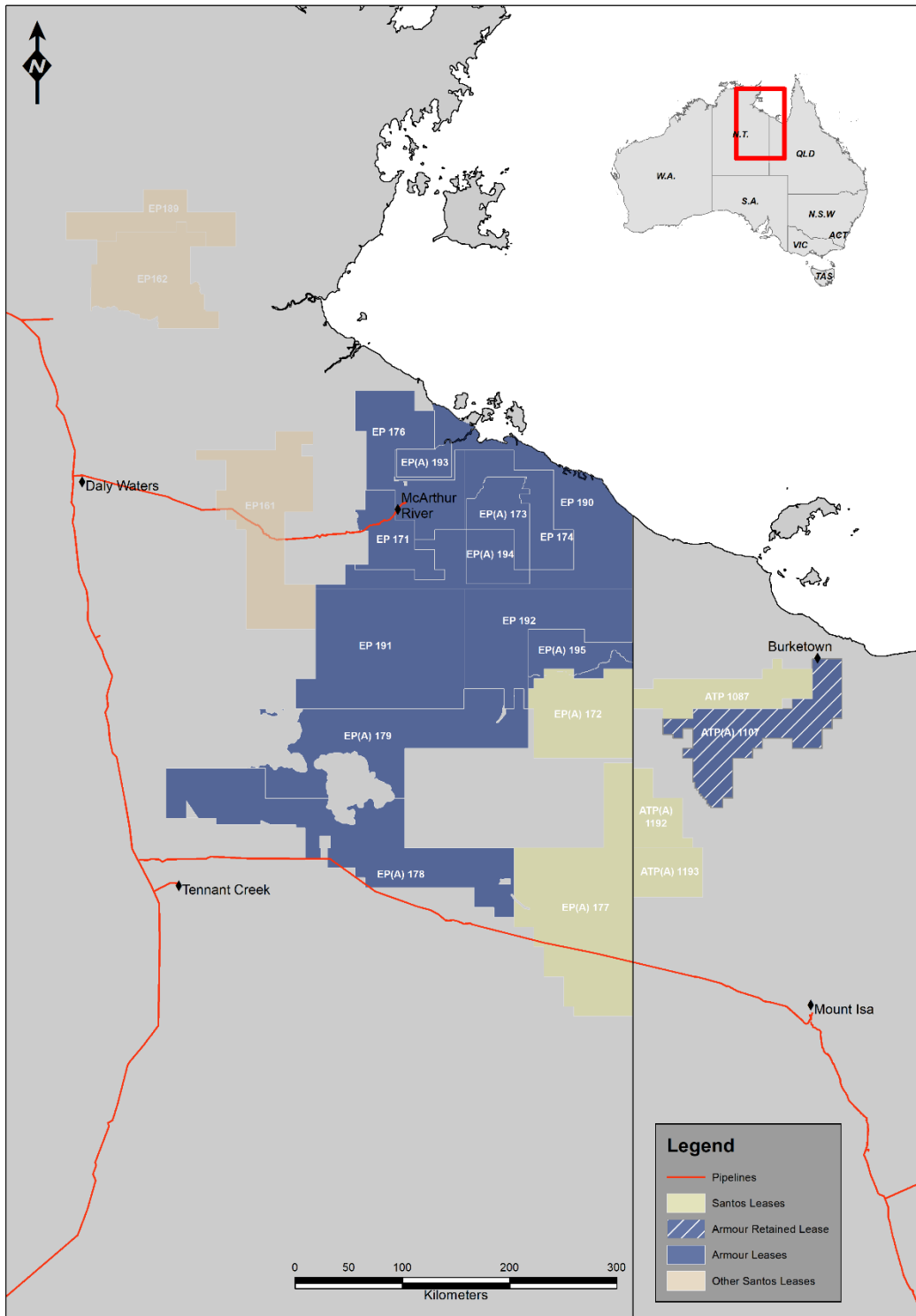
Website: ArmourEnergy.com.au

Twitter: @armour_energy

LinkedIn: [linkedin.com/company/armour-energy](https://www.linkedin.com/company/armour-energy)

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Map showing the Santos Farmin Permits within the green border