

Armour Energy (ASX:AJQ)

ASX Announcement

1 June 2022

Emissions Reduction Partnership and Acreage divestment to PZE Limited

HIGHLIGHTS:

- **Armour has agreed binding terms with PZE Limited for an emissions reduction partnership and a divestment of working interests in the Waldegrave JV and Snake Creek East JV.**
- **PZE Limited is a public, unlisted company focused on decarbonisation technologies which can be applied to the Waldegrave Project.**
- **Armour and PZE have agreed to collaborate to evaluate emissions reduction options within the Armour Surat Basin acreage, with up to \$300,000 to be funded by PZE on a prefeasibility study.**
- **PZE will acquire Armour's interest in the Waldegrave and Snake Creek East Projects for consideration valued at \$1.99 million, with the majority due in a milestone payment within 6 months. The transaction is subject to the satisfaction of various conditions including consents and approvals.**
- **The agreement also includes terms to toll, process and transport gas production through Armour's Kincora plant and pipeline to Wallumbilla.**

The Board of Directors of Armour Energy Limited (Armour; the Company; ASX:AJQ) are pleased to announce an emissions reduction partnership and acreage divestment with PZE Limited (PZE). The emissions reduction partnership will be an important step towards Armour's emissions reduction plan for the Surat Basin acreage. PZE's acquisition of acreage will stimulate upstream investment in the Surat and increase the volumes of gas processed through Armour's 100% owned infrastructure.

Emissions Reduction Study

The Emissions Reduction Study will evaluate emission reduction options within Armour's Surat Basin acreage. This will include evaluation of the use of depleted reservoirs for carbon dioxide storage, amongst other initiatives.

Waldegrave JV and Snake Creek East JV

Armour Energy held a 46.25% interest in the Waldegrave JV, comprising the petroleum licenses PL28, PL69, PL89, PL320W, PL12W. Armour Energy held a 25% interest in the Snake Creek East JV which comprises petroleum licenses PL 11 and PL11W. See Figure 1. PZE has agreed binding terms to acquire Armour's interests in these joint ventures. This follows PZE acquiring a 53.75% interest in the Waldegrave JV and a 75% interest in the Snake Creek East JV from Southernpec in early 2022.

The Waldegrave JV and Snake Creek East JV were not part of Armour's priority development plans. The execution of the Sale & Purchase Deed with PZE, will enable Armour to save on holding costs associated with the licences as well as benefit from future tolling revenue, with PZE targeting to re-instate production through Armour's Kincora Processing plant.

Commenting on the transaction, PZE's Chief Executive Officer, Tony Horvat said "We are pleased to have entered into this transaction with Armour. The Waldegrave project and the Armour/PZE emissions reduction prefeasibility study, together provide PZE with an opportunity to demonstrate its strategy to the market."

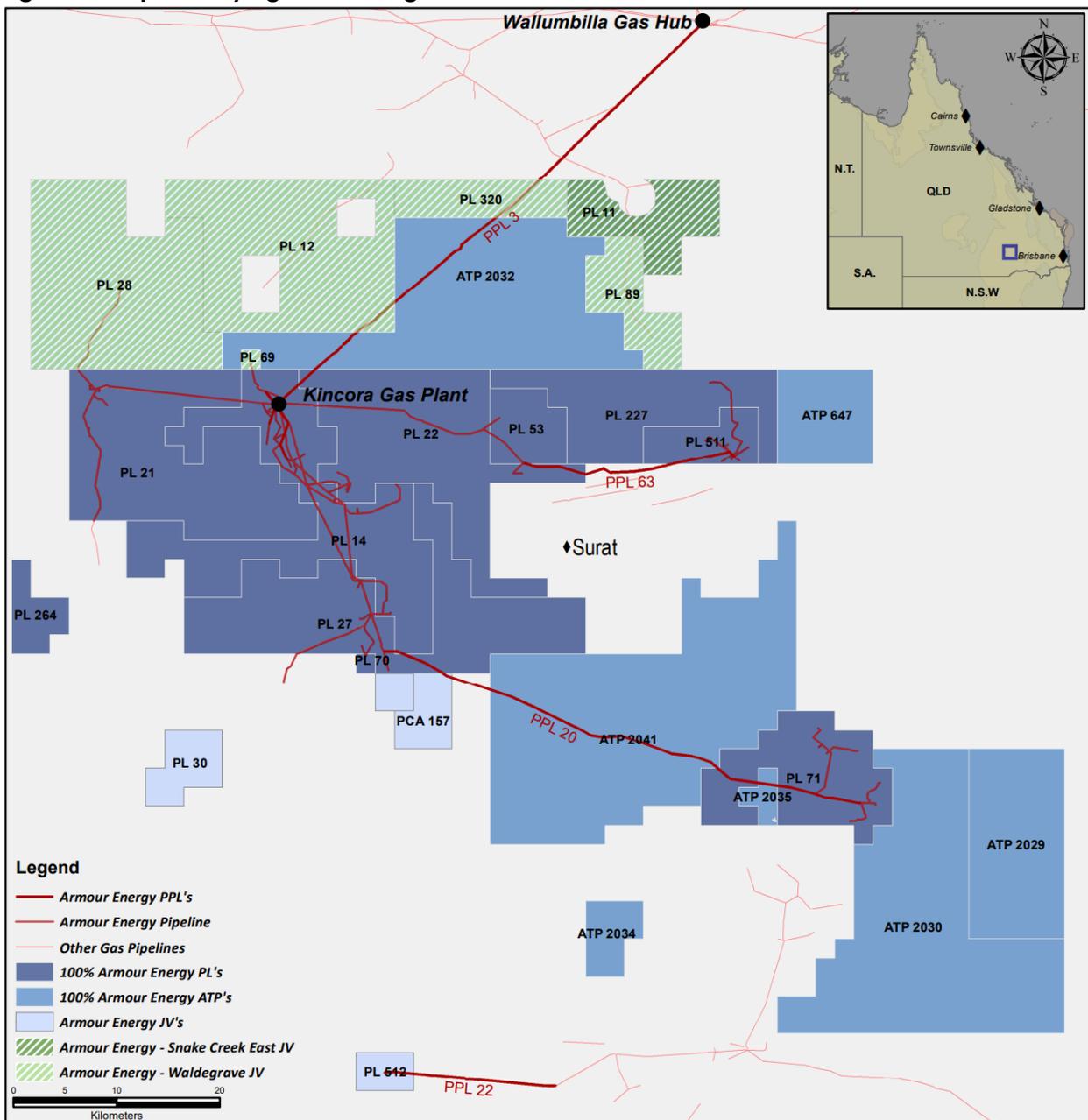
About PZE Limited

PZE (ACN 655 778 288) is a first-mover decarbonisation expert and investor – initially partnering and investing within the energy industry to reduce emissions across Australia. PZE focuses on proven abatement technologies, including Carbon Capture & Storage (CCS) and Carbon Farming to lower emissions, commercialised through the sale of carbon credits.

The company is targeting Australian east coast oil & gas projects and leveraging this expertise to participate in other high emitting industries such as power, steel, cement, and new markets for hydrogen.

PZE's vision is to be the partner of choice for industry to decarbonise emission intensive operations, enabling a net zero future. More information on PZE can be found on its website: www.pze.com.au

Figure 1: Map identifying the Waldegrave JV and Snake Creek East JV licenses.



This Announcement is Authorised by the Board of Directors

Natalie Climo

Company Secretary

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