



Armour Energy Limited

29 September 2017

First Gas Sales Milestone Achieved - Kincora Oil & Gas Project

The Board of Directors of Armour Energy Limited ("Armour", or "the Company", ASX: AJQ) is pleased to announce that commercial sales of gas from the Company's Kincora Project commenced this morning.

Commenting on this significant achievement for the Company, CEO Roger Cressey said, "We are delighted to have commenced first sales gas from the Kincora Project. This is a major milestone for Armour and a further step in our evolution toward becoming a significant oil and gas producer in the Roma region. The Armour team and its contractors are proud to have restarted production from this long established gas province, particularly at a time when the Australian eastern seaboard gas market is facing an acute supply shortfall. This is just the beginning for Armour in terms of gas production, and we look forward to contributing to the local region and more broadly to the east coast gas market as a steady and growing supplier for the long term."

As recently advised, re-commissioning of the dry gas circuit of the Kincora Gas Plant was an important first step toward the commencement of gas sales. With the Kincora to Wallumbilla pipeline and the new end of line facility at Wallumbilla now also operational, it has been possible to deliver gas to market. From next week gas sales are targeted at 5 TJ/day, with gas being sold under the Company's gas sales agreement with Australia Pacific LNG.

Gas is presently being produced from the Newstead gas storage facility, processed and compressed at Kincora, then delivered to market through the downstream pipeline facilities. The Newstead storage facility currently holds approximately 2.3 PJ of treated gas that currently requires only minimal re-processing (dehydration) to ensure compliance with the sales gas specification.

The next stage of Phase 1 of the Kincora restart project will involve ramp-up of gas production from existing wells which are currently shut-in. This gas will be treated by the wet gas circuit (ie. the LPG and condensate systems) at the Kincora Gas Plant. Restart work on the wet gas circuit is underway and is expected to be completed by December 2017 (see **Figure 1**, over). Once the commissioning of the wet gas circuit at Kincora and the balance of field infrastructure (ie. gathering flowlines and field compressors) is completed, the Company plans to increase gas production to 9 TJ/day.

As previously reported, Phase 2 of the restart project will involve drilling of new wells plus workovers and stimulations of existing wells. This, together with any necessary further work on the Kincora Gas Plant, will allow gas production to be ramped up to 20 TJ/day over the next 12 to 18 months.

The Board of Directors will further update the market as the Kincora restart program continues to progress.

A handwritten signature in blue ink, appearing to read "K. Schlobohm".

On behalf of the board
Karl Schlobohm
Company Secretary

Target schedule	2Q16			3Q16			4Q16			1Q17			2Q17			3Q17			4Q17		
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1 Restart planning and estimate																					
2 Site preparation & Operational Readiness																					
3 Emu Apple Oil (inspections, tests, restart)																					
4 First Oil (despatch)																					
5 PPL3 IP run, data evaluation, Restart risk assessment, Connection agreement																					
6 PPL3 repairs																					
7 PPL3 end of line modifications																					
8 Phase 1 (restart) - commence production and ramp-up to 9TJ/day																					
8.1 Restart of Newstead gas process stream																					
8.2 First Gas Sales - ex Newstead																					
8.3 Kincora Gas Plant - LPG system (restart)																					
8.4 Restart field production (restart existing 22 wells)																					
8.5 LPG & Condensate Production & Sales																					
9 Phase 2 (new wells) - ramp-up to 20TJ/day over 12 to 18 months after first gas																					

Figure 1 – Kincora restart program

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