



## Armour Energy Limited

28 March 2018

### Armour to receive \$6 million funding under the Federal Government Gas Acceleration Program

#### Highlights:

- Minister for Resources and Northern Australia has today announced that Armour will receive grant funding under Round 1 of the Federal Government funded Gas Acceleration Program.
- The \$6 million grant will enable accelerated drilling of three production wells on Armour's Kincora Gas Project.
- Armour estimates this will allow domestic delivery of 6.9 PJ of gas to commence within the program horizon (by 30 June 2020).

Armour Energy Limited (**Armour**, ASX:AJQ) is pleased to advise that the Minister of Resources and North Australia, Senator the Hon Matt Canavan has today announced that Armour has been successful in its application for \$6m funding under the Federal Government's Gas Acceleration Program (GAP).

This Federal Government program is designed to provide businesses with funding grants to accelerate the responsible development of onshore natural gas for domestic gas consumers, and has a stated objective to support projects with the greatest likelihood of securing new and significant volumes of gas by 30 June 2020.

Senator Matt Canavan, Minister for Resources and Northern Australia, in announcing Armour as one of the four successful grant recipients said ***"The GAP is fast tracking projects with the best prospects of bringing significant new gas volumes to target markets by mid-2020."*** A copy of the Minister's press release is attached.

Commenting on this announcement, Armour's CEO Roger Cressey said, ***"This is a great initiative of the Federal Government to facilitate the increase of the supply of gas to the East Coast market and this funding will allow Armour Energy to accelerate its production drilling program, which will result in earlier gas delivery from our project. We are obviously excited to be announced as a recipient of this funding grant, and pleased with the Government's confidence in Armour's ability to assist with solving the current East Coast gas supply shortfall issues. We look forward to finalising arrangements with the Government over the coming weeks."***

***The timing of the GAP grant is very helpful for Armour. At the end of December 2017, the Company successfully restarted the Kincora Gas Plant and is now delivering 9 TJ/day of gas to the East Coast market. Armour is currently performing engineering studies on the Kincora Gas Plant, and with drilling the three accelerated production wells, expects to hit its Phase 2 production target of 20 TJ/day within the next 12 months."***

The GAP grant will enable Armour to accelerate development of its Kincora reserves by accelerating the delivery of 3 production wells in the 2018/2019 drilling program. This will assist the Company to bring forward the delivery of an estimated 6.9 PJ of gas in the GAP program horizon (by 30 June 2020) and 14 PJ of gas over the life of the wells. This production is scheduled to come from the Company's existing Kincora reserves as published in detail on 3 April 2017.

In its application for the GAP funding grant, Armour demonstrated that it has the essential building blocks to bring significant volumes of gas to market. These building blocks include the Company's proven resources on the Roma Shelf, existing surface infrastructure and gas processing facilities, connection to the East Coast domestic market through the Roma Brisbane Pipeline, and commercial agreements in place for the supply and sales of gas.

The Kincora Gas Plant and field infrastructure has sufficient existing capacity to process the raw gas from the accelerated well program, producing sales quality gas, plus condensate and LPG. All products are delivered to the domestic market.

The Kincora GAP project will deliver the following outcomes following conclusion of the project milestones:

- Accelerated delivery of three wells thereby increasing production in the Kincora Project area;
- Increased utilisation of Armour's gas transportation and processing facilities;
- Increased efficiency through utilisation of existing transportation and processing capacity;
- Reduced unit cost of production; and
- Providing the opportunity for Armour to accelerate facility upgrades and thereby accelerate further gas production for the domestic market.

Armour is presently producing and selling gas at 9 TJ/day from its Kincora Gas Project, from existing wells across its 100% held tenements plus its Newstead gas storage facility. This gas is being sold under the Company's gas sales agreement with Australia Pacific LNG. Armour is also enjoying significant liquids production of light oil or condensate and LPG in the restarted wells on the Kincora Project, and this is an important contributor to growing positive cash flows.

As previously reported, Phase 2 of Armour growth strategy involves the drilling of new wells to allow gas production to be ramped up to 20 TJ/day over the next 12 months. Funding from the Federal Government's GAP grant will be a significant enabler for the Company to achieve this objective.

Over the coming weeks, Armour expects to finalise the grant funding arrangement with the Government. The Board looks forward to providing updates to the market as we progress the GAP grant process and the field development activities to be funded under the program.



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.



**SENATOR THE HON MATTHEW CANAVAN**  
**Minister for Resources and Northern Australia**

**MEDIA RELEASE**

28 March 2018

**NEW EAST COAST SUPPLY FROM GAS ACCELERATION PROGRAM**

The East Coast gas market will be boosted with additional supplies of gas from four projects to be funded under the Australian Government's \$26 million Gas Acceleration Program (GAP).

Minister for Resources and Northern Australia Matt Canavan said the projects would supply an extra 12.4 petajoules of new gas to the East Coast market by 30 June 2020 and an extra 27.6 petajoules over five years.

Minister Canavan said this extra supply would help safeguard Australia's future gas security.

"Gas is vital to Australia's energy security as a fuel, as a feedstock for industry, and as a source of energy generation," Minister Canavan said.

"We must continue to invest in the gas sector to ensure a secure, reliable and affordable gas supply. Bringing more gas to market will help Australian businesses remain competitive, create more jobs and reduce cost of living pressures on all Australians.

"While Australian Government measures like the Australian Domestic Gas Security Mechanism and the Prime Minister's agreement with LNG exporters in October 2017 have helped to address domestic gas supply in the short term, the only way to provide gas security into the future is by increasing the supply of gas through increased development.

"We can access our plentiful gas resources in a responsible and balanced way, using the best available science. I encourage all States and Territories with limitations on gas projects to rethink their blanket bans.

"The GAP is fast tracking projects with the best prospects of bringing significant new gas volumes to target markets by mid-2020."

The funded projects include:

- the Kincora Gas Acceleration Project—Armour Energy (Surat Basin) Pty Ltd—will receive a \$6 million grant towards a \$16.1 million project to drill three additional production wells at the Kincora Gas Plant in Queensland, delivering an estimated

6.9 petajoules of gas by June 2020 into the Roma Brisbane Pipeline, supplying the Brisbane, Gold Coast and other southern Queensland markets. The project is expected to deliver an additional 14 petajoules of gas over the life of the accelerated wells.

- the Greater Meridian Domestic Gas Acceleration Project—Westside Corporation Pty Ltd—will receive a \$6 million grant towards its \$14.3 million project to drill 10 additional single lateral wells in Queensland’s Bowen Basin. The GAP funding brings these works forward from 2021, and will deliver to the domestic market an estimated 1.7 petajoules of gas by June 2020, and 12 petajoules over the economic life of the wells.
- a \$6 million grant for Beach Energy Ltd (Adelaide Energy Pty Ltd) a \$22.6 million project to construct a new Katnook Gas Processing Facility with the potential to process up to 10 terajoule per day of gas from a recent discovery well in the Otway Basin, South Australia. This will accelerate supply to the local South East South Australian market and help facilitate exploration of other targets in the region.
- a \$6 million grant for a \$16.3 million project by Tri-Star Fairfields to develop four new wells west of Rolleston, Queensland, producing an estimated 3.9 terajoules per day by 2019. These wells, adjacent to proven gas fields in the Bowen Basin, are the first stage of a longer term project to develop 500 new wells delivering around 1,719 petajoules over the project life.

“The GAP is a significant component of the Australian Government’s \$90 million investment in gas security, reliability and affordability for Australian gas users,” Minister Canavan said.

For more information, visit [www.business.gov.au/gap](http://www.business.gov.au/gap)

**Media contact: Minister Canavan’s office 02 6277 7180**