



## Armour Energy Limited

4 April 2018

### Convertible Note Interest Payment

Armour Energy Limited (**Armour**, ASX:AJQ) is pleased to announce that the Board has resolved to cash settle the Convertible Note interest liability for the six month period ended 31 March 2018.

The decision to elect to pay interest on the Convertible Notes in cash, rather than via the issue of further Convertible Notes, reflects the Company's completion of Phase 1 of its growth strategy and its transition to an oil and gas production Company generating reliable cashflows.

This successful transition has been highlighted by a number of factors, including:

- the Kincora Gas Plant has been reliably producing at a rate of 9 TJ/day for the last 50 days. All of this gas has been sold under the Company's current sales contract with APLNG, as previously advised to the market;
- the restart of the existing field compression plant is progressing well, with the recommissioning of the balance of plant planned to be completed in the coming weeks and production from existing wells is expected to be able to be increased at that time;
- at 9 TJ/day, operating revenue from the sale of gas, oil, LPG and condensate generates approximately \$2 million in revenue per month and at this level, the business is expected to be cashflow positive from operations;
- the recently announced \$6 million grant from the Federal Government's Gas Acceleration Program will allow the Company to accelerate its production drilling program, which will lead to greater gas production and cashflows.

***"We are pleased that following the successful completion of the restart of the Kincora Gas Plant and its associated infrastructure that the Kincora Gas Project operations are now providing cashflow to service the Convertible Note interest liability. We are proud of our achievements to date, and have a high degree of confidence in the Kincora Gas Project's potential. We are now in Phase 2 of our growth strategy for the the Project and we also feel that our confidence in the Project is shared at the Federal and State Government levels, demonstrated through the Gas Acceleration Program grant award and the recent granting to us of further exploration acreage in the Surat basin"*** said Nick Mather, Executive Chairman, Armour Energy Limited.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", with a long horizontal flourish extending to the right.

On behalf of the board  
Karl Schlobohm  
Company Secretary

#### For further information contact:

Roger Cressey – CEO  
07 – 3303 0620

Karl Schlobohm – Company Secretary  
07-3303 0661