



Armour Energy Limited

21 December 2018

Formal award of Petroleum Acreage near the Kincora Production Facilities, as part of the Roma Shelf Project

Armour Energy Limited (**Armour**, ASX:AJQ) is pleased to announce that the Queensland Department of Natural Resources, Mines and Energy (DNRME) has formally awarded three exploration blocks which now form part of Armour's Roma Shelf Project, in the Surat Basin. The Company has been notified by DNRME that the applications ATP2034, ATP2035 and ATP2041 as shown on the attached map, have now been formally awarded to Armour Energy. These areas are considered to be highly prospective and are in proximity to the existing gas infrastructure associated with the Kincora Gas Plant.

Following notification by DNRME, Armour Energy's CEO, Mr Roger Cressey stated: ***"The Company is pleased that these tenures have been awarded to Armour Energy by the Minister for Natural Resources, Mines and Energy, and once again we thank him for his ongoing support of Armour Energy as a company that is focused on the ongoing development and supply of natural gas to the Eastern Australian domestic gas market."***

"Armour considers this tenure, in particular ATP2041, to be a significant award. Armour originally lodged the Expression of Interest to DNRME for this tenure, and the adjoining tenure, to be publicly tendered. While Armour was not successful in the award of both blocks, the fact that the adjoining block to ATP2041 was awarded to a Santos Shell Joint Venture validates Armour's belief that Roma Shelf still holds great potential, which may support the development of a significant new hydrocarbon project in the region."

Armour notes that Santos' CEO Mr Kevin Gallagher, upon notification of its JV with Shell being appointed the preferred tenderer of the Authority to Prospect adjoining Armour's ATP2041, was quoted in the Australian Financial Review¹ stating "If the play works then we [Santos Shell JV] believe there is multi-TCF potential across it". Armour also believes that this region has a multi-TCF potential to support a much larger project, and the Company will be working diligently to explore and prove-up the resource over the next four years" said Mr Cressey.

Kincora Maintenance and Refurbishment Project Update

Armour has just completed its second major plant shutdown for maintenance and refurbishment activities on the Kincora Gas Plant, and has brought the plant back on-line this week into full operations with up to 10TJ/d of gas production through the plant from the existing petroleum wells across Armour's production assets.

Armour's plan is to increase production through the plant up to 15TJ/d over the coming weeks to enable supply of gas to the market at times of peak demand. To achieve increased rates, gas production will be from existing wells, including recently drilled wells, plus some gas drawn from the Newstead Storage Facility. This will provide Armour with the opportunity to maximise returns during the summer peak period. Armour's Board and Management Team are pleased with the way that the recommissioned Kincora Facility has performed this year – testament to the experience of the staff who operate the field and facility.

¹ Noted in the Australian Financial Review, "Shell and Santos back Queensland gas reservation" published on 15th November 2018

2018 Review

As noted at the company's Annual General Meeting in November, during 2018 the Company has achieved several important milestones in its ongoing development. These have included:

- **Recommissioning of the LPG system** – permitting the output of sales gas to be increased to 9 TJ/d early Feb 2018. This also provided the ability to raise revenue from the plant through the ongoing sale of LPG at Saudi Benchmark-linked pricing.
- **Implementation of maintenance systems and programs** - for pipelines, compressors and other satellite facilities, resulting in the recommissioning of additional heritage wells from the field.
- **Australian Government Gas Acceleration Program (GAP) Grant** – Armour awarded grant funding of up to \$6m.
- **\$6.8 million Environmental Bonding Funding Facility Obtained** – The Tribeca Facility – per Armour's Announcement to the ASX of the 2 August 2018.
- **Successful completion of an Accelerated Non-Renounceable Entitlement Issue** – Armour's 1:4 entitlement offer raised \$10.1m.
- **Acquisition of further acreage near Armour's Kincora Gas Project:**
 - ATP 2029 – acquisition from Ausam Resources.
 - ATP 2032 – awarded via DNRME competitive tender - domestic gas supply block.
 - ATP 2034 and 2035 – awarded via DNRME competitive tender.
 - ATP 2030 - awarded via DNRME competitive tender.
 - ATP 2041 - awarded via DNRME competitive tender.
- **The successful drilling and connection of Myall Creek 4A Well** – the first well under GAP grant.
- **Myall Creek 5A Well – drilled** - second well under GAP grant.
- **Updated Resource Statement for Kincora Project** - 8% increase in 2P reserves; new 2C Contingent Resources of 29.3 PJs and new Best Estimate Prospective Resources of 129PJs ².
- **Updated Reserves** - 40% increase in 2P Reserves in Myall Creek Field, with Armour's total 2P reserves now 79.3PJ ².

Ongoing Development

Armour is currently in Phase 3 of its Growth Strategy, which involves the drilling of new wells together with investigations into the workover and stimulation 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.

Armour is also enjoying 170 barrels per day in liquids production of light oil or condensate and 14 tons per day of LPG from the restarted wells on the Kincora Project. In addition to gas sales these products are important contributors to growing positive cash flows.

² Source: ASX Announcement 30 October 2018



In achieving the 2018 milestones and with a view to the future development, the Board of Armour wishes to acknowledge and thank our shareholders for their support and the ongoing contributions made towards Armour Energy.

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

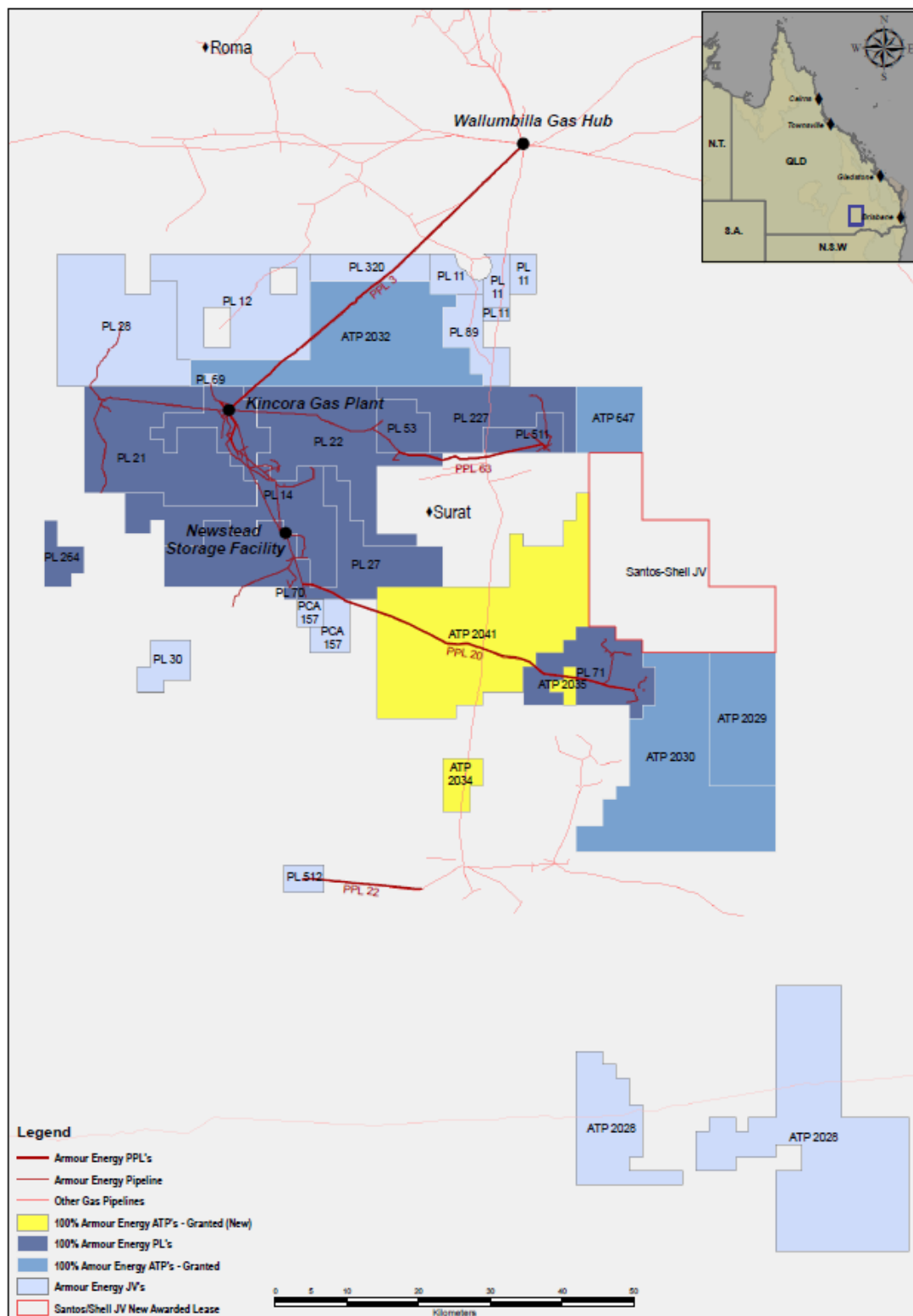
On behalf of the board
Karl Schlobohm
Company Secretary

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Figure 1: Map showing Armour's Roma Shelf, Surat Basin leases including ATP2034, ATP2035 and ATP2041



Tenement	Armour Operated	Armour Interest
PL 14	*	100%
PL 53	*	100%
PL 70	*	100%
PL 511	*	100%
PL 227	*	100%
PPL 3	*	100%
PPL 20	*	100%
PPL 63	*	100%
Newstead Gas Storage	*	100%
PL 21	*	100%
PL 22	*	100%
PL 27	*	100%
PL 71 (production)	*	100%
PL 264	*	100%
PL 30	*	90%
PL 512	*	84%
PPL 22	*	84%
PL 71 (exploration)	*	80%
ATP 1190 (Weribone)	*	50.64%
ATP 754	*	50%
ATP 647	*	100%
PL 28		46.25%
PL 69		46.25%
PL 89		46.25%
PL 320W		46.25%
PL 11W		46.25%
PL 12 W		46.25%
PL 11 Snake Creek East Exclusion Zone		25%
ATP 1190 (Bainbilla)		24.748%
ATP2028	*	50%
ATP2029	*	100%
ATP2030	*	100%
ATP2032	*	100%
ATP2034	*	100%
ATP2035	*	100%
ATP2041	*	100%

Table 1: Armour Tenements in the Roma Shelf



Competent Persons Statement

Consents

The Reserves information in this ASX release is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Dr Bruce McConachie. Dr McConachie is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd and has a PhD (Geology) from QUT and is a member of AusIMM, AAPG, PESA and SPE. The Resources information in this ASX announcement was issued with the prior written consent of Dr McConachie in the form and context in which it appears.

The Reserves review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines 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 hydrocarbon exploration & production in the US and multiple international basins. Mr. Titus meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this release.

SPE-PRMS

Society of Petroleum Engineer's Petroleum Resource Management System - Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations, resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

PRMS provides guidelines for the evaluation and reporting of petroleum reserves and resources.

Under PRMS

"Reserves" are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

"Contingent Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

"Prospective Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both a chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

The estimated quantities of petroleum that may potentially be recovered by the application of future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.