



Armour Overview - April 2019



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Statements in this presentation as to gas and mineral resources has been compiled from data provided by Armour's Chief Geologist, Mr Luke Titus. 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. Mr Titus' has over 20 years of relevant experience in both conventional and unconventional petroleum exploration in various international hydrocarbon basins. Mr Titus has sufficient experience that is relevant to Armour's reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules 5.11. Mr Titus consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.



About Armour Energy



Australian Producer of Gas, LPG, Condensate and Oil

Long Life Production Assets

Operating Facility in Strong Commercial Environment

Current and Future Drilling Programs

Commanding Acreage Position and Portfolio

Vast Under-explored Opportunities

Armour Energy - Onshore Projects Summary

Premier Assets and Proven Operational Execution



Kincora Project

- Natural gas, LPG, Oil & Condensate production and development

North QLD & Northern Territory

- Conventional & unconventional exploration and future production

Victoria Onshore Conventional

- Possible exploration & appraisal

Uganda – Albertine Graben

- Oil exploration

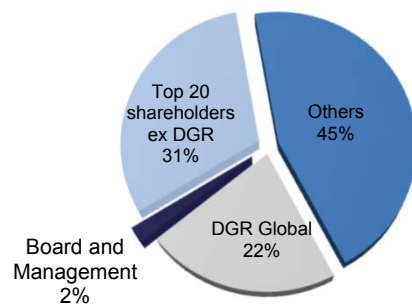
Armour Energy's Capital Structure - Snapshot



Capital Structure

ASX Code:	AJQ
Shares (Ordinary)⁽ⁱ⁾	507m
Options (unlisted)⁽ⁱ⁾	61m
Corporate Bond	\$55m
Share Price⁽ⁱⁱ⁾	9.0 cents
Market Capitalisation	~\$45m
Cash on hand (31 December 2018)	~\$7.8m
Number of Shareholders	~1,700

Share Register



Management Team – Proven Oil and Gas Professionals

- Roger Cressey Chief Executive Officer
- Richard Aden Chief Financial Officer
- Nathan Rayner Chief Operating Officer
- Richard Fenton General Manager – Corporate Affairs
- Luke Titus Chief Geologist

Share Price Performance (1 year)



(i) Source: <https://www.armourenergy.com.au/capital-structure/>

(ii) Armour Energy share price as at 01/04/2019

Kincora Gas Project

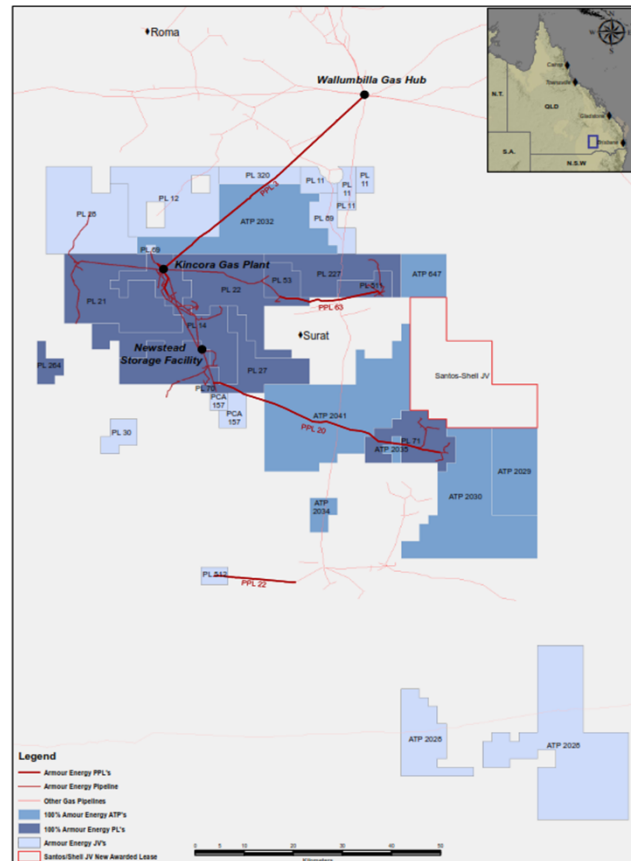


Armour's Kincora Gas Project



- Kincora discoveries made in the mid-70's
- Sales Gas Pipeline (PPL3) constructed in 1977
- Kincora Gas Plant – originally commissioned in 1985 by Hartogen
- Restarted dry gas circuit – Armour Energy Sep 2017
- Recommissioned with gas from the Newstead Storage facility
- Restarted wet gas circuit – Dec 2017
- Current production up to 12TJ/day and focus on increasing to 20TJ/d in 2019
- Oil & Condensate sales – 170bbl/day
- LPG Sales – 14 tonnes per day

Armour's Roma Shelf Surat Acreage



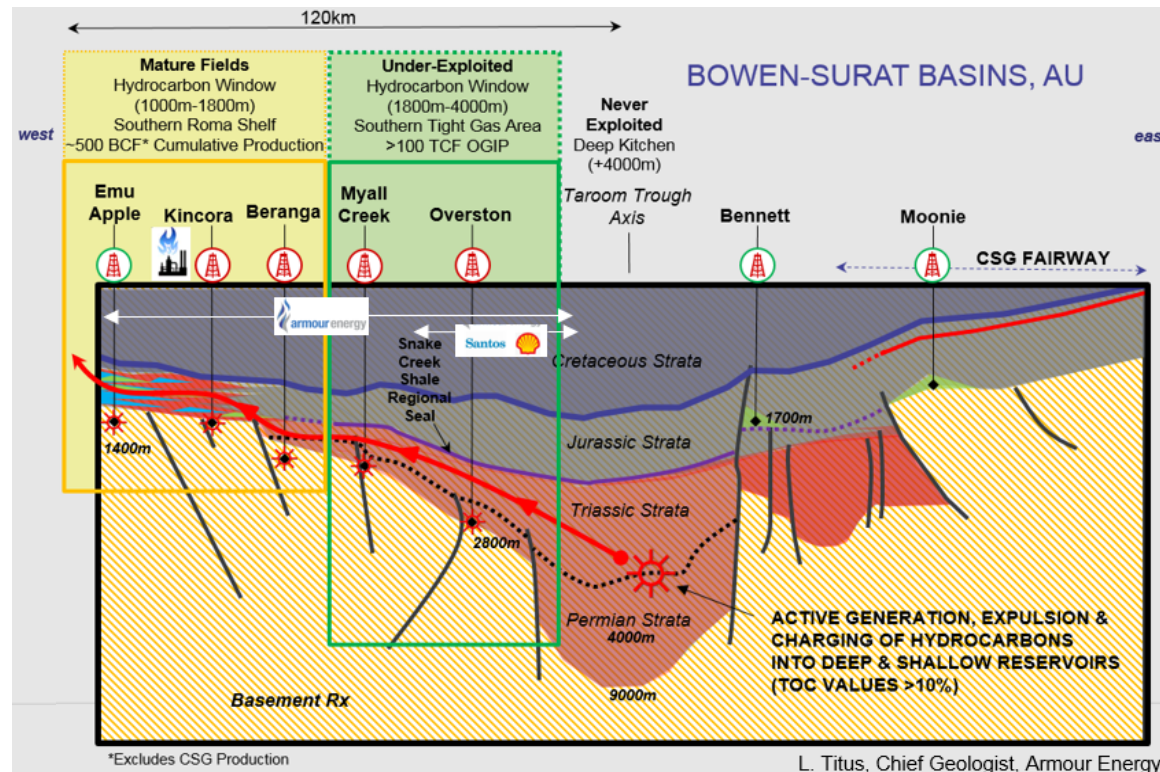
Exploration is in Armour's DNA

Armour's Kincora Project includes:

- 100% Owned and Operated Petroleum Licences (PL) and Pipelines
- 100% Owned and Operated ATPs (Authority to Prospect)
- Significant number of prospects and leads in the inventory
- Granted two new domestic blocks by the Qld government in 2018
- Recently awarded ATP 2041, 2034 and 2035
- ATP 2041 adjacent to newly granted Santos & Shell 50:50 JV
- 2090km² of Exploration acreage
- Exploration acreage located near existing infrastructure with access to market

Vast, prospective acreage in a known gas province

Kincora Project Phase 4 - Multi TCF Gas-in-Place



- Armour's significant acreage position incorporates an immense volume of over-pressured, continuous hydrocarbon-saturated tight Triassic and Permian reservoir section
- Armour is preparing a Field Development Plan aiming to prove the potential multi-TCF Play
- According to the Santos- Shell JV ATP adjoining Armour's ATP(A)2041, Santos (as operator) confirms the resources potential:

"If the play works then we believe there is multi-TCF potential across it"

Santos chief executive Kevin Gallagher
Australian Financial Review. 15 November 2018

Kincora Project – Myall Creek Development



- Myall Creek 4A well - 5 stage hydraulic stimulation completed in the gas-rich Tinowon / Rewan / Black Alley formations = gas and condensate production
- Myall Creek 5A = High permeability, high porosity, virgin over-pressed conventional discovery in the Basal Rewan and Lower Tinowon Sandstones + high gas saturation in tight section of Upper Tinowon which will require stimulation
- The photo (below) taken on 7 August 2018 shows flaring of gas during flow back operations on Myall Creek 4A
- Rapid gas to market through Armour owned gas pipelines via the Kincora Gas Plant and into Wallumbilla
- Investment in new wells will result in near-term gas to market



Kincora Project - Certified Reserves



Armour has a 5 year development plan to maintain production profile and reserve replacement ratio.

Total Reserves – Kincora Project ⁽¹⁾	1P	2P (1P+2P)	3P (1P+2P+3P)
Estimated Net Total Gas (BCF)	34.8	108.7	258.5
Estimated Net Total Gas (PJ)	39.6	123.6	294.0
LPG Yield (Tonne)	81,770	255,303	607,019
Condensate Yield (BBL)	393,524	1,228,670	2,921,336

Notes:

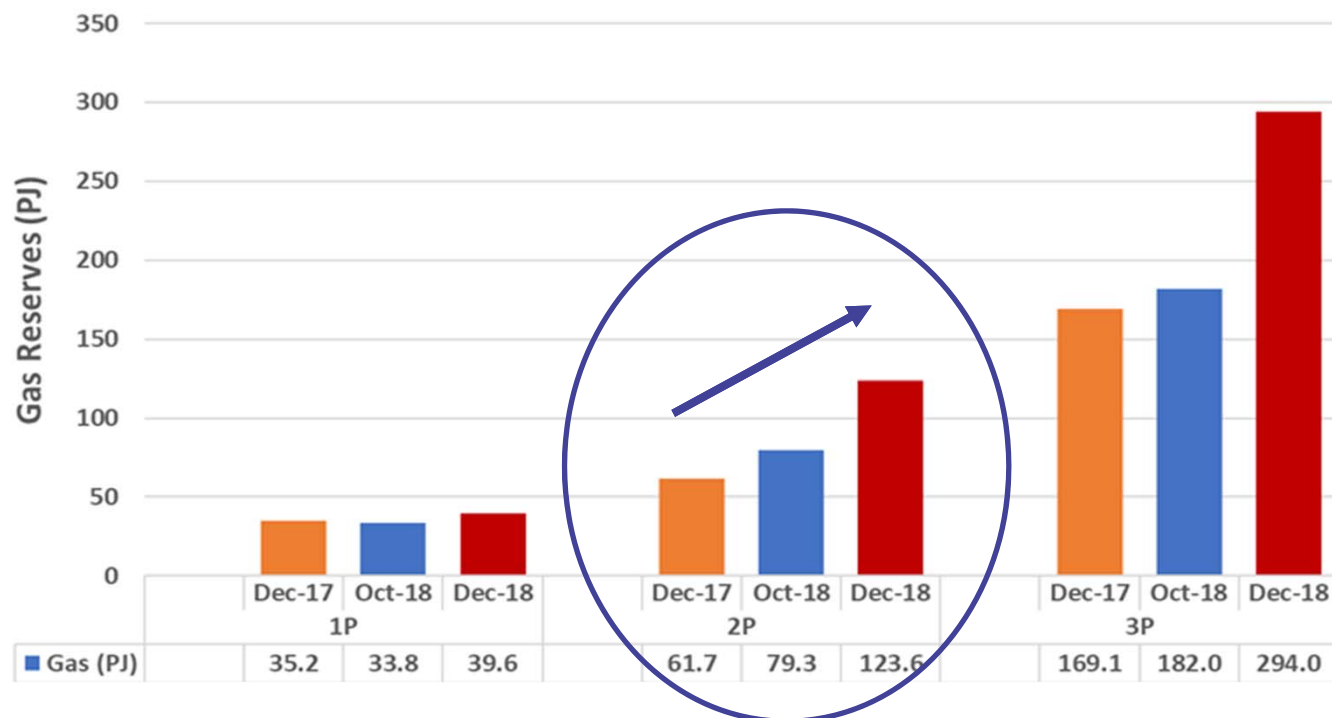
- 100% Armour Reserves
- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on a risked net basis with historical production removed.
- Petroleum reserves are stated inclusive of previous reported estimates.
- Petroleum Reserves have no deduction applied for gas used to run the process plant estimated at 7%.
- BCF = billion cubic feet, LPG = liquefied petroleum gas, PJ = petajoules, kbbbl = thousand barrels, kTonne = thousand tonnes; Conversion 1.055 PJ/BCF.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2065 tonnes/petajoules, Condensate Yield 9938 barrels/petajoules.

⁽¹⁾ Source: Armour Energy ASX Announcement on 18 February 2019

Kincora Project - Certified Reserves



Armour Gas Reserves



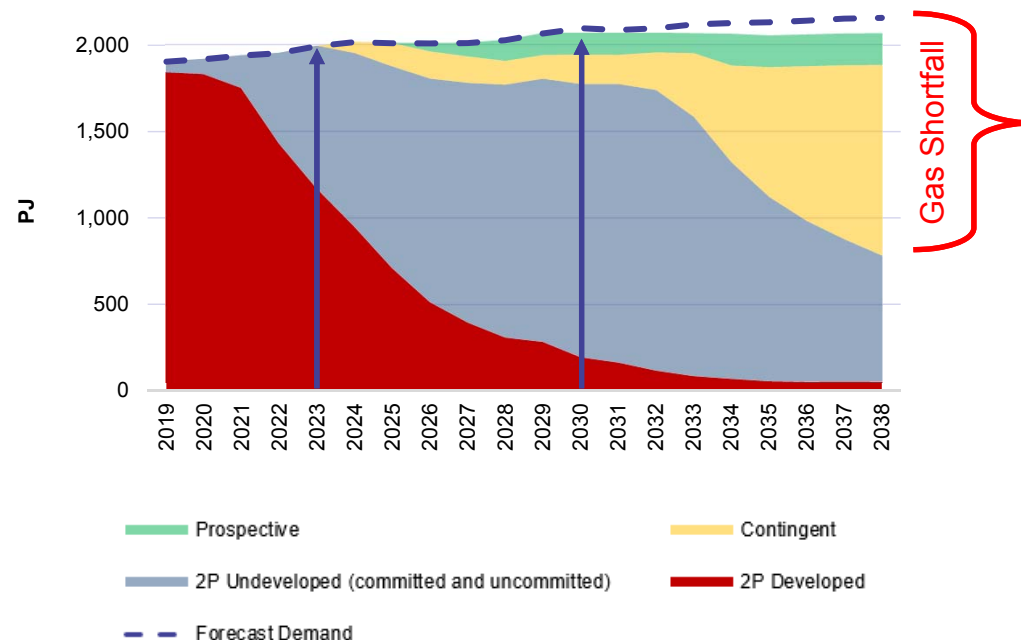
Notes:

- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on a risked net basis with historical production removed.
- All reserves are listed 100% Armour (reserves exclude Waldgrave JV area)
- Petroleum Reserves have no deduction applied for gas used to run the process plant estimated at 7%.
- BSCF = billion cubic feet, PJ = petajoules, bbls = barrels, gas conversion 1.137 PJ/BCF.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2065 tonnes/petajoule, Condensate Yield 9938 barrels/petajoule.

⁽¹⁾ Source: Armour Energy ASX Announcement on 18 February 2019

Eastern Australia Gas Demand – New Gas Discoveries and Developments are Required

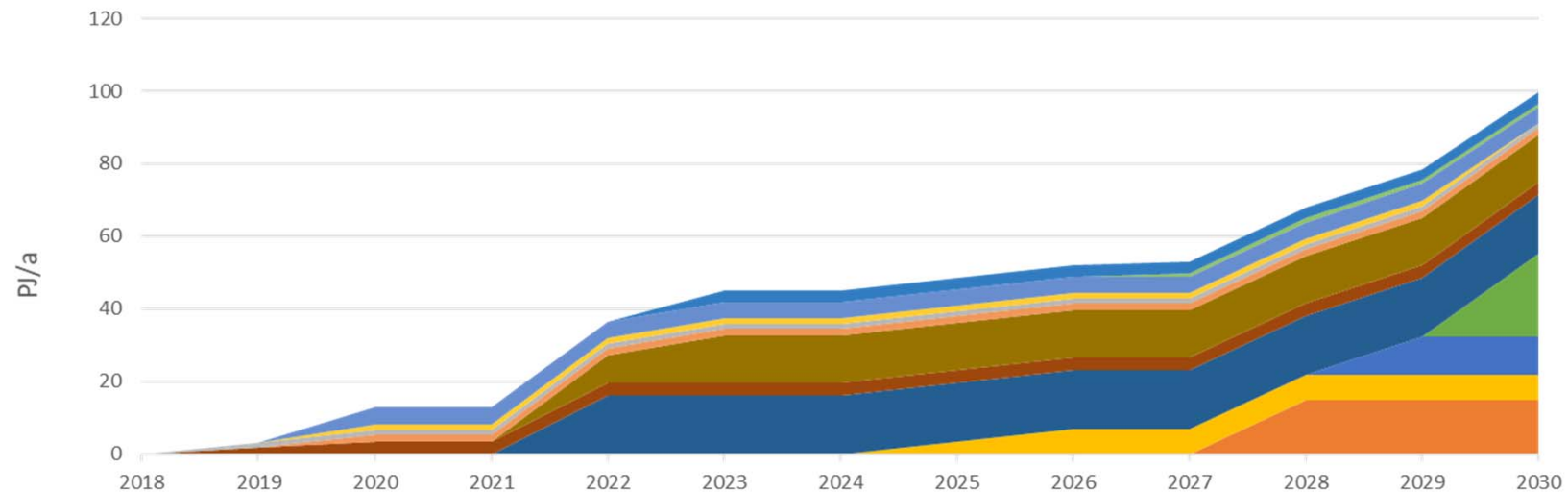
Projected eastern and south-eastern Australia gas production (export LNG and domestic), 2019-38; supply from all available resources (including uncertain undeveloped projects)



- Two predicted shortfall events in the near future.
- The first is forecast to occur in 2023-24 based on decline of developed 2P reserves.
- The second shortfall event is forecast to commence in 2030.
- Meeting demand under the current scenarios assumes the continued exploration and development / conversion of Contingent and Prospective resources.
- Given the lead time for development of gas projects from exploration to production of ~5 years, projects such as Armour's that are close to infrastructure and market are high value and important.
- New Resources and Reserves and Critical

⁽¹⁾ Source: Australian Energy Market Operator (AEMO) – Gas Statement of Opportunities 2019

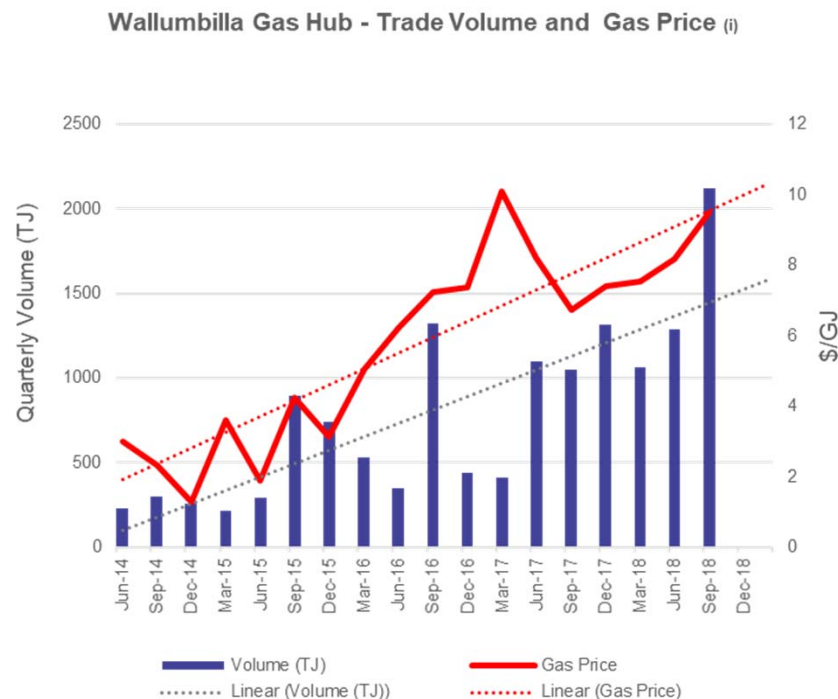
Queensland Domestic Gas Demand – Volumes Yet To Be Contracted



- A number of long term gas contracts will expire between 2018 – 2030, for which replacement or new gas is required to be contracted
- As many observers note there appears to be an increase in demand from 2021
- *If predictions are correct and the resources / reserves of CSG will not fully sustain LNG projects from 2025 then it is conceivable that domestic contracts currently fulfilled with CSG will be need to be replaced with conventional gas as CSG production is diverted to meet LNG production*
- *Increased exploration leading to new discoveries and reserves replacement is essential*

Source : Department of Natural Resources Mines and Energy (2017), and private research conducted by Armour Energy using publicly available information.

Australian East Coast Gas Prices and Forecast



Source : (i) AER wholesale statistics – (ii) STTM quarterly prices average daily weighted prices by quarter
 (ii) Oakley Greenwood, *Gas Price Trends Review 2017*
 (iii) To be able to sell this gas Armour will have to spend additional capex on Facilities and Development Wells
 (iv) Value based on \$9.0/GJ Wallumbilla Gas Price as per Oakley Greenwood *Gas Price Trends Review 2017*

- Armour is contracted to Australia Pacific LNG for the supply of up to 3.65PJ per year for 5 years
- For production volumes beyond this, Armour will be able to take advantage of the strong east coast gas market
- Wallumbilla Gas Price has continued to increase in addition to quarterly volume increases
- In 2017, the average gas price delivered to Brisbane/South East Queensland large industrial customers was \$9.69/GJ⁽ⁱⁱ⁾ of which:
 - \$9.00/GJ (93%) was the wholesale gas cost and ⁽ⁱⁱ⁾
 - \$0.69/GJ (7%) was pipeline transportation costs ⁽ⁱⁱ⁾
- Increasing reserves based on drilling new wells increases current uncontracted volumes

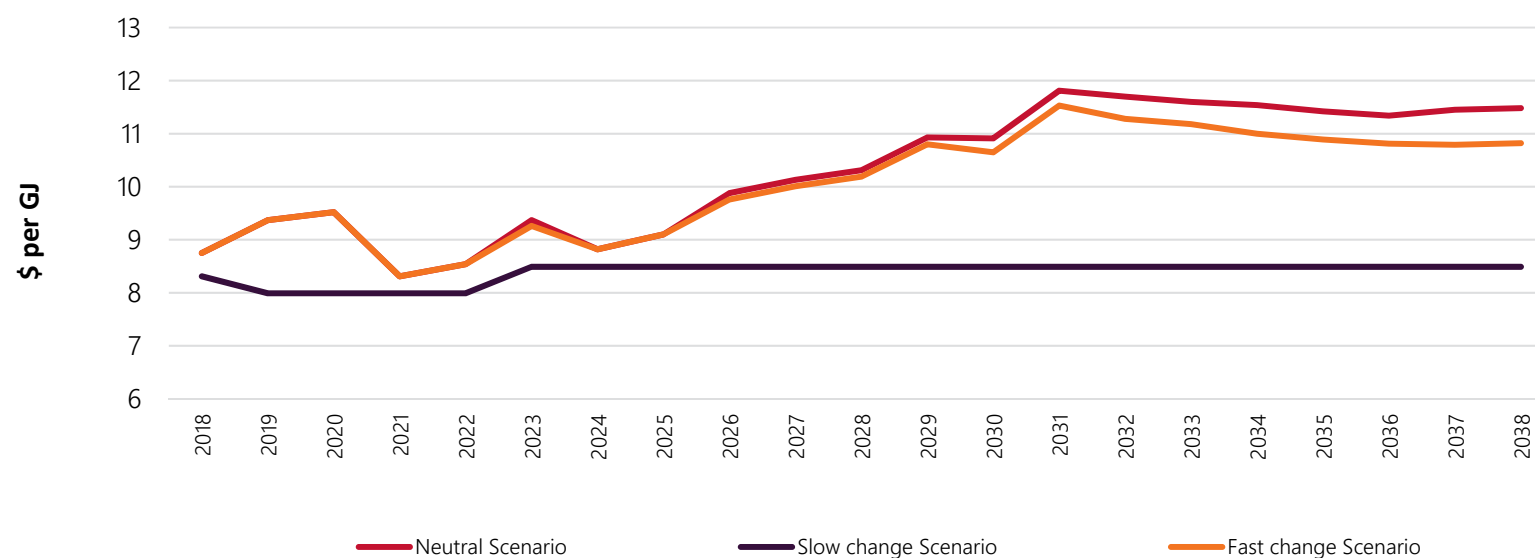
Armour's uncontracted gas position^(iii,iv):

2P reserves: 105PJ

3P reserves: 275PJ

Forecast STRONG Australian Gas Market

Forecast wholesale eastern Australian gas prices averaged across eastern states, 2018-2038 ⁽ⁱ⁾



Source : (ii) Australian Energy Market Operator (AEMO) Gas Statement of Opportunities, March 2019

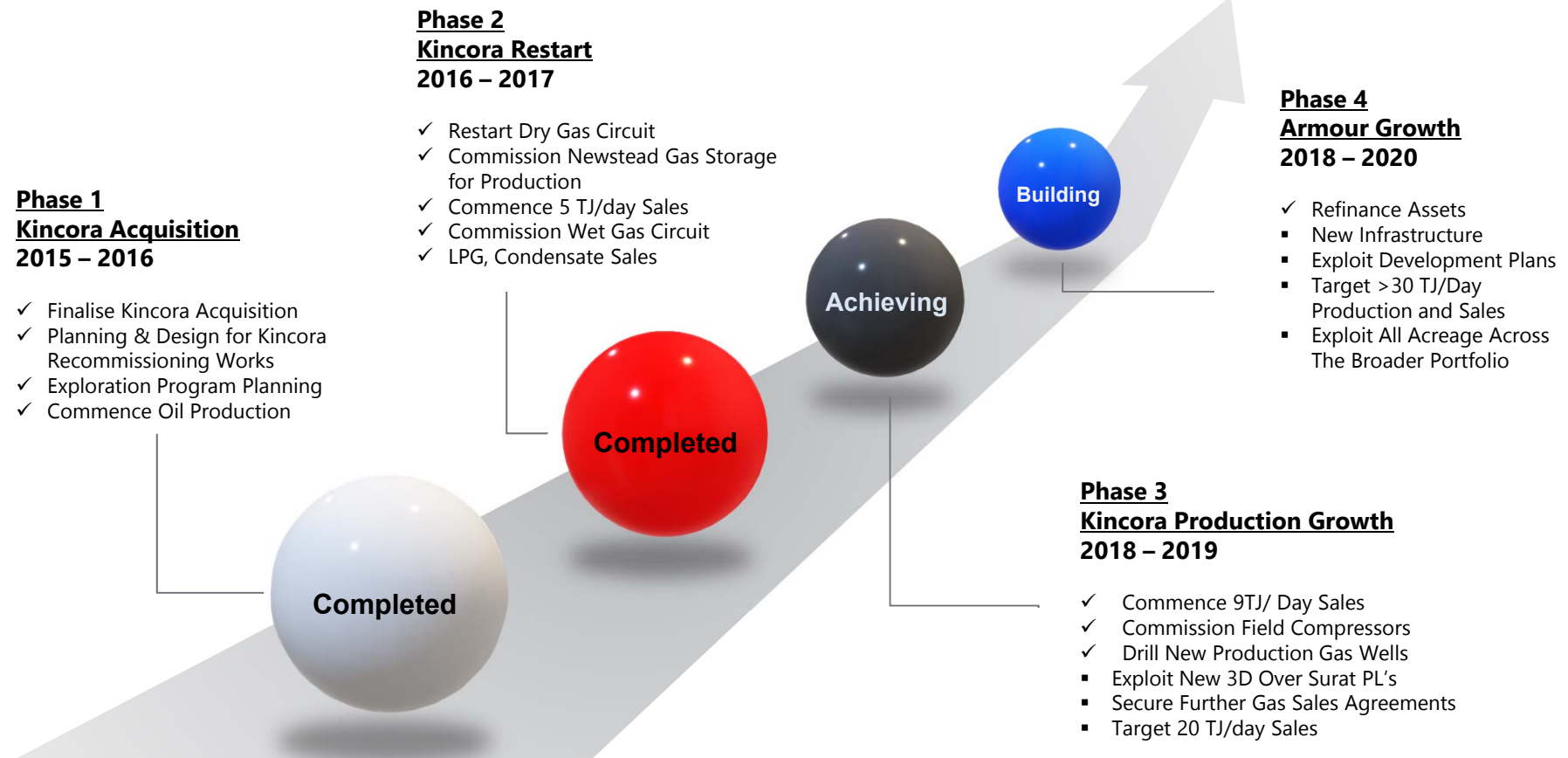
Armour's Access to East Coast Markets



- Armour's Projects are strategically located – adjacent to existing gas pipeline infrastructure
- Field Development Planning is underway to support a multi-TCF project associated with the Roma Shelf Assets and potential in the Northern Australian Projects
- Armour's gas is available to the East Coast via existing pipeline infrastructure.
- Access to long term gas contracts and spot gas market
- Farm-in opportunities are available in Northern Australia**

Right Infrastructure, Right Location

Armour's Growth Strategy: A Developing Portfolio for Domestic Supply



Northern Australia Project





Northern Australia Project Area



- 33 million contiguous acres (133,951 km²) in Northern Australia (i.e. Northern Territory and north Queensland)
- Proven Near Term Production- 90% Methane with Helium Upside
- Well Understood Rock Properties - up to 11% Total Organic Carbon content (TOC) ⁽¹⁾
- >700km of reprocessed 2D seismic control
- Prospective Gas Resource of 57 TCF (Best Estimate) ⁽²⁾

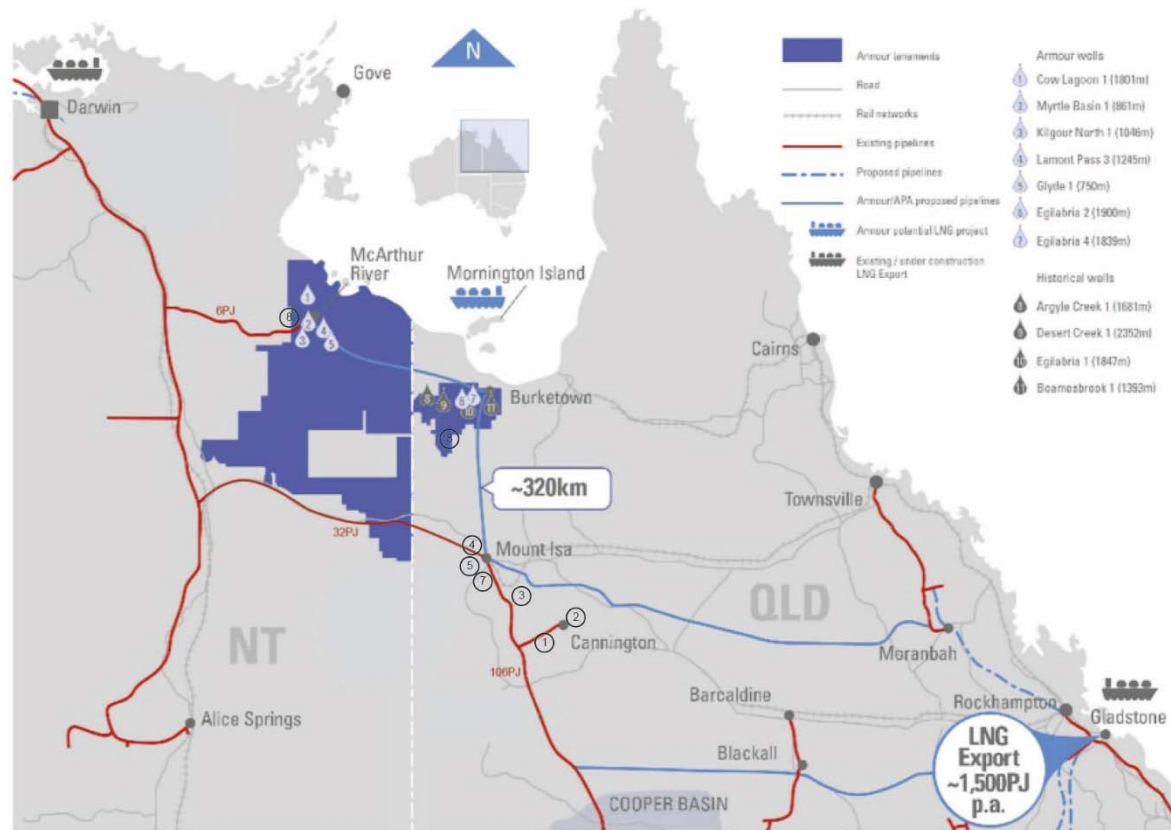
Total Resources – North Queensland Project ⁽¹⁾	1C	2C	3C
Net Gas Resource (BCF) <small>(Less Fuel and Flare 5%)</small>	33.1	154.4	364.0
Net Gas Resource (PJ) <small>(Less Fuel and Flare 5%)</small>	31.8	148.5	350.1

(1) Source: Armour ASX Announcement 16 July 2014 – located in the Queensland Project Area

(2) Source: Armour ASX Announcement 21 September 2015

Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a 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.

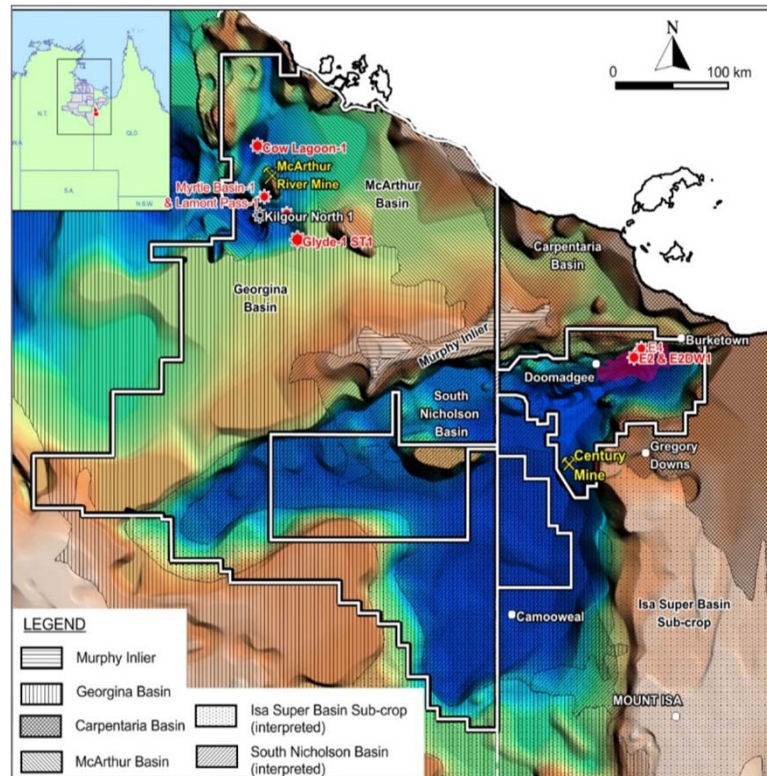
Northern Australia Project - Market



Source : Market data based on Maximum Daily Quantity of Gas Deliverable <https://www.apa.com.au/globalassets/documents/info/schematic/cgp-schematic.pdf>

- Key local markets in Northern Australia
- Currently supplied by Cooper Basin and Amadeus Basin
- Transportation costs in excess of \$1.20/GJ to deliver Gas to Mt Isa from Cooper Basin
- Potential for production close to major market.

Northern Australia Gas Play: Multiple Basin (100% AJQ)



- 7 wells drilled in Queensland and Northern Territory - \$67M expenditure to date by Armour
- Extensive seismic data highly prospective shale formations
- Well understood rock properties; up to 11% TOC
- Egilabria-2 well; an Australian first; flows from a hydraulically stimulated lateral in shale
- Glyde 1 – 600m well, flows of 3.3MMscf from Coxco dolomite.





Nth Australia Investment Opportunities



Farm-in opportunities available across Northern Australia Assets

Unconventional

- NT - 34.9 TCF from Barney Creek source rock
- QLD - 8.1 TCF Lawn Hill source rock ⁽¹⁾
- QLD - 14.0 TCF Riversleigh source rock ⁽¹⁾
- Egilabria 2 DW1 – First successful multi-staged stimulation of a shale well in Australia

Conventional

- Combined 66% success rate on conventional gas targets – discovered both live oil and flowing gas
- NT - Surplus of 18 drill ready prospects targeting 134 BCF ⁽²⁾
- NT - 65 prospects and leads targeting 3.1 TCF ⁽³⁾
- NT - 12 additional targeting 1.66 TCF in EP(A)193 ⁽⁴⁾
- QLD - 39 leads targeting high side prospective resource of 1.8 TCF ⁽⁵⁾

(1) MBA Report, Conventional and Unconventional Prospective Resource Estimate EP 171 & EP 176, NT, October 2011

(2) SRK Report, Coxco Dolomite Resource Evaluation Batten Trough, McArthur Basin, EP 171, 176, 190, NT, November 2013

(3) MBA Report, Unconventional Prospective Resource Assessment, ATP (A) 1087, QLD, November 2011

(4) SRK Report, SRK Report, Conventional and Unconventional Resource Assessment of the Wollagorang and McDermott Formations – Tawallah Group, NT, September 2015

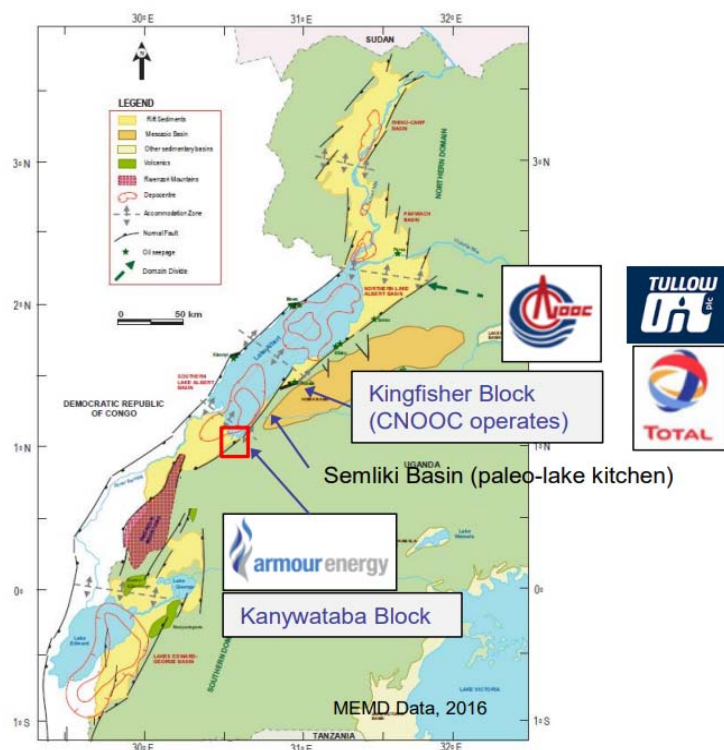
(5) SRK Report, Lawn Hill Formation Prospective Gas Resources ATP 1087, QLD, September 2015 (7) SRK Report, Riversleigh Siltstone Formation Prospective Gas Resources ATP 1087, QLD, September 2015

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Uganda and Victorian Projects



Uganda oil project



(1) ASX Release 19 September 2017

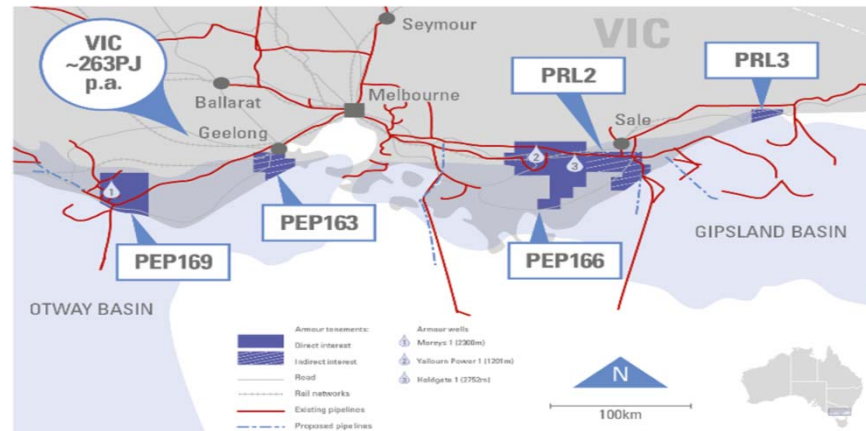


Kanywataba Block

- Located within the Albertine Graben
- Albertine Graben discoveries to date = 6.5 Billion BBLs of oil in place⁽¹⁾
- Granted to Armour Energy in September, 2017; 83% DGR Global beneficial interest and Armour Energy 17%.
- Multiple developed (untested) on-trend structural traps remain (3-way and 4-way dip closures) and multiple untested stratigraphic traps
- Kingfisher oil discovery (40km NE of Kanywataba); oil seeps confirm local working petroleum system. 3000-5000bbl/day from existing producers
- Kanywataba Oil Resource Best Estimate⁽¹⁾ - Targets 2 and 3 Risked 57-193 MMBLS Recoverable (Internal Armour Estimate)
- Pro-resource development Government

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Victoria: Onshore Otway and Gippsland Basins (JV with Lakes Oil)



Wombat - 2 located in PRL2

- Otway and Gippsland Basins highly prospective
- AJQ : 51% in PEP169 and 25% in PEP166 (Otway)
- Farm-in rights and acquisition to PRL2 (Gippsland)
- 6.4% Shareholder in Lakes Oil
- Stacked conventional / unconventional plays
- Near existing infrastructure and major gas users
- Victoria has a ban on unconventional and a moratorium on conventional onshore exploration



Highlights



- Australian company working to deliver gas to the East Coast Domestic Gas Market
- Independent oil and gas exploration & production company with positive operational cashflow and significant growth potential
- Portfolio of quality exploration and appraisal projects provide additional long term value drivers, with demonstrate potential to increase gas reserves
- 163PJ (3P) in currently uncontracted gas reserves associated with the Kincora Project
- Positive East Coast Australia gas market setting with strong demand and gas prices
- Experienced board and management with previous track record of significant shareholder value creation in the energy sector
- **Armour's Project Targets**
- Complete Phase 3 of Kincora Growth Strategy = 20TJ/d Gas Sales plus liquids and LPG in 2019
- Seek Farm-in partner for ongoing exploration and develop of Northern Australian Assets
- Continue appraisal and exploration strategy to target over 1 TCF gas and liquids in the Surat Basin
- Continued exploration of Uganda Oil Project



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- Roger Cressey – CEO
www.armourenergy.com.au

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