



Armour Energy Limited

**A Growing Onshore Exploration
& Production Company**

Noosa Mining Conference, Noosa. 17-19 July 2019

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This presentation contains "forward looking statements" concerning the financial condition, results of operations and business of Armour Energy Limited (Armour). All statements other than statements of fact or aspirational statements, are or may be deemed to be "forward looking statements". Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "outlook", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, future or anticipated production or construction commencement dates and expected costs, resources or reserves, exploration results or production outputs. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and known and unknown risks and uncertainties that could cause the actual results, performance or events to differ materially from those expressed or implied in these statements. These risks include, but are not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, commercialisation reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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

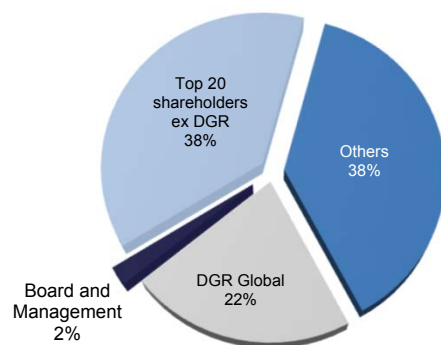
Armour Energy's Capital Structure - Snapshot



Capital Structure

ASX Code:	AJQ
Shares (Ordinary)⁽ⁱ⁾	509M
Options (unlisted)⁽ⁱ⁾	61M
Corporate Bond	\$55M
Share Price⁽ⁱⁱ⁾	7.0 cents
Market Capitalisation	~\$29.48M
Cash on hand (31 March 2019)	\$11.4M
Number of Shareholders	~1,600

Share Register



Proven Oil and Gas Professionals

- Nicholas Mather Executive Chairman
- Stephen Bizzell Non-Executive Director
- Roland Sleeman Non-Executive Director
- Eytan Uliel Non-Executive Director
- Roger Cressey Chief Executive Officer

Share Price Performance (1 year)

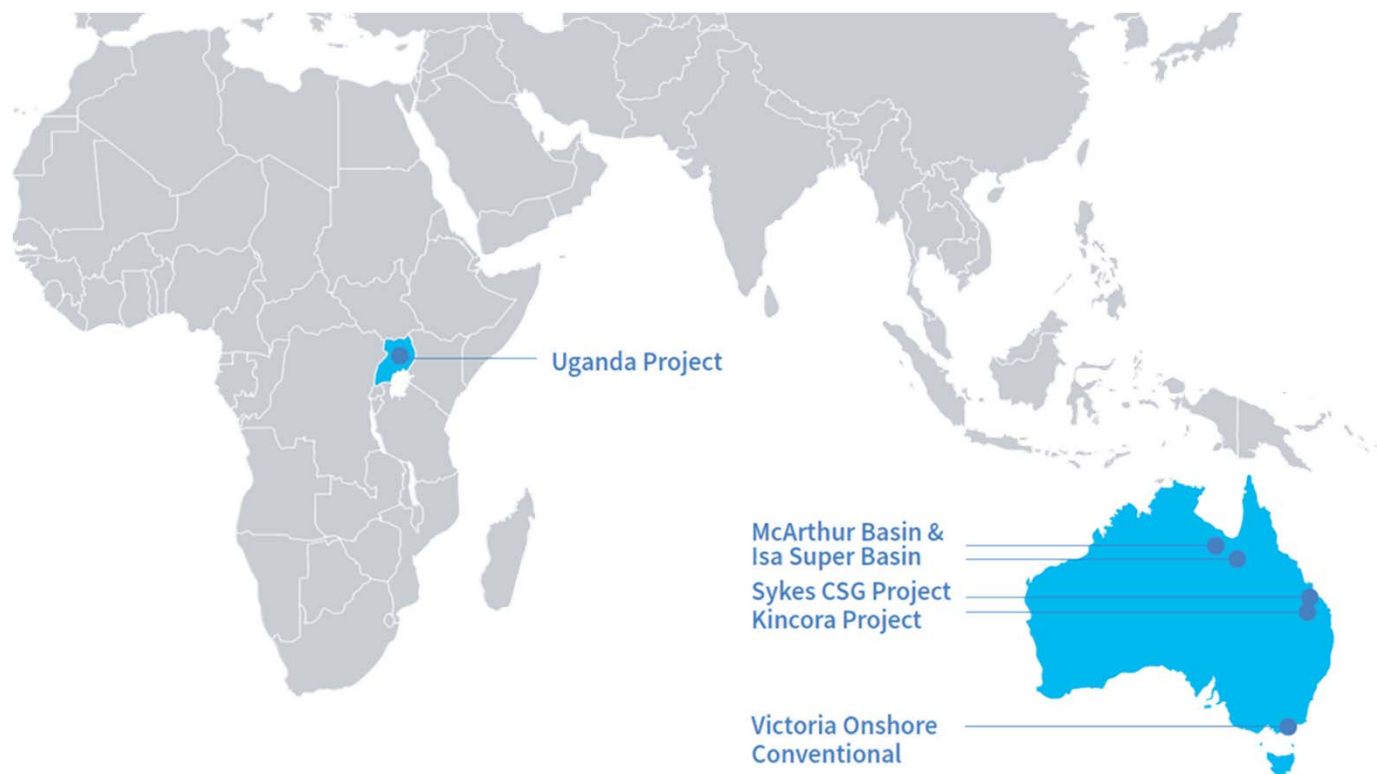


(i) Source: <https://www.armouenergy.com.au/capital-structure/>

(ii) Armour Energy share price as at 11/07/2019

Armour Energy - Onshore Projects Summary

Premier Assets and Proven Operational Execution



Kincora Project

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

Sykes CSG Project (10% JV Interest)

- Gas to be sold exclusively to Domestic Manufacturers

North QLD & Northern Territory

- Conventional & unconventional exploration and future production

Uganda Project (17% JV interest)

- Oil exploration

Victoria Onshore Conventional

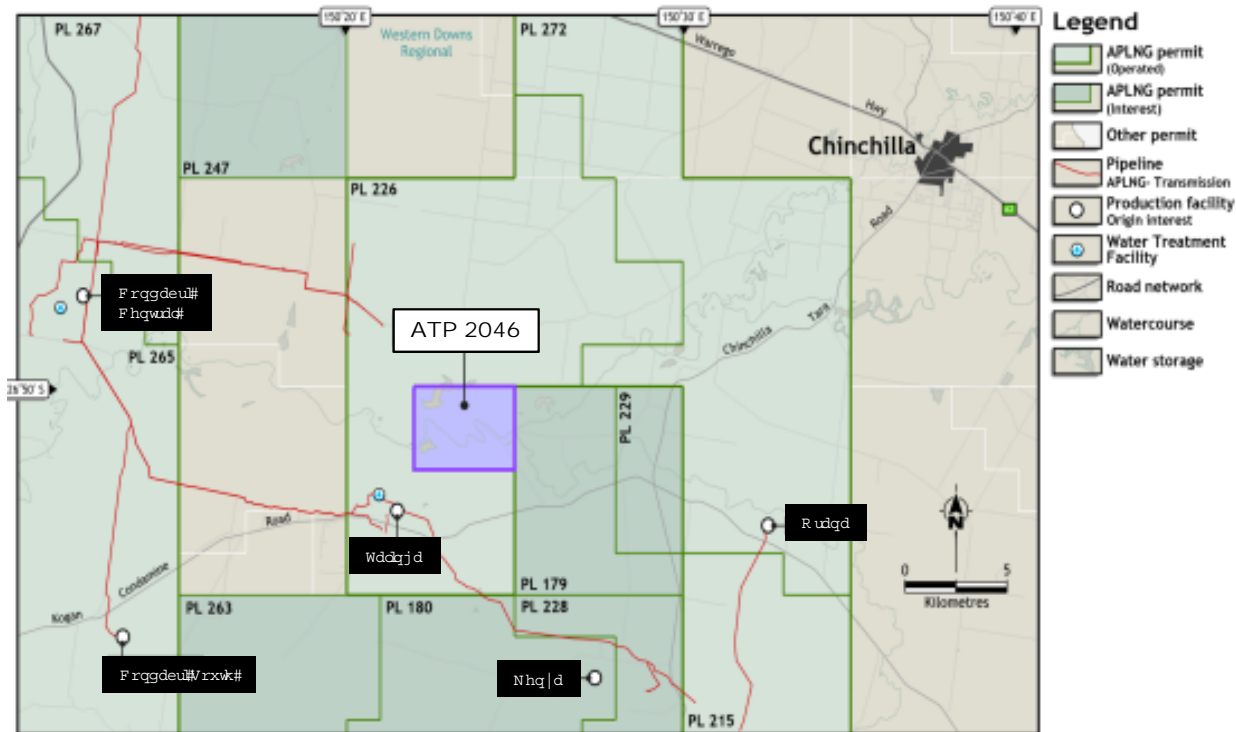
- Possible exploration & appraisal

Sykes CSG Project

Australia's first "Manufacturing Business Gas Supply Block"



Sykes Project – ATP 2046



- In 2019 an Australia Pacific LNG (APLNG) – Armour Energy Limited Joint Venture was awarded Australia’s first tenure to be allocated to the supply of gas exclusively to Australian Manufacturers
- Armour Energy holds a 10% JV interest in the tenure, with APLNG as Operator of the block
- Block is strategically positioned 22km south of the town of Chinchilla and adjacent to the APLNG’s Talinga Gas and Water Processing Facilities
- It is expected that production from the tenure will likely commence in mid-2021

Kincora Gas Project

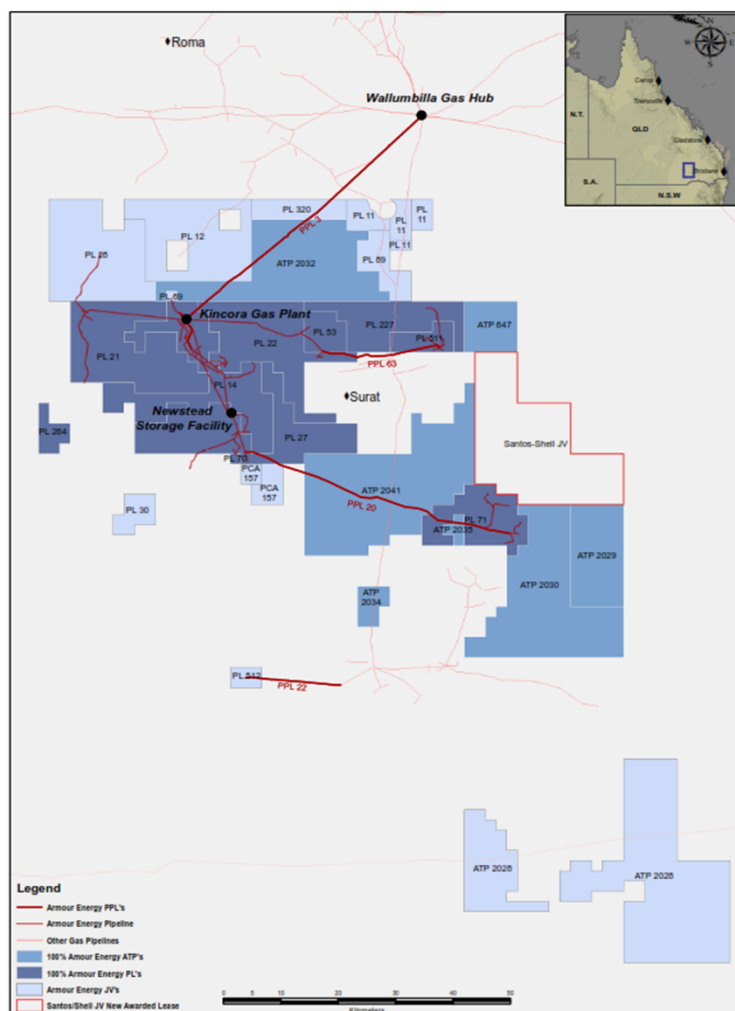


Armour's Kincora Gas Project – The Roma Shelf



- Armour Energy acquired the historic “Kincora Gas Project” from Origin Energy in 2015
- To date this project has produced over 190PJ of gas
- Production from Kincora commenced in 1977 via the construction of the Kincora to Wallumbilla Pipeline – PPL3
- Armour delivers gas to the Eastern Australian Market via PPL3 which has a capacity of 30TJ/d; plant capacity current status is 20TJ/d with potential to deliver 30TJ/d (per nameplate) following reliability checks
- Producing average 9TJ/d with up to 12TJ/d, 2019 to date
- GSA with APLNG for up to 10TJ/d over 5 years to 2023; sales over 10TJ/d go to spot market
- Work program now in place to increase production + new gas contracts
- Oil & Condensate sales – 170bbl/day
- LPG Sales – 14 tonnes per day

Armour's Roma Shelf Surat Acreage



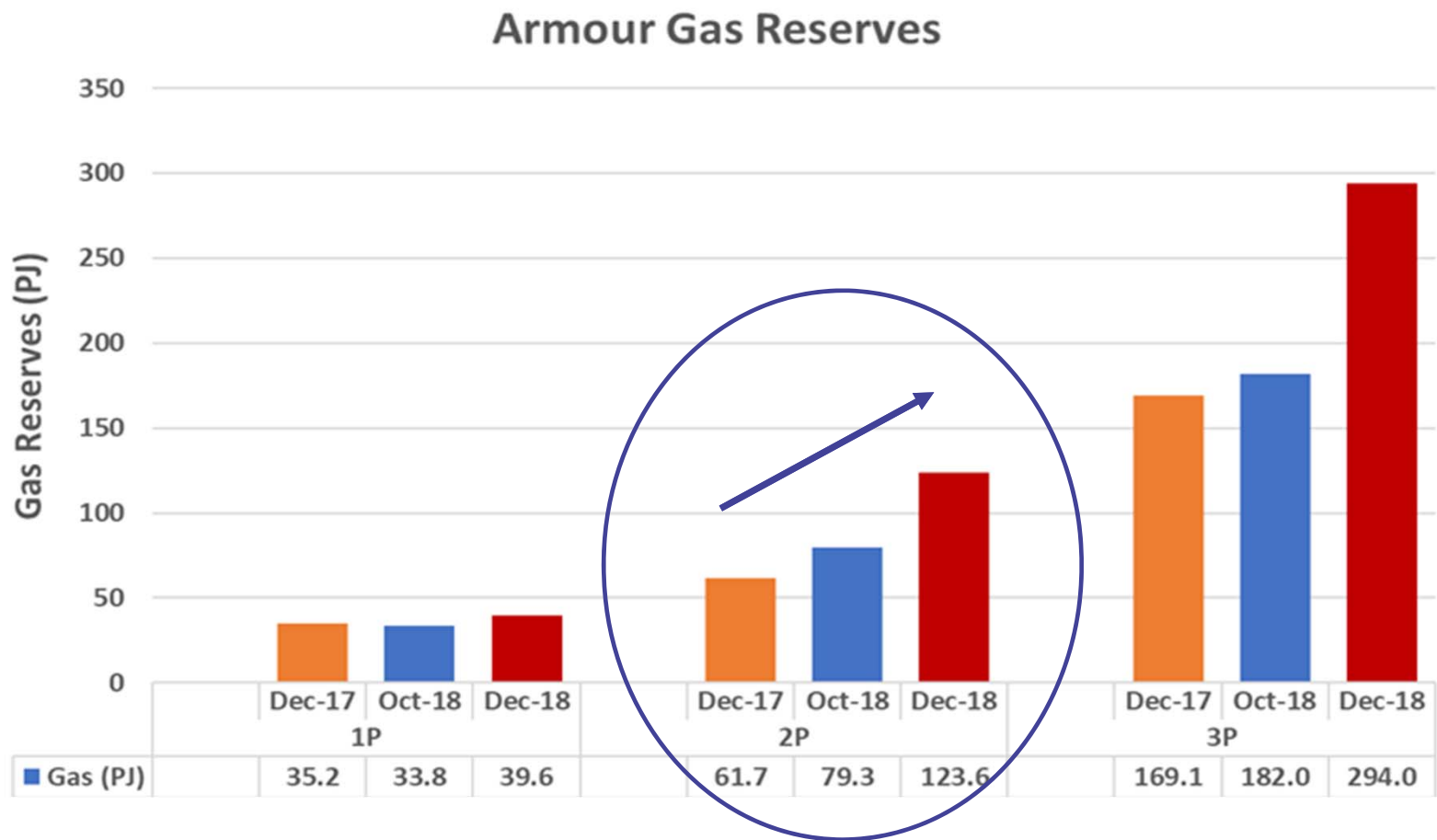
Exploration is in Armour's DNA

Armour's Kincora Project includes:

- 100% Owned and Operated Petroleum Licences (PL) and Pipelines
- 100% Owned and Operated ATPs (Authority to Prospect)
- 2090km² of Exploration acreage (ATP's)
- Significant number of prospects and leads inventory
- ATP 2032 and ATP 2041 – specifically allocated to Domestic Gas Customers
- ATP 2041 adjacent to recently granted Santos & Shell (50:50 JV) block
- Exploration acreage located near existing infrastructure with access to market
- JV's include operated exploration blocks and non-operated production blocks

Vast, prospective acreage in a known gas province

Kincora Project - Certified Reserves

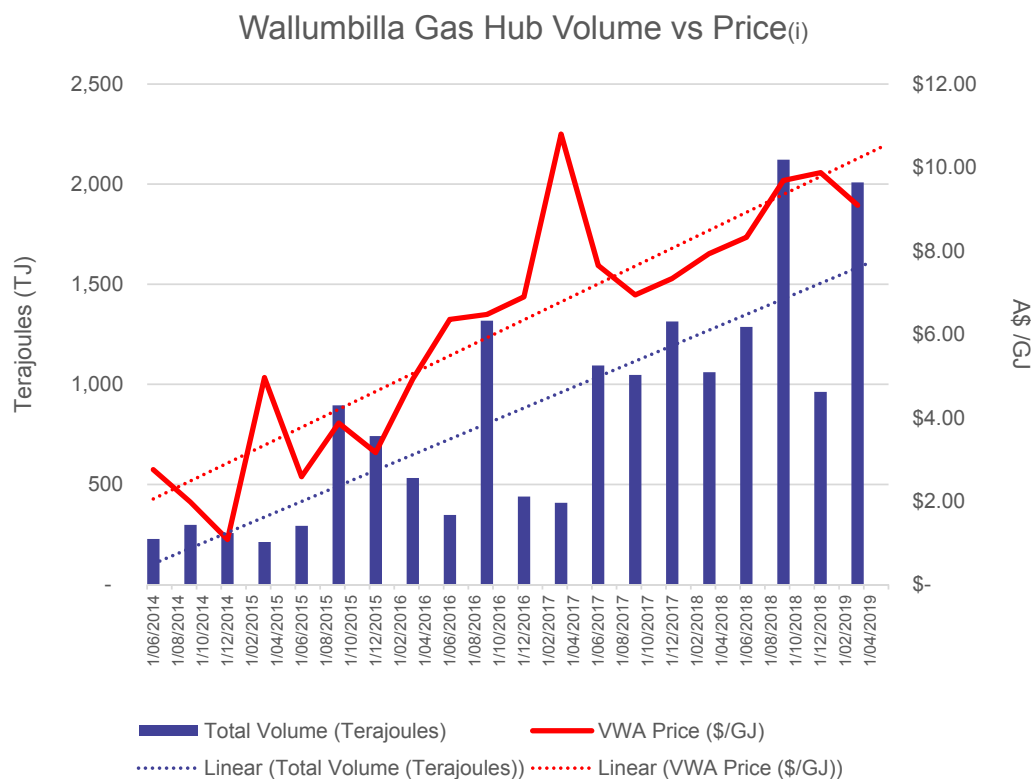


Notes:

- 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

Australian East Coast Gas Prices and Forecast



- 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
- Increasing reserves based on drilling new wells increases current uncontracted volumes

Armour's uncontracted gas position⁽ⁱⁱ⁾:

2P reserves: 105PJ

3P reserves: 275PJ

(i) AER wholesale statistics – STTM quarterly prices average daily weighted prices by quarter.

(ii) To be able to sell this gas Armour will have to spend additional capex on Facilities and Development Wells. Uncontracted gas position calculated by reference to the reserves published in the Company's ASX release dated 18 February 2019.

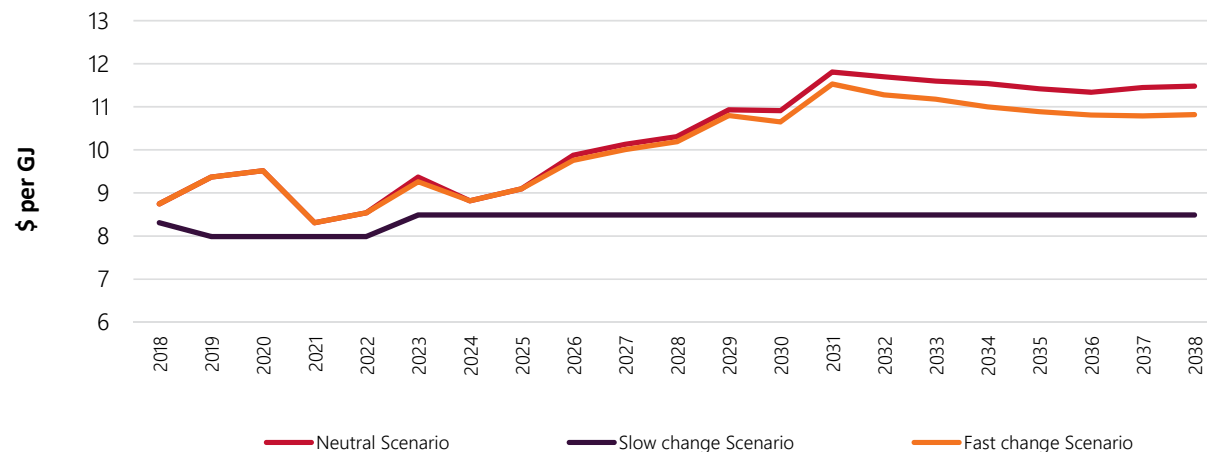


Forecast **STRONG** Australian Gas Market

Last 12-months to 12 July 2019, the average gas price delivered to Brisbane/South East Queensland large industrial customers was \$9.73/GJ of which:

- \$9.06/GJ⁽ⁱ⁾ was the average wholesale gas cost at Wallumbilla; and
- \$0.67/GJ (7%) was pipeline transportation costs⁽ⁱⁱ⁾

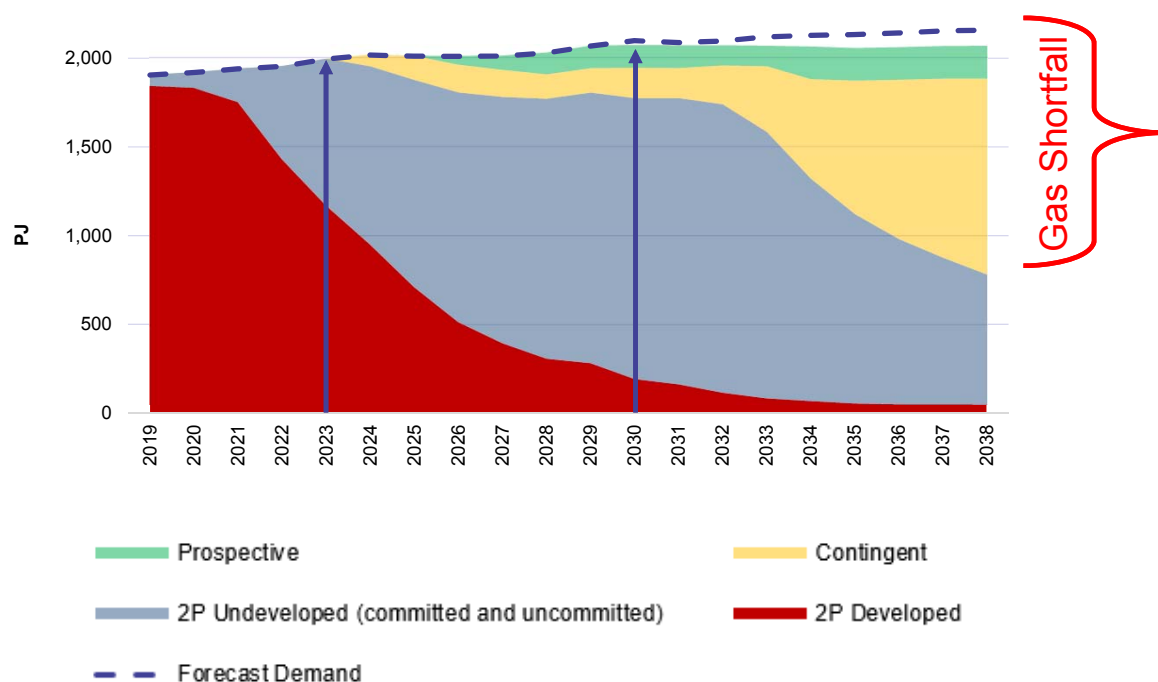
Forecast wholesale eastern Australian gas prices averaged across eastern states, 2018-2038⁽ⁱⁱⁱ⁾



Source : (i) AEMO Historical Gas Day Report. Accessed 12 July 2019 - <https://www.aemo.com.au/Gas/Gas-Supply-Hubs/Data>
(ii) APA Gas Transportation Reference Tariff - Accessed 12 July 2019 - <https://www.apa.com.au>
(iii) Australian Energy Market Operator (AEMO) *Gas Statement of Opportunities*, March 2019
Photo: Roger the Kangaroo – The Kangaroo Sanctuary Alice, via Facebook

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

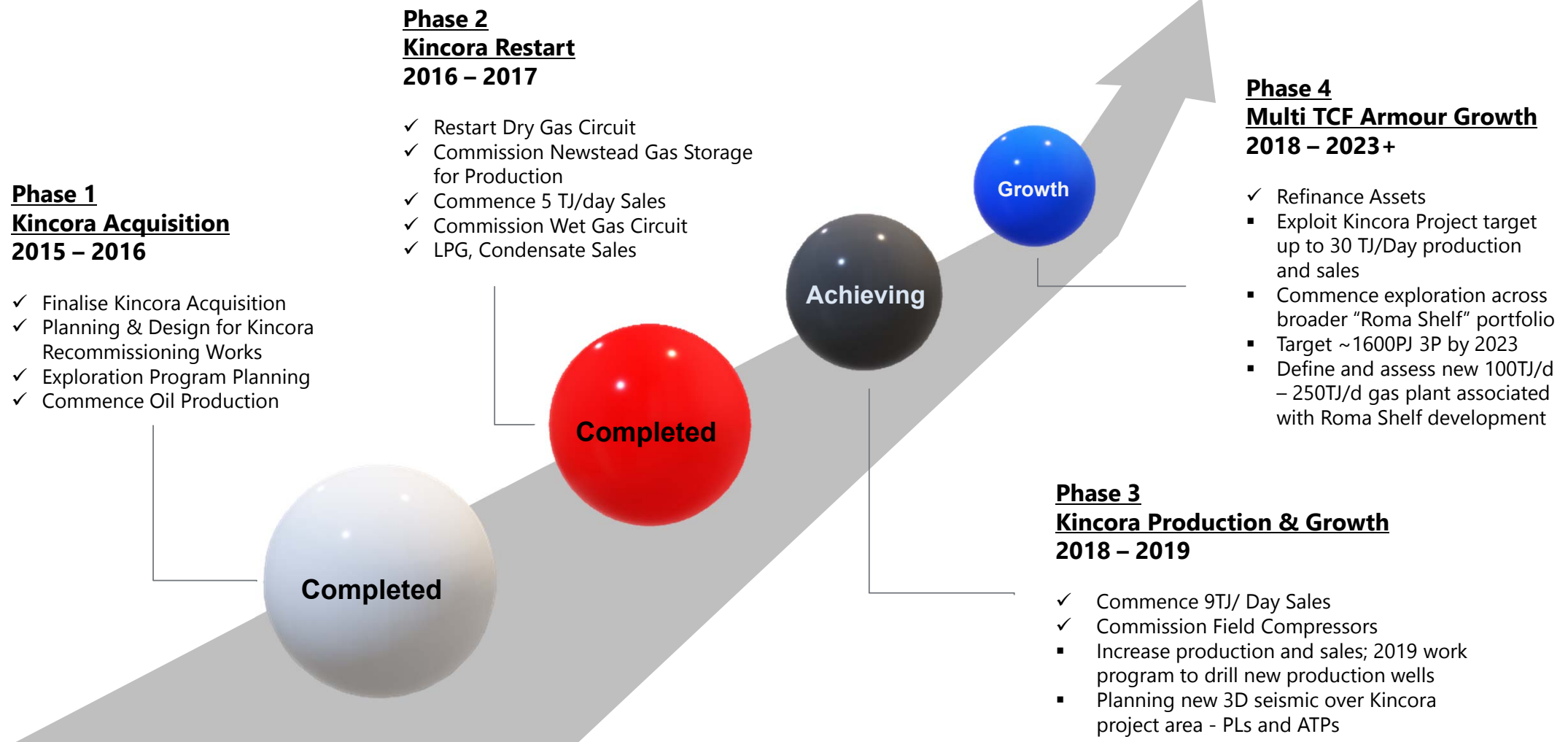
Projected eastern and south-eastern Australia gas production (export LNG and domestic), 2019-38; supply from all available resources (including uncertain undeveloped projects)⁽¹⁾



- 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

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

Armour's Roma Shelf Growth Strategy: A Portfolio for Domestic Supply

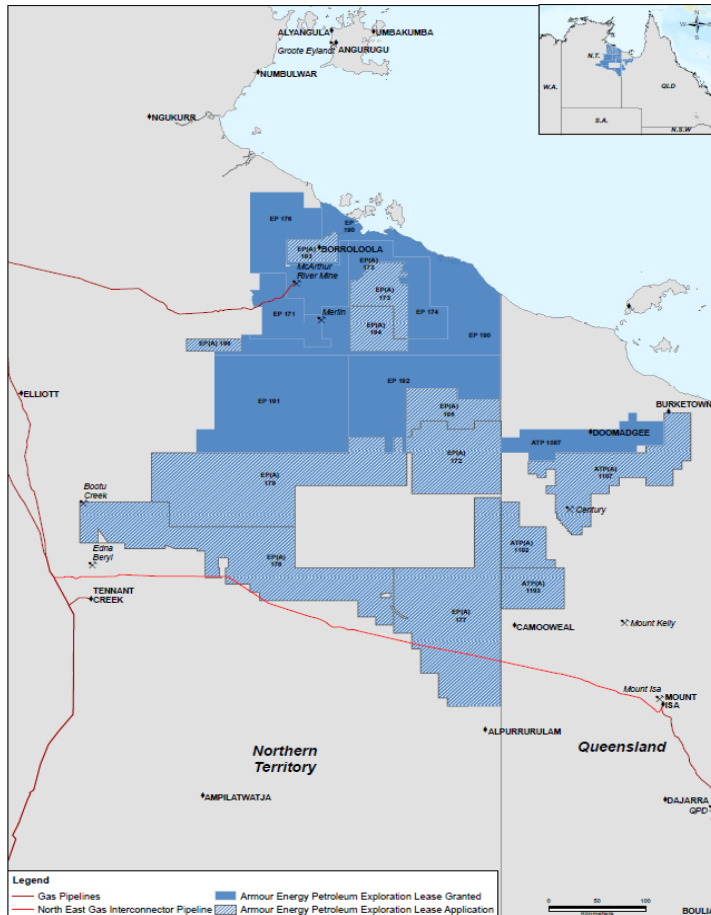


Northern Australia Project

Queensland and Northern Territory Exploration and Development



Northern Australia Project Area – Available for Farm-in Partners



- 33 million contiguous acres (133,951 km²) in Northern Australia (i.e. Northern Territory and north Queensland)
- 7 wells drilled in Queensland and Northern Territory - \$67M expenditure
- Potential Near Term Production- 90% Methane with Helium Upside
- Well Understood Rock Properties - up to 11% Total Organic Carbon content (TOC) ⁽ⁱ⁾
- >700km of reprocessed 2D seismic control
- Prospective Gas Resource of 57 TCF (Best Estimate) ⁽ⁱⁱ⁾

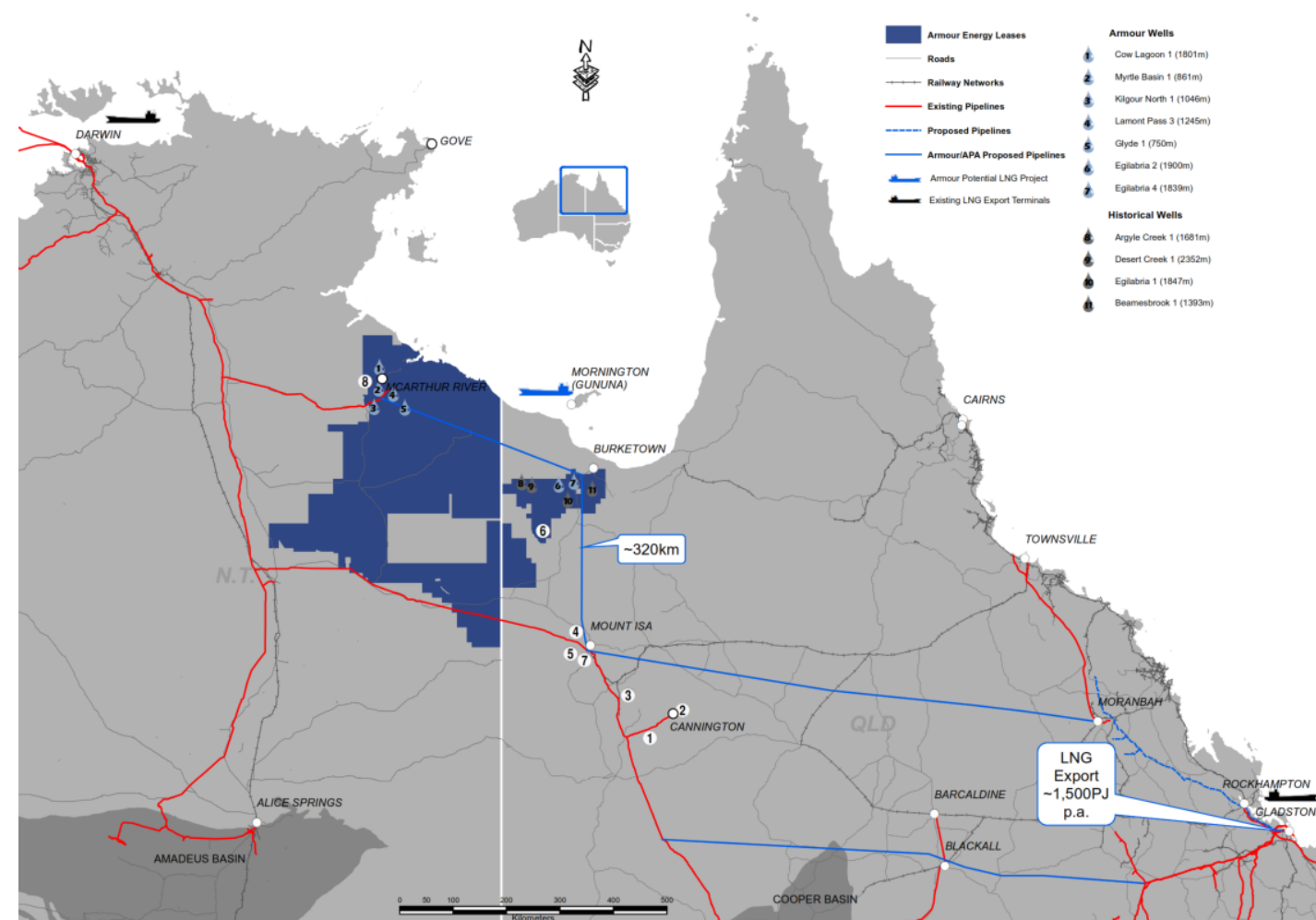
Total Resources – North Queensland Project ⁽¹⁾	1C	2C	3C
Net Gas Resource (BCF) (Less Fuel and Flare 5%)	33.1	154.4	364.0
Net Gas Resource (PJ) (Less Fuel and Flare 5%)	31.8	148.5	350.1

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

(ii) 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



- 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

ID	Customer	MDQ (PJ/a)
1	Osborne	1.1
2	Cannington Mine	2.8
3	Phosphate Hill	15.4
4	Diamantina Power Station	24.5
5	Mica Creek Power Station	38.2
6	Century Mine	14.6
7	Mt Isa Mines	9.5
8	McArthur River Mines	5.0
Total		106.1

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

Armour's Access to East Coast Markets



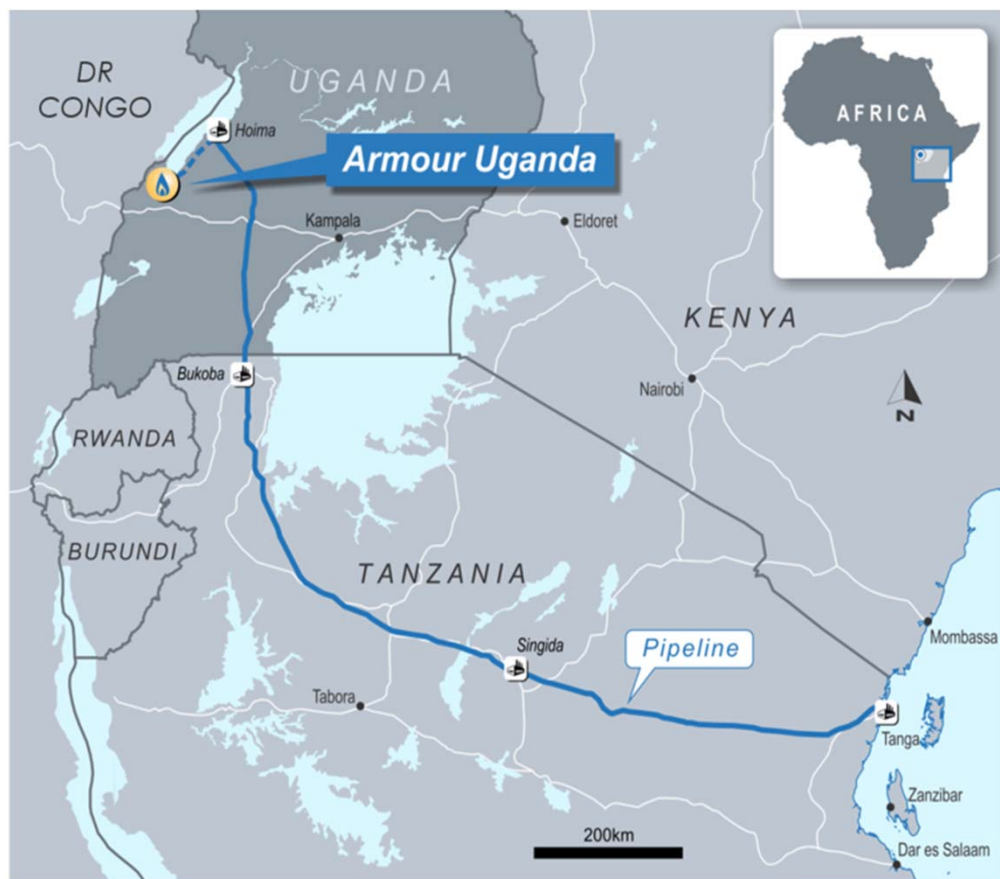
- Armour's Projects are strategically located – adjacent to existing gas pipeline infrastructure
- Field Development Planning is underway to support a multi-TCF project associated with the Roma Shelf Assets and potential in the Northern Australian Projects
- Armour's gas is available to the East Coast 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

Uganda and Victorian Projects



Uganda oil project



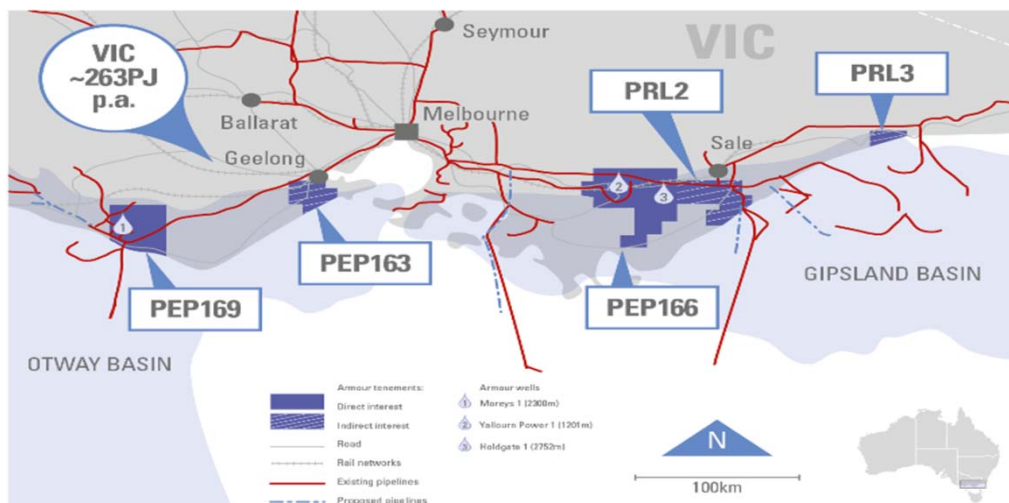
(i) ASX Release 19 September 2017
Map Source - DGR Global Website - <http://www.dgrglobal.com.au/dgr-uganda>

Kanywataba Block

- Located within the Albertine Graben
- Albertine Graben discoveries to date = 6.5 Billion BBLs of oil in place⁽ⁱ⁾
- 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) has produced from commingled oil reservoirs at 12,000 bbl/d from a single well with the field expected to come online at 40,000bbl/d once in production
- Local oil seeps confirm local working petroleum system
- Kanywataba Oil Resource Best Estimate⁽ⁱ⁾ - targets 2 and 3 Risked 57-193 MMBLS Recoverable (Internal Armour Estimate)
- Pro-resource development Government

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.

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)
- 6.5% 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 Summary

- 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
- 105PJ (2P) and 275PJ (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 = increase gas production and sales, plus liquids and LPG in 2019
 - Execute farm-in partner agreements for ongoing exploration and development of Northern Australian Assets
 - Continue exploration strategy to target over 1 TCF gas and liquids in the Surat Basin
 - Continue exploration of Uganda Oil Project



For further information contact:

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- Roger Cressey – CEO
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ASX:AJO