

Armour Energy Limited

26 November 2019

CEO Address and Presentation to Annual General Meeting

On behalf of the Board of Armour Energy Limited (“Armour, the Company”), I am pleased to offer this operational update to shareholders on the recent activities of the Company. Having been appointed by the Board of Directors as the interim CEO of Armour, I can say that I am excited about my return to the Company and believe that Armour is strategically positioned to demonstrate its ability to explore frontier basins, discover new resources, and to further grow its position and as an Australian, domestic oil and gas producer.

Armour is an Australian Securities Exchange listed (ASX:AJQ) company, with its headquarters in Brisbane, Australia. The Company was established in 2010 and initially focused on exploration for conventional and unconventional gas targets in Northern Australia.

Since 2010, the Company has significantly increased its assets and portfolio, with: the acquisition of the Kincora Project in 2015; its expansion in exploration tenure associated with the Roma Shelf Project; its Joint Venture with Australia Pacific LNG Limited (APLNG) for the development of coal seam gas assets at Chinchilla – exclusively for gas supply to domestic manufacturers; its exploration block in in Uganda with DGR Global Limited, and the recent execution of a Binding Term Sheet agreement with Santos QNT Limited for the development of the South Nicholson Project.

The farm-in with Santos announced on the 14th October 2019 is a material transaction for Armour and marks the start of another chapter for the Company. The frontier exploration and gas discoveries made by Armour in the South Nicholson Basin have demonstrated the Company’s ability to find valuable new resources, which draw the attention of Major Oil and Gas companies in the market.

Beyond this, Armour will continue to seek farm-in partners for the remaining Northern Australian Assets in the Glyde and McArthur Basins. The Glyde-McArthur Project is strategically located between the South Nicholson and Beetaloo Basins, with existing Armour discoveries – including the Glyde #1 well drilled in 2011 - demonstrating the region’s conventional gas potential.

This year, Armour has continued drilling with the aim of increasing production and reserves from its greater Kincora Project, and as the Company continues its growth, Armour will pursue both oil and gas revenues from the Kincora Project, as well as continuing its focus on the exploration potential of the Roma Shelf. Given the Project’s size, and the 100% Armour-owned infrastructure connecting Kincora to the Eastern Australian Gas Market, I have no doubt that the Project has a bright future.

Despite the fact that Armour produces less than 0.01% of the natural gas sold in and exported from Queensland, the Company is committed to making a contribution to a lower-carbon future. Accordingly, for the first time this year, Armour included a section on climate change issues and disclosures in the sustainability section of its Annual Report, published in September.

Whilst not debating the topic, Armour recognises that there are diverse views on the causes and long-term effects of climate change, as well as its increasing level of debate within the global political, investment and consumer arenas. The rapidly changing views held by the Company's stakeholders and potential customers, signals that complex challenges may arise in respect of ongoing consumer choice in the products and brands that they support.

Natural gas is recognised globally as a key component of the transition to a lower carbon future. Moreover, its components are relied upon by the global community to produce food and fibre, as a key input into the manufacturing and transport sector, as well as a critical input for low emissions fuel electricity generation. Gas fired generation is also forecast in the Australian context to provide much needed grid stability to support and supplement renewable energy generation in the years ahead.

We acknowledge that the Company's business exists in a market where there are many talented scientists still working on alternatives for natural gas, such as synthetic gas generated from coal, waste plastics and vegetation, as well as the emergence of a hydrogen economy, which may well compete with natural gas as a fuel in a clean energy future.

However, these technologies are not yet available at a size and / or scale which make them commercially viable, and many still have a long way to go in this regard. Never-the-less, Armour recognises that the overall energy landscape is shifting, but remains confident in the medium term outlook for its products.

In this regard it is clear that natural gas is still needed as we move towards 2050, to support a sustainable, reliable and affordable energy system as demanded by the wider community. In recognition of this Armour must continue to support its customers and current community and industry demands for natural gas, and we welcome all interested parties in discussing the Company's current projects and investment initiatives."

Richard Fenton
CEO
Armour Energy Limited

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Armour Energy AGM CEO Presentation

26 November 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.

Armour Energy Limited



On behalf of the Board of Armour Energy Limited ("Armour"), I am pleased to offer this operational update to the market outlining the recent activities of the company. Having been appointed by the Board of Directors as the interim CEO of Armour, I can say that I am excited about my return to the company and believe that Armour is strategically positioned to demonstrate our ability to explore frontier basins, discover new resources, and to further grow our position and as a Australian, domestic oil and gas producer.

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Beyond this, Armour will continue to seek farm-in partners for the remaining Northern Australian Assets in the Glyde and McArthur Basins. The Glyde-McArthur Project is strategically located between the South Nicholson and Beetaloo Basins, with existing Armour discoveries – including the Glyde #1 well drilled in 2011, demonstrating the regions conventional gas potential.

Finally, as the company continues its growth, Armour will pursue driving up our oil and gas revenues from the Kincora Project as well as continuing its focus on the exploration potential of the Roma Shelf Project. Given the projects size, our 100% Armour owned infrastructure connecting Kincora to the Eastern Australian Gas Market, we have no doubt the project has a bright future.

Armour Energy welcomes all interested parties in discussing our projects and investment initiatives.

A handwritten signature in black ink, appearing to read "Richard Fenton".

Richard Fenton
Interim CEO Armour Energy





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

Murrungama 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 (16.82% JV interest)

- Oil exploration

Victoria Onshore Conventional

- Possible exploration & appraisal

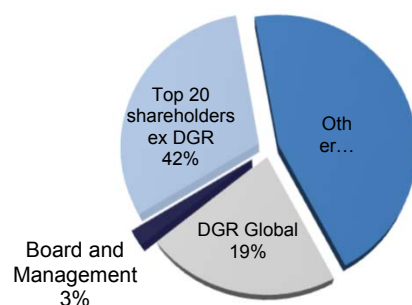
Armour Energy's Capital Structure – Snapshot



Capital Structure

ASX Code:	AJQ
Shares (Ordinary)⁽ⁱ⁾	~ 591M
Options (unlisted)⁽ⁱ⁾	~ 101M
Corporate Bond	\$55M
Share Price⁽ⁱⁱ⁾	6.2 cents
Market Capitalisation	~\$36.6M
Cash on hand (30 September 2019)	\$7.7M
Number of Shareholders	~1,650

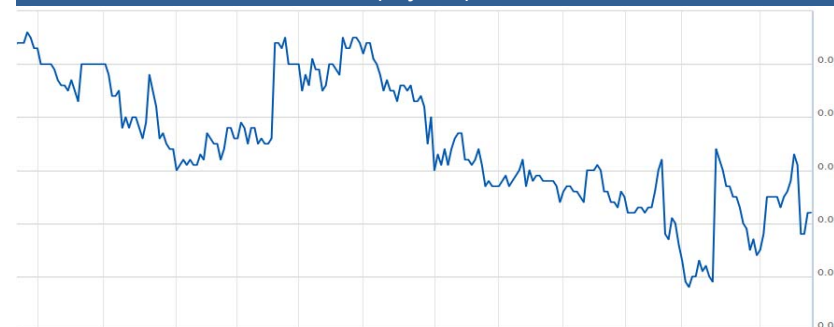
Share Register



Board & Key Management – Proven Oil and Gas Professionals

- Nicholas Mather Executive Chairman
- Stephen Bizzell Director
- Roland Sleeman Director
- Eytan Ulriel Director
- Richard Fenton Chief Executive Officer
- Richard Aden Chief Financial Officer
- Michael Laurent GM Development
- Stewart Black Operations Manager

Share Price Performance (1 year)



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

(ii) Armour Energy share price as at 22/11/2019

Financial Results 30 June 2019



Financial Review Highlights

- Increase in revenue of \$13 million
- Increase in gross profit of \$4.8 million
- Underlying EBITDA of \$3.7 million
- Establishment of a \$55 million Corporate Bond Facility (refinance of convertible notes)
- Establishment of a \$6.8 million environmental loan facility

Financial Performance and Cash Flows

	30 June 2019 \$	Consolidated 30 June 2018 \$
Revenue from Contracts with Customers	27,819,335	14,748,819
Cost of Sales	(19,018,113)	(10,773,299)
Gross Profit/(loss)	8,801,222	3,975,520
Other income and expenses	(6,333,678)	(7,324,396)
Finance income	192,524	162,135
Finance expenses	(13,656,309)	(8,927,249)
Income tax (expense) / benefit	(687,507)	556,202
Profit/(loss) after income tax expense	(11,683,748)	(11,557,788)

Revenue from Contracts with Customers and Gross Profit significantly increased due to a full year of production. Finance costs increased due to the early redemption of the Company's Convertible Notes and refinance of a Corporate Bond facility.

Underlying EBITDA (non-IFRS measure)

Underlying EBITDA reflects statutory EBITDA as adjusted to reflect the Director's assessment of the result for the ongoing business activities of the Group. These numbers have not been audited.

	30 June 2019 \$	Consolidated 30 June 2018 \$
Profit/(loss) before income tax and net finance expenses	2,660,068	(3,186,741)
Depreciation and amortisation	1,135,632	878,681
Finance income	(192,524)	(162,135)
Impairment and write-off of exploration assets	71,329	4,107
Net gain or loss on disposal of assets	61,976	-
Earnings before interest, depreciation and amortisation (EBITDA)	3,736,481	(2,466,088)



Annual Highlights



December 2018

- ✓ Executed a Firm 5-year Gas Supply Contract to APLNG for up to 10TJ/d
- ✓ Successful Drilled of Myall Creek 5A
- ✓ Awarded New Exploration Acreage to assist in growth of the Roma Shelf Project

February 2019

- ✓ Increase in the Reserves associated with the Greater Kincora Project by 56% - 2P basis

March 2019

- ✓ FIIG \$55M Bond issue – replacing Convertible Notes, decrease in interest repayments

June 2019

- ✓ Enter Joint Venture for Production with APLNG for Murrangama CSG Block, Chinchilla
- ✓ Full Year EBITDA to 30 June 2019 of +A\$3.73M

September 2019

- ✓ Successful Capital Raise to Sophisticated Investors - \$4M

October 2019

- ✓ Myall Creek North #1 - successful drilling with indications of gas bearing formation.
- ✓ Successful execution of a Binding Term Sheet with Santos QNT for up to \$95M investment in Armour's South Nicolson Project

November 2019

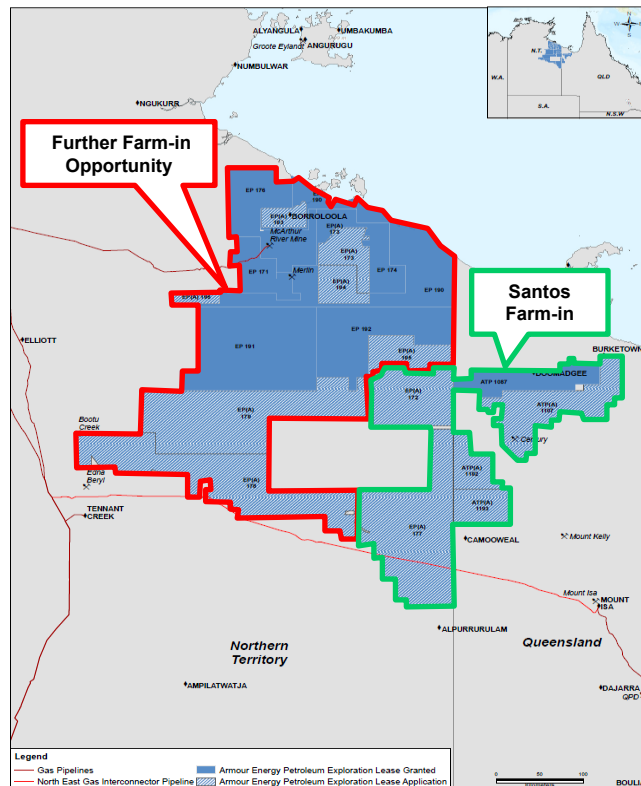
- ✓ Horseshoe 4 successful drilling with indications of gas bearing formation.
- ✓ Initial testing of of Myall Creek North #1 – Tinowan C's followed by future testing of Tinowan A's
- ✓ Stimulation of Myall Creek 5A – with gas flowback anticipated in December 2019
- ✓ Recommissioning underway of historical wells as a part of the Kincora and Roma Shelf Project to increase production

Northern Australia Projects

Santos QNT - South Nicolson Basin Transaction + Further Farm-in Opportunities



Armour's Northern Australia Project Area



- 33 million contiguous acres (133,951 km²) in Northern Australia (i.e. Northern Territory and north Queensland)
- To date Armour has drilled 7 wells drilled in Queensland and Northern Territory - \$67M expenditure with 6 of the wells resulting in hydrocarbon discovery
- 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⁾

Armour is seeking farm-in partners for its McArthur Basin Project Area

- (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.



Santos South Nicholson Farm-in Transaction



- Binding Term Sheet was announced to the market on the 15th October 2019 with Santos QNT Limited for staged farm-in into Armour's South Nicholson Basin oil and gas exploration project in Northern Australia.
- Armour to receive an upfront cash payment of \$A15million – which reflects back costs to date spent on the exploration and discovery's to date.
- Armour to receive further cash payments up to \$A15 million, subject to certain conditions being satisfied.
- Santos will take 70% ownership and operatorship of the farm-in area. Armour to be free carried 100% of the forward exploration expenditure, up to the value of \$A65 million over 4 years.

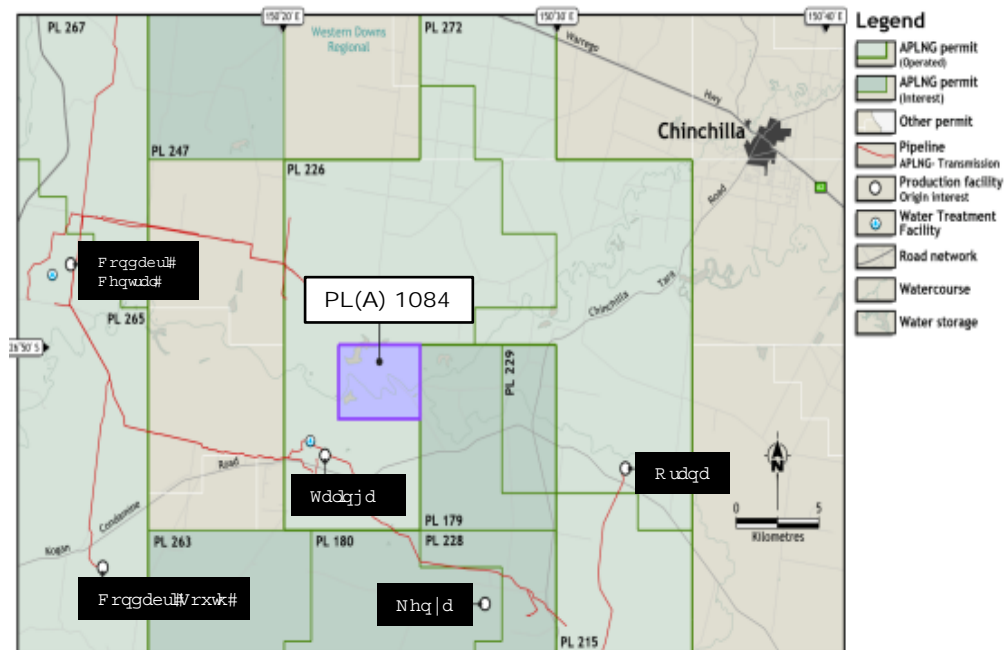
Photo: Egilabria 2 Wellsite within South Nicholson Basin

Murrungama CSG Project

Australia's first "Manufacturing Business Gas Supply Block"



Murrungama Project – PL(A) 1084 Diversifies Armours Exploration & Production Portfolio



- 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 nearby to APLNG's Gas and Water Processing Facilities
- In total, the supply agreements associated with this tenure are expected to deliver more than 50 petajoules (Gross Volume) of gas to these customers
- It is expected that production from the tenure will likely commence in mid-2021

Kincora Gas Project Update



Key Updates – 2019 Work Program and 2020 Planning

2019 Work Program underway



- ✓ On budget for total spend (\$13.0M)
- ✓ Production adds before end of 2019
- ✓ Drilled MCN1 & HS4 on budget
- ✓ Myall Creek 5A 2 frac stages executed
- ✓ 4 Oil well restarts identified (~90 bbl/d)
- ✓ 4 low cost gas restarts; currently:
- ✓ Parknook 2 online at 0.2 TJ/d
- ✓ Kungarri 1 online at 0.2 TJ/d
- ✓ Beranga South compression in progress

3 New phases of well interventions identified



- ✓ 3 Phases of activity to be implemented over next 12 months
- ✓ Targeting a total initial production rate of ~3.0 mmscf/d
- ✓ Represents a new revenue stream not previously targeted
- ✓ Projects being readied with Phase 1 & 2 to be completed 1H2020

2019 Reserve adds (2P) from technical work & drilling



- ✓ Targeting a potential addition of + 20 PJ of gas 2P
- ✓ Targeting a potential addition of + 0.4 mmbbl of oil 2P
- ✓ Possible > 20% 2P increase above 2018 bookings
- ✓ Bookings subject to auditor confirmation

2020 Work Program



- ✓ 2020 work program planning in progress
- ✓ EOI's for key contracts and suppliers sent to market
- ✓ 5 Technically mature gas candidates being progressed
- ✓ 2 Technically mature oil candidates being progressed
- ✓ Opportunity window to drive costs down with early planning.

Kincora Project – Myall Creek Development



- During the year, Armour has drilled 2 new wells, being Myall Creek North #1 and Horseshoe #4.
- Both wells were drilled on time and on budget.
- At present the Myall Creek North #1 well is continuing to be evaluated. Armour commence the testing on the wells secondary target – the Tinowan C formation, which unfortunately contained water and gas, and can not be produced. Armour will now isolate this formation and continue the testing of the primary target, the Tinowan A formation.
- Horseshoe #4 was drilled in late October 2019 and demonstrated gas potential in both the Triassic and Permian formations. The well has been cased as a production well and logging of the well to target the production zones is being completed. It is expected that the well will be completed as a conventional production well and will be connected / online before the end of 2019.





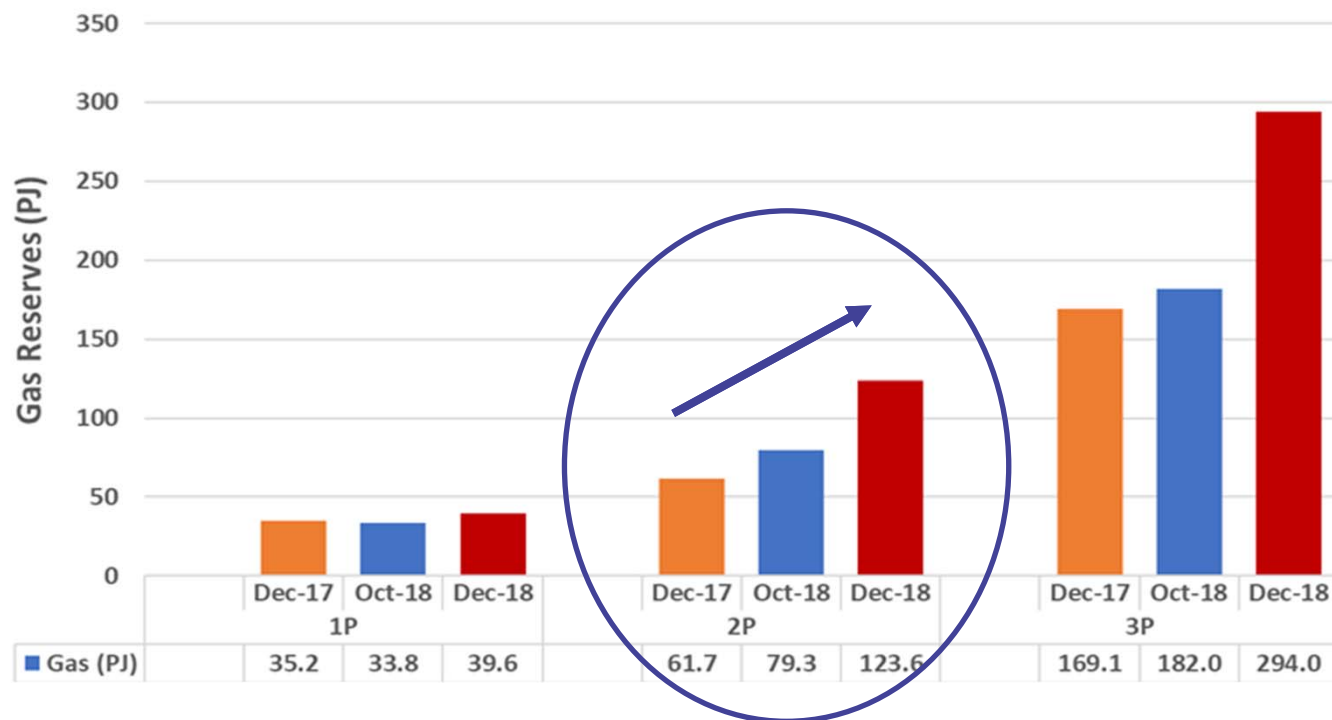
Highlights

- Armour has also just completed hydraulic stimulation of the Myall Creek 5A well which was drilled in late 2018.
- The well was initially completed in as a conventional well, however was unable to sustain the initial gas flows.
- Following stimulation activities, this well is anticipated to be in production by mid-late December.
- Armour has also completed the first 2 of 8 planned workovers/restarts of existing historic wells that form a part of the greater Kincora Project.
- The intent of the workovers of existing well stock is to access gas that was passed over by previous operators. These behind-pipe opportunities have the potential to add low cost incremental production to the project.
- Armour intends to focus on gas and oil well restarts over late 2019 and early 2020 as a low cost means to increase production from the field.

Kincora Project - Certified Reserves



Armour Gas Reserves



Notes:

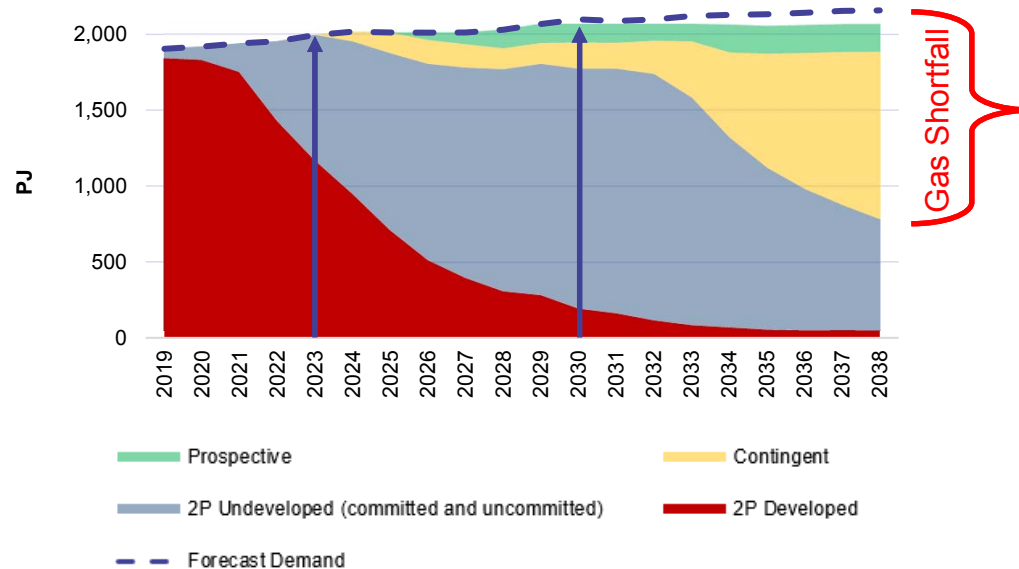
- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on a risked net basis with historical production removed.
- All reserves are listed 100% Armour (reserves exclude Waldgrave JV area)
- Petroleum Reserves have no deduction applied for gas used to run the process 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

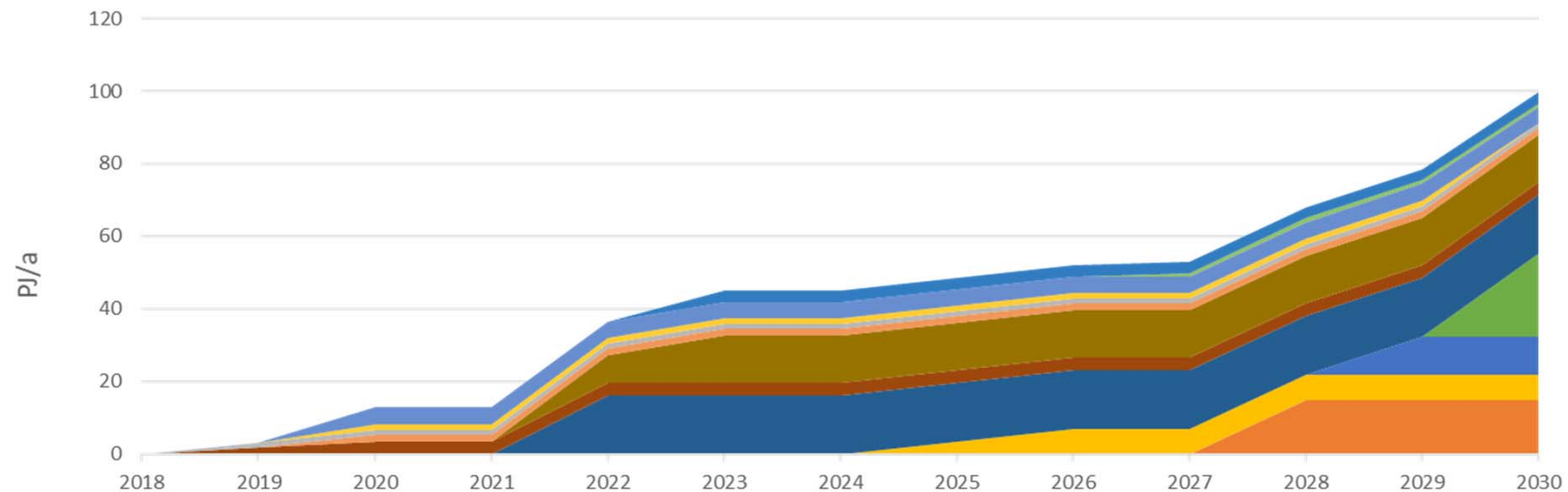
Projected eastern and south-eastern Australia gas production (export LNG and domestic), 2019-38; supply from all available resources (including uncertain undeveloped projects)



- 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 are critical to Eastern Australian energy market.

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

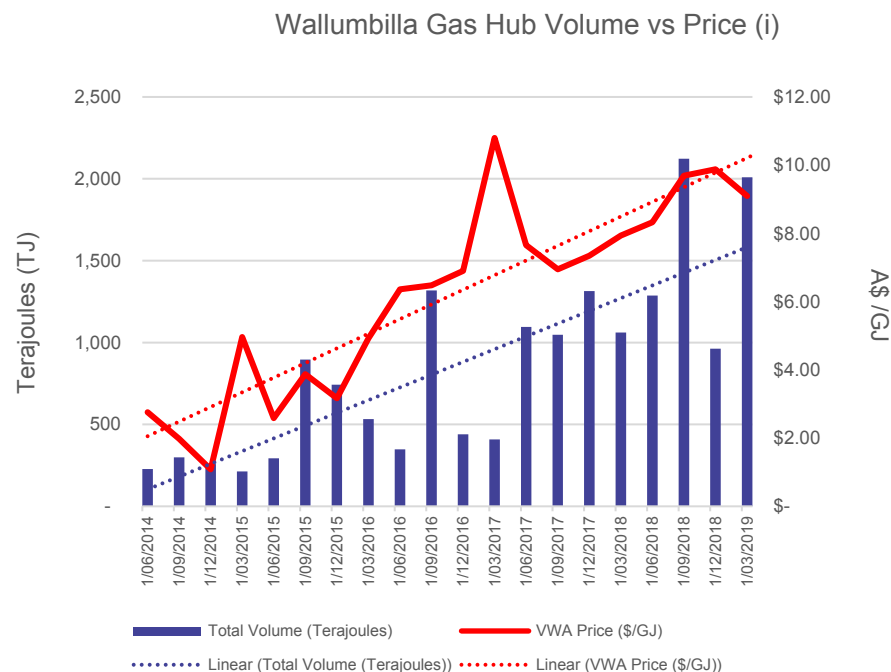
Queensland Domestic Gas Demand – Volumes Yet To Be Contracted



- 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



- 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⁾:

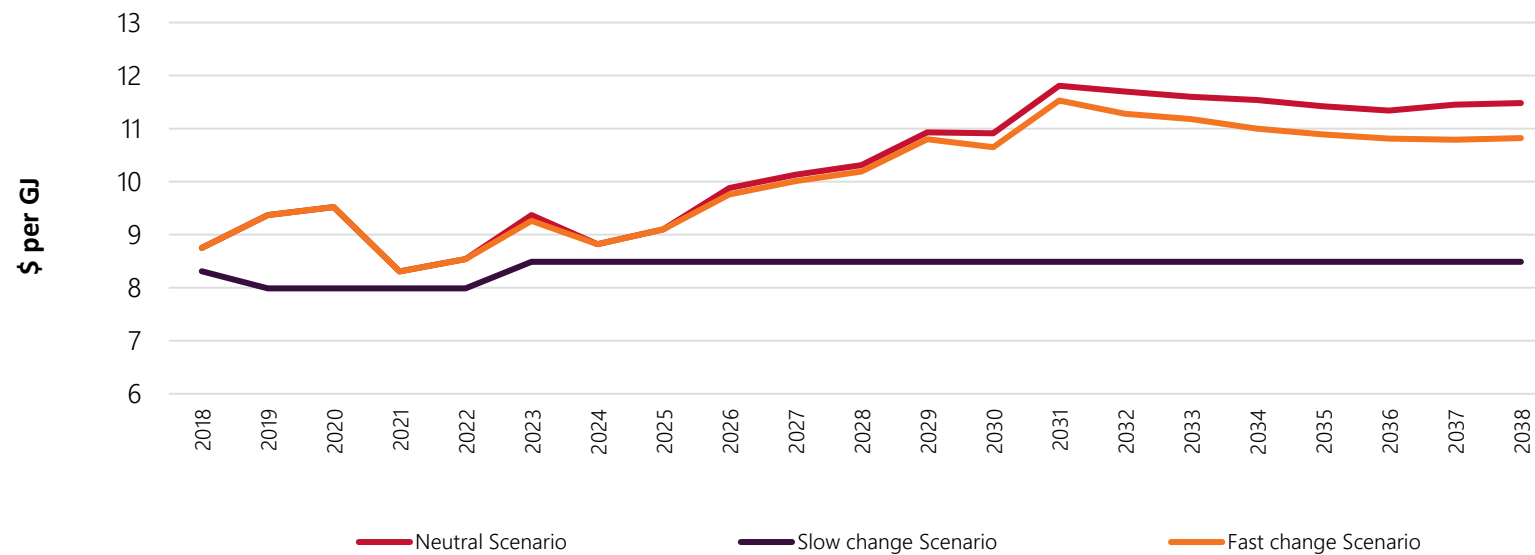
2P reserves: 105PJ

3P reserves: 275PJ

Source : (i) AER wholesale statistics – (i) 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

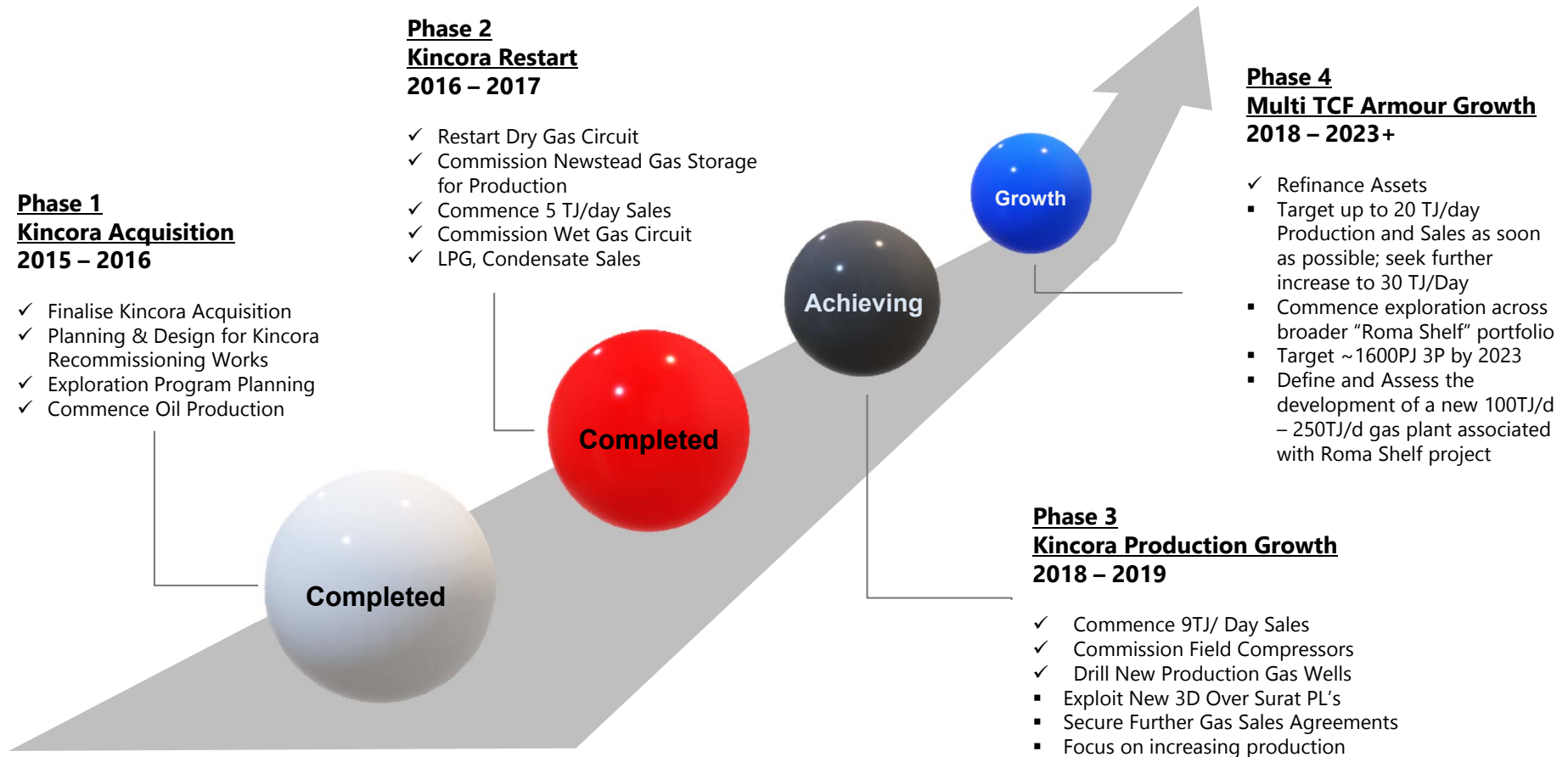
Forecast STRONG Australian Gas Market

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

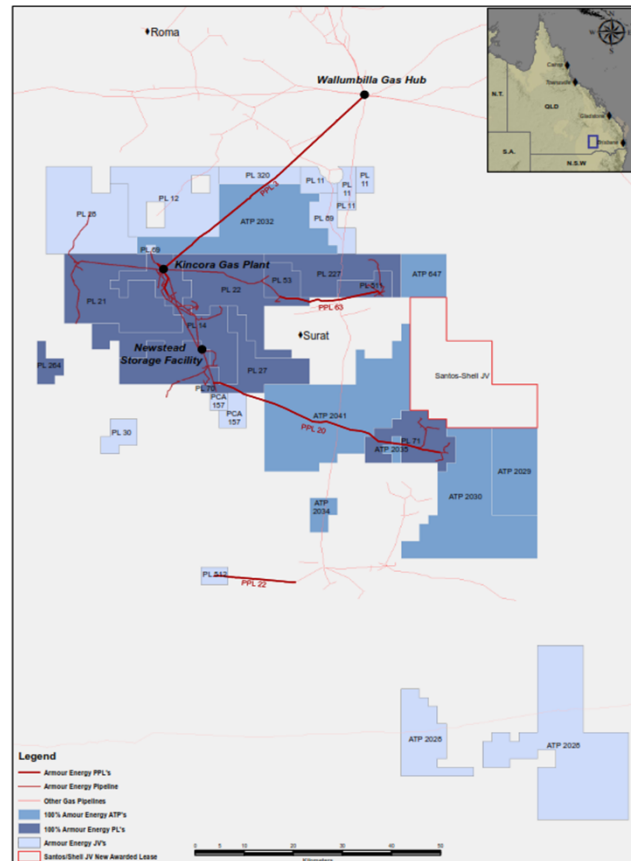


Source : (i) Australian Energy Market Operator (AEMO) Gas Statement of Opportunities, March 2019

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



Armour's Roma Shelf Surat Acreage



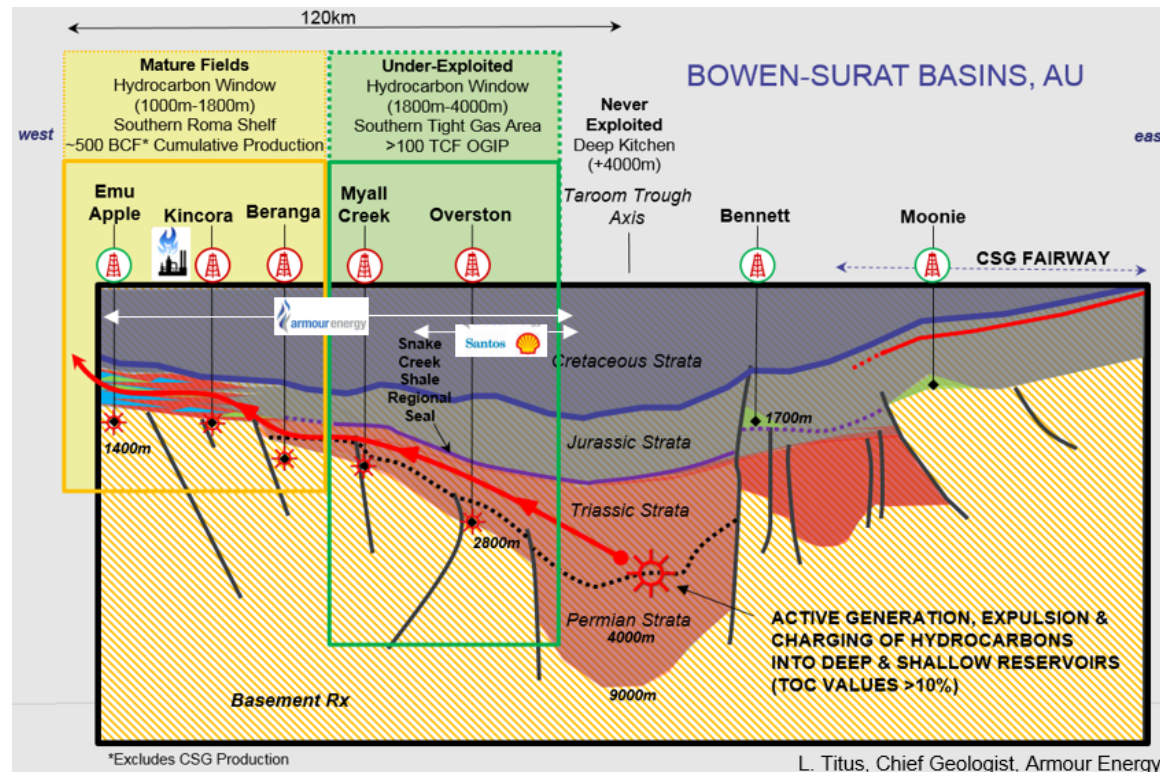
Exploration is in Armour's DNA

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

Armour's Access to East Coast Market



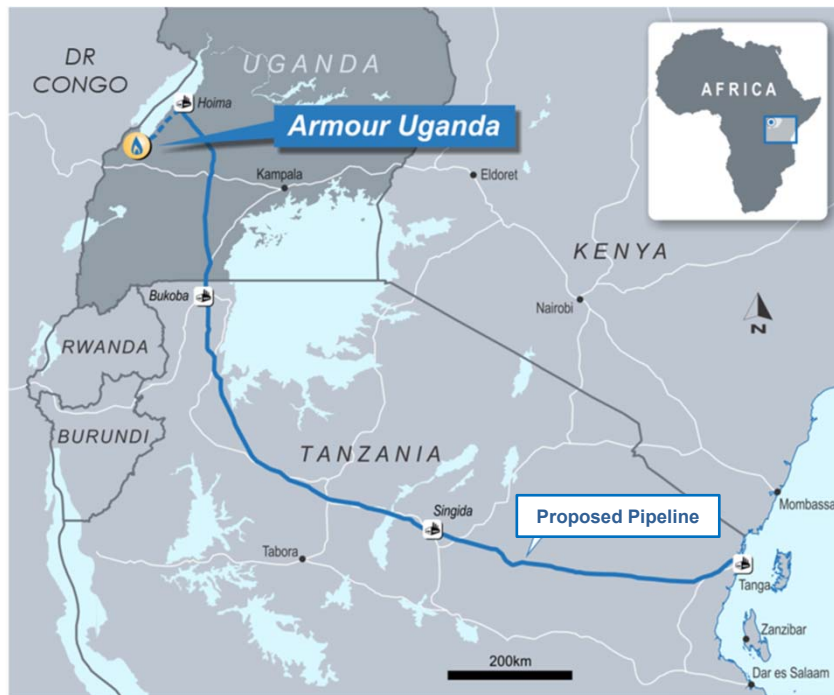
- Armour's Projects are strategically located – adjacent to existing gas pipeline infrastructure
- Field Development Planning is underway to support a multi-TCF project associated with the Roma Shelf Assets and potential in the Northern Australian Projects
- Armour's gas is available to the East Coast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

Right Infrastructure, Right Location

Uganda and Victorian Projects



Uganda oil project



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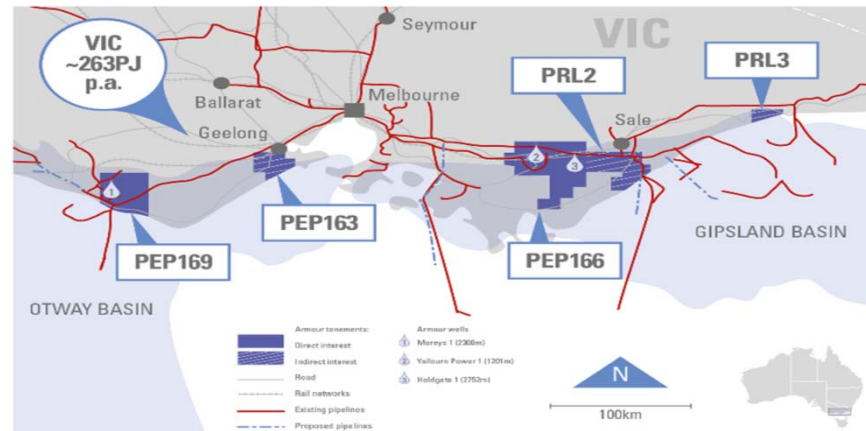
Kanywataba Block

- Located within the Albertine Graben
- Granted to Armour Energy in September 2017; 83.18% DGR Global beneficial interest and Armour Energy 16.82%.
- 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 Kanywantaba); oil seeps confirm local working petroleum system. 3000-5000bbl/day from existing producers
- Kanywataba Oil Resource Best Estimate(2) - Targets 2 and 3 Risked 57-193 MMBLS Recoverable (Internal Armour Estimate)⁽ⁱ⁾
- Pro-resource development Government

(i) ASX Release 19 September 2017

Map Source - DGR Global Website - <http://www.dgrglobal.com.au/dgr-uganda>

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)
- 6.35% 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 – legislated to be lifted by mid-2020
- Lakes currently suspended from ASX pending capital raising activities



For further information contact:

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