



Noosa Mining and Exploration Conference

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Chief Executive Officer

July 2014 ASX:AJQ

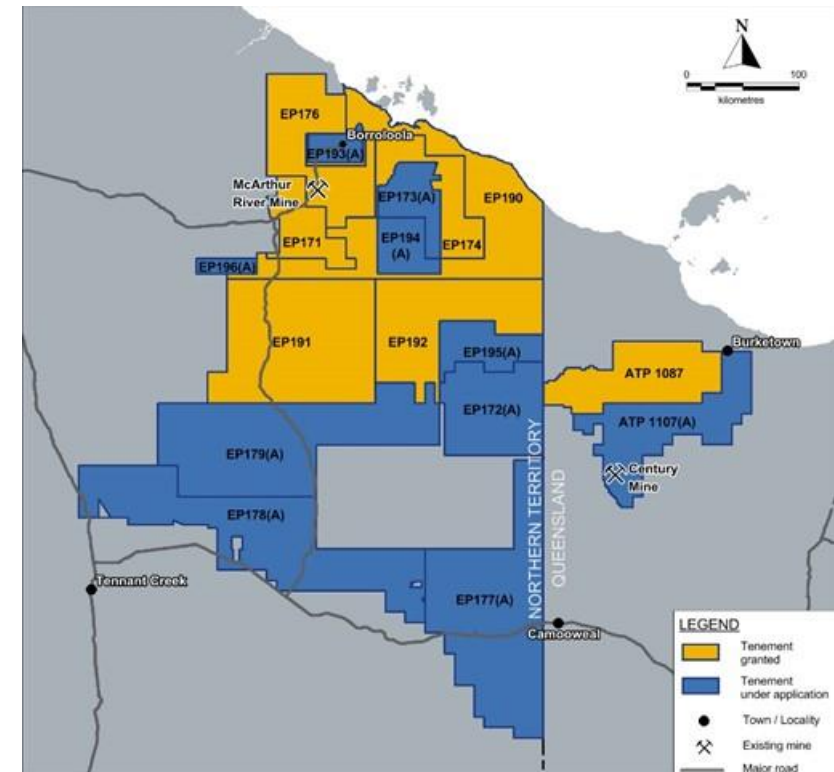


1 Armour Energy overview

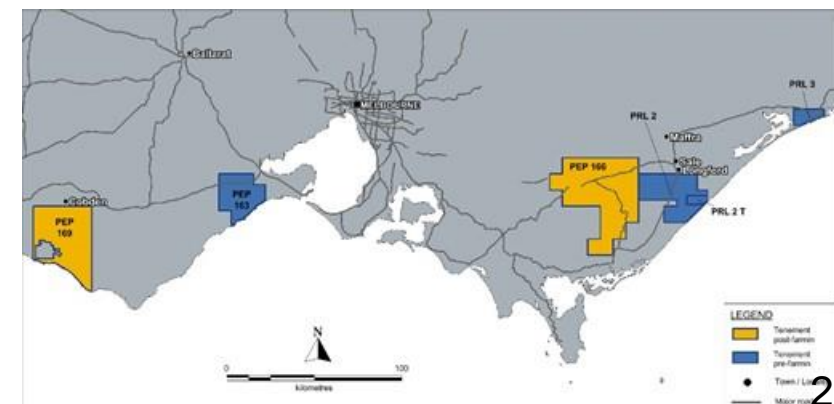
2 Monetisation opportunities

3 Results to date / plans

Queensland and NT tenements



Victoria tenements



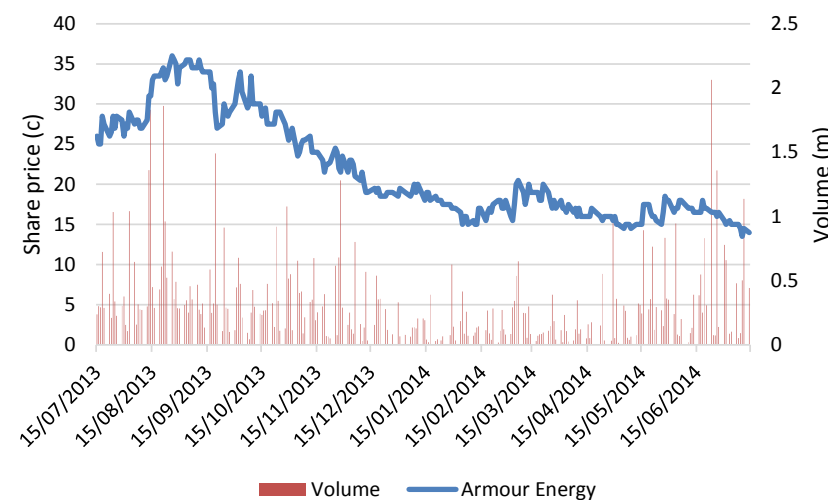
Current cash position is sound – with preference to fund next stage exploration by partnering



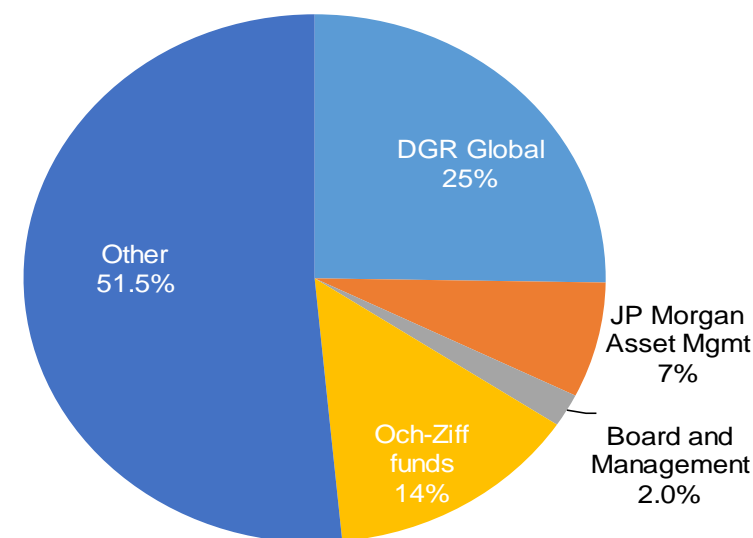
Key statistics	
ASX ticker	AJQ
Issued shares	301.4m
Market cap (@ 14c)	\$42m
Headcount (FTE)	7
Cash (31 Mar 14)	\$7.9m
Plus substantial tax rebate (expected 3Q14)	
Shares in Lakes Oil (19.99% @ 0.4c)	\$8m
No. of permits	20
Total acreage (NT, QLD)	133,800 km ²
Granted acreage (NT, QLD)	61,000 km ²
Mean Resources Potential* (D&M, 2013)	43 TCF, 2.2 MMbbls

* 18.5 TCF & 2.2 MMbbls in EP171/EP176, 2012; 22.5 TCF in ATP1087, 2012;
2.87 TCF in ETP171/ETP176, 2013

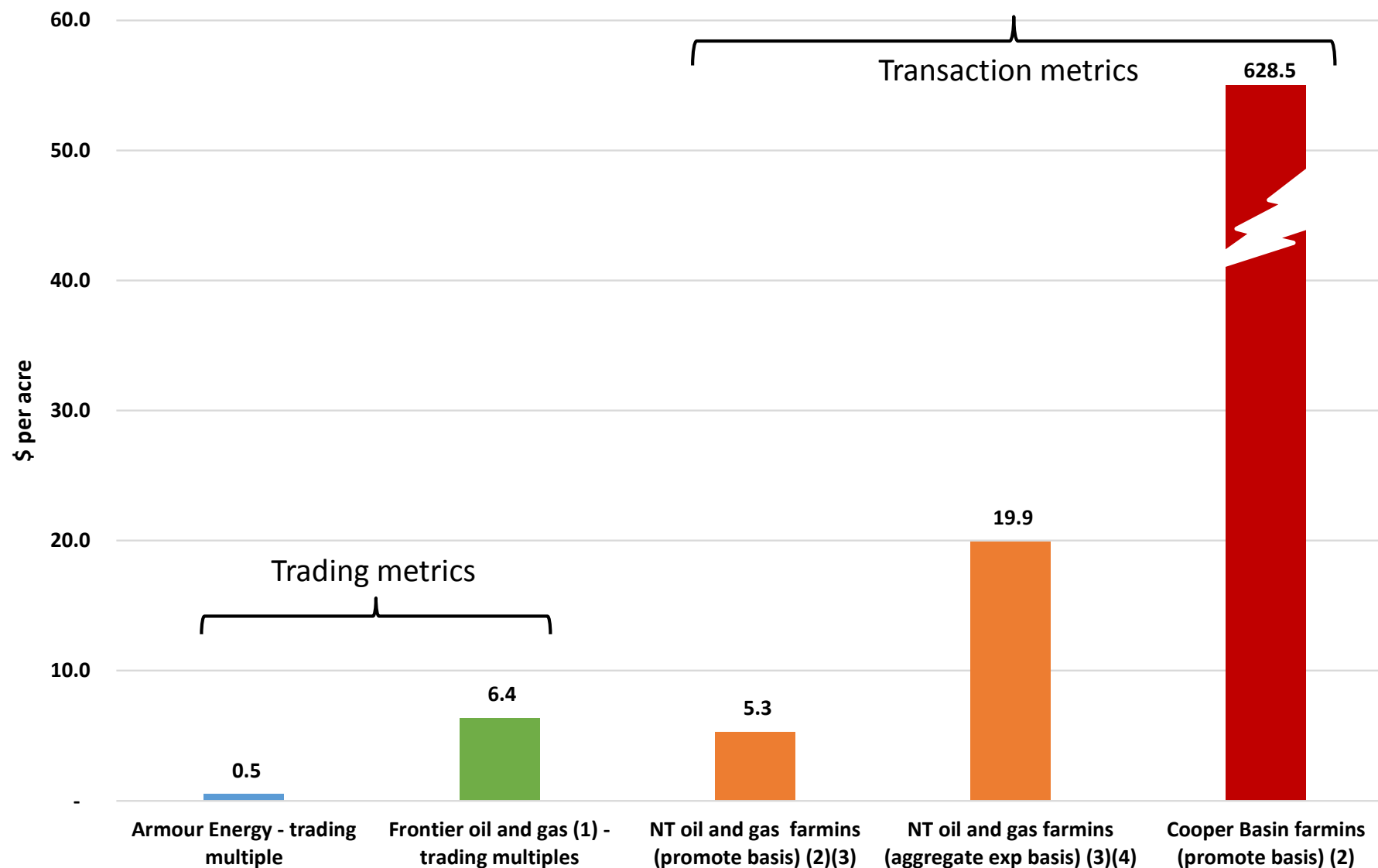
Share price performance – last 12 months



Shareholder split



Armour trades at a significant discount to peers and precedent farmout metrics



(1) Key Petroleum, Central Petroleum, Falcon Oil and Gas

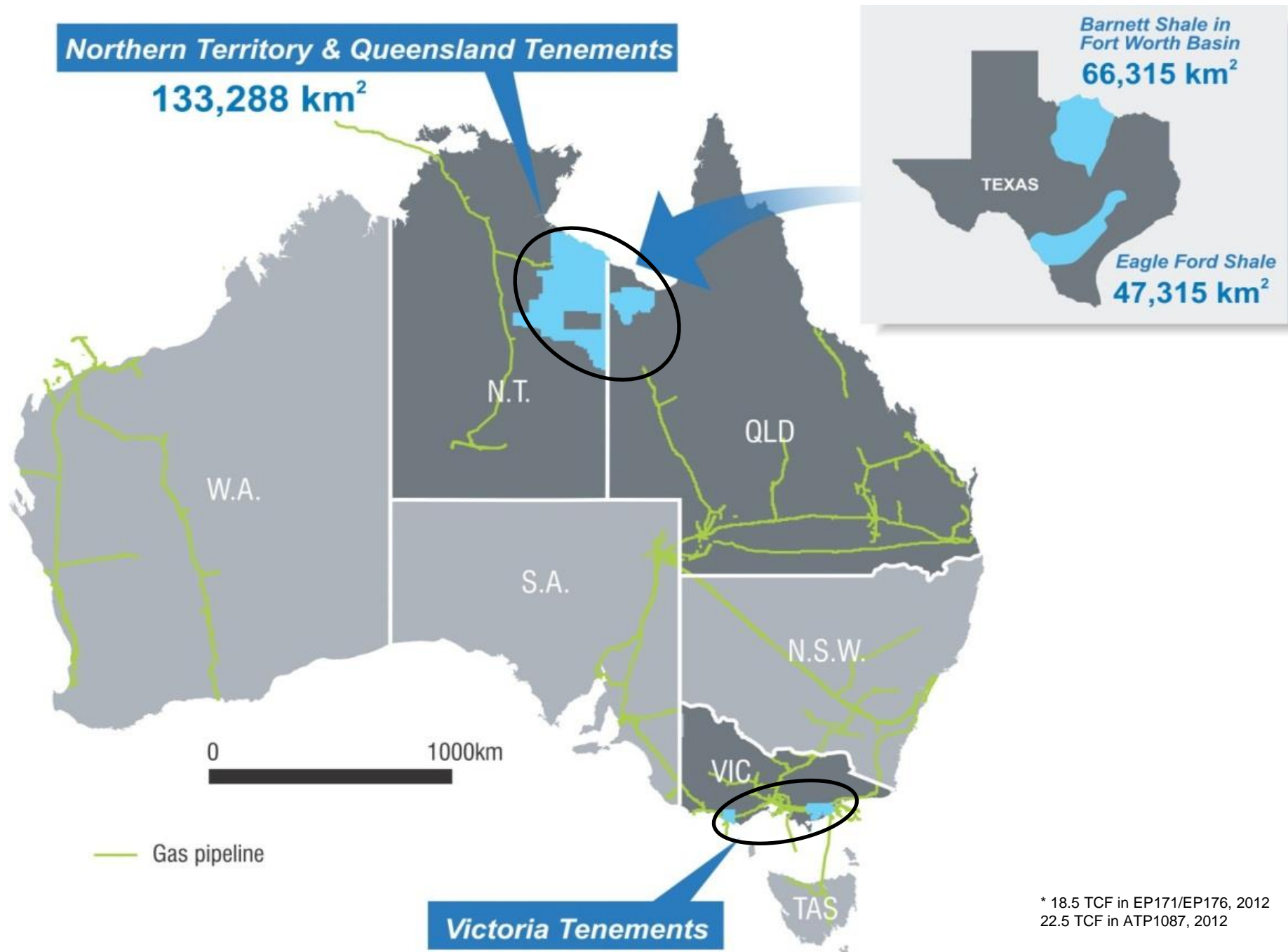
(2) Promote basis – deal promote \$ per net acre

(3) Ex – Origin-Sasol/Falcon Oil and Gas (\$26 per acre, promote basis)

(4) Aggregate expenditure basis – aggregate farmin expenditure \$ per net acre

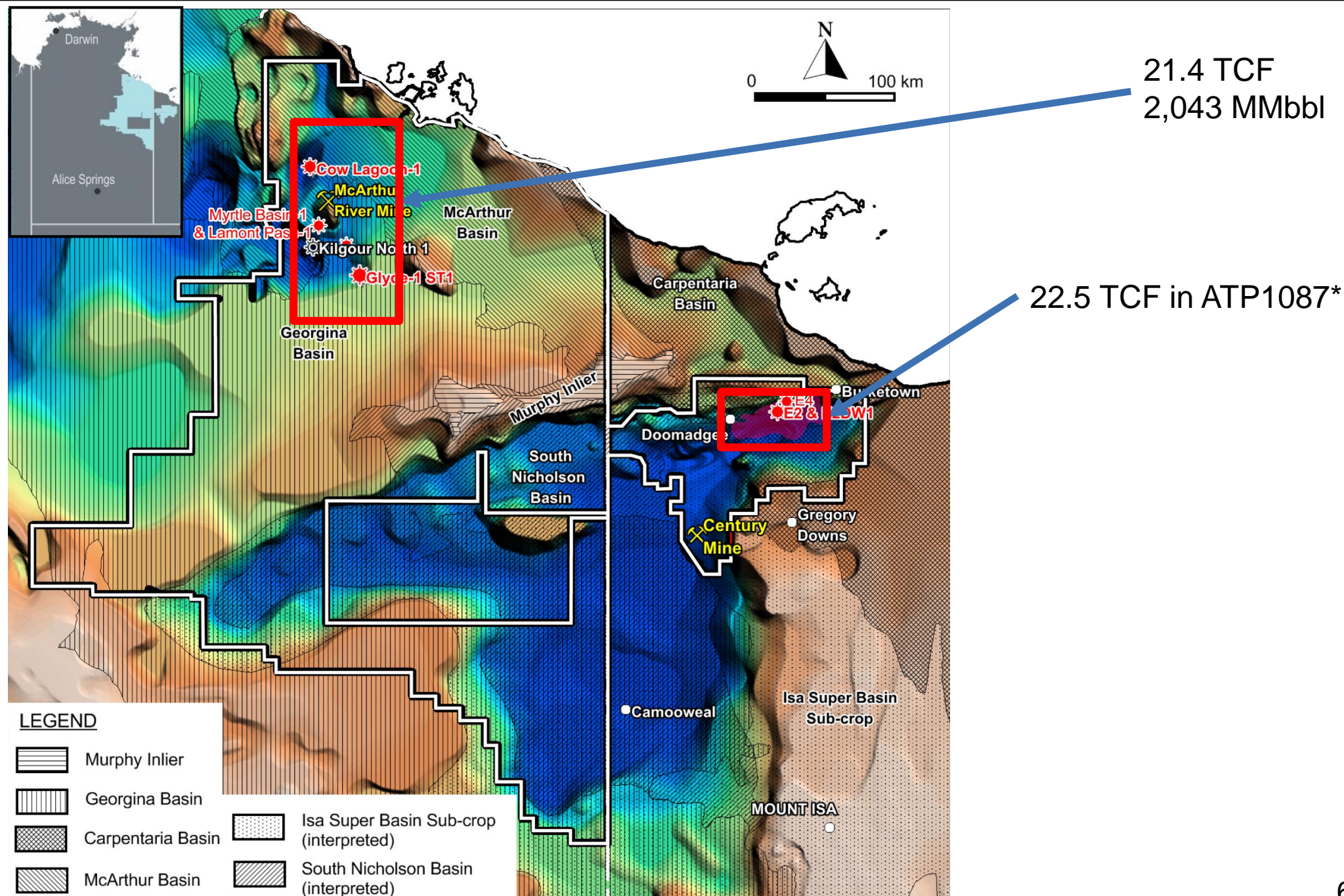
Sources: Broker research, ASX releases, Armour estimates

Acreage portfolio – scale, 100% owned, proven petroleum systems, > 40 TCF prospective resource*



* 18.5 TCF in EP171/EP176, 2012
22.5 TCF in ATP1087, 2012

Tenure covers multiple sedimentary basins across QLD and NT



* 22.5 TCF ATP1087 2012; does not include Riversleigh Shale, currently under assessment

Northern Australia - scarcely populated, low impact, supportive native title groups yet close to infrastructure



Contingent and Prospective Resources in NT and Qld – high quality gas and liquids potential



Contingent Resources

Bcf	1C	2C	3C
Lawn Hill Formation unconventional, E2, ATP1087 (Source: SRK, July 2014)	33.1	154.4	364.0
Coxco Dolomite – unrisked, conventional (D&M, April 2013)	2.4	6.0	10.3
TOTAL	35.5	160.4	374.3

Unrisked, Mean Prospective Resources (Sources: SRK, November 2013; MBA, April 2012)

	Gas (Bcf)	Liquids (MMbbls)	MMboe
Northern Territory			
Conventional	2,870	81	559
Unconventional	18,551	1,962	5,054
Total NT	21,421	2,043	5,613
Queensland			
Conventional	0	0	0
Unconventional*	22,500	242	3,992
Total QLD	22,500	242	3,992
TOTAL	43,921	2,285	9,605

* Does not include Riversleigh Shale, currently under assessment

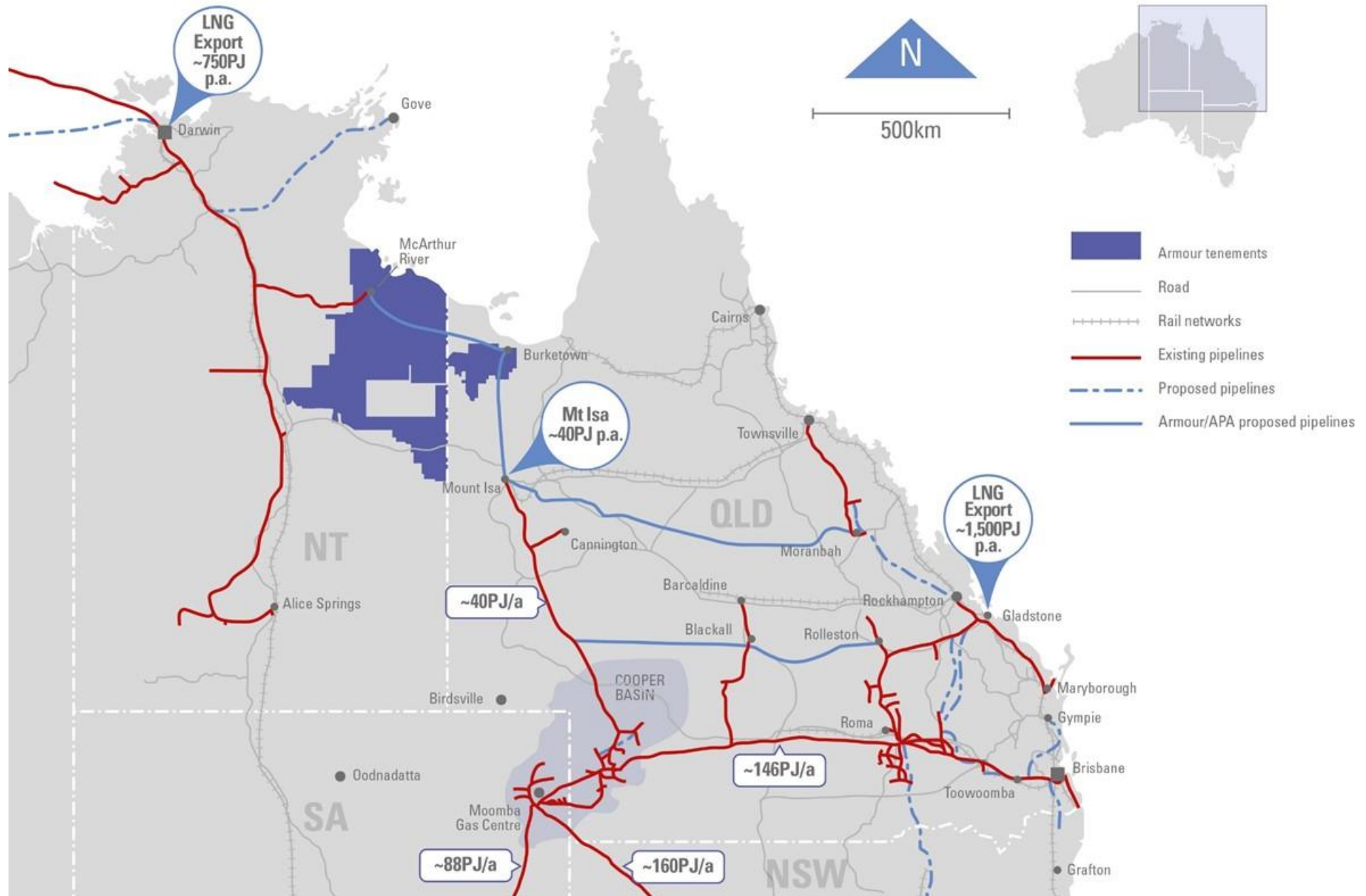
Recent changes to the Petroleum and Gas in Queensland tenure reform has improved Armour's tenement value.

Changes to legislation

1. Licence terms increased to six years from the current four.
2. Mandatory relinquishment deferred for two years.
3. More flexibility in relation to amending work programs.
4. Simplification of the process to apply for Petroleum Leases.



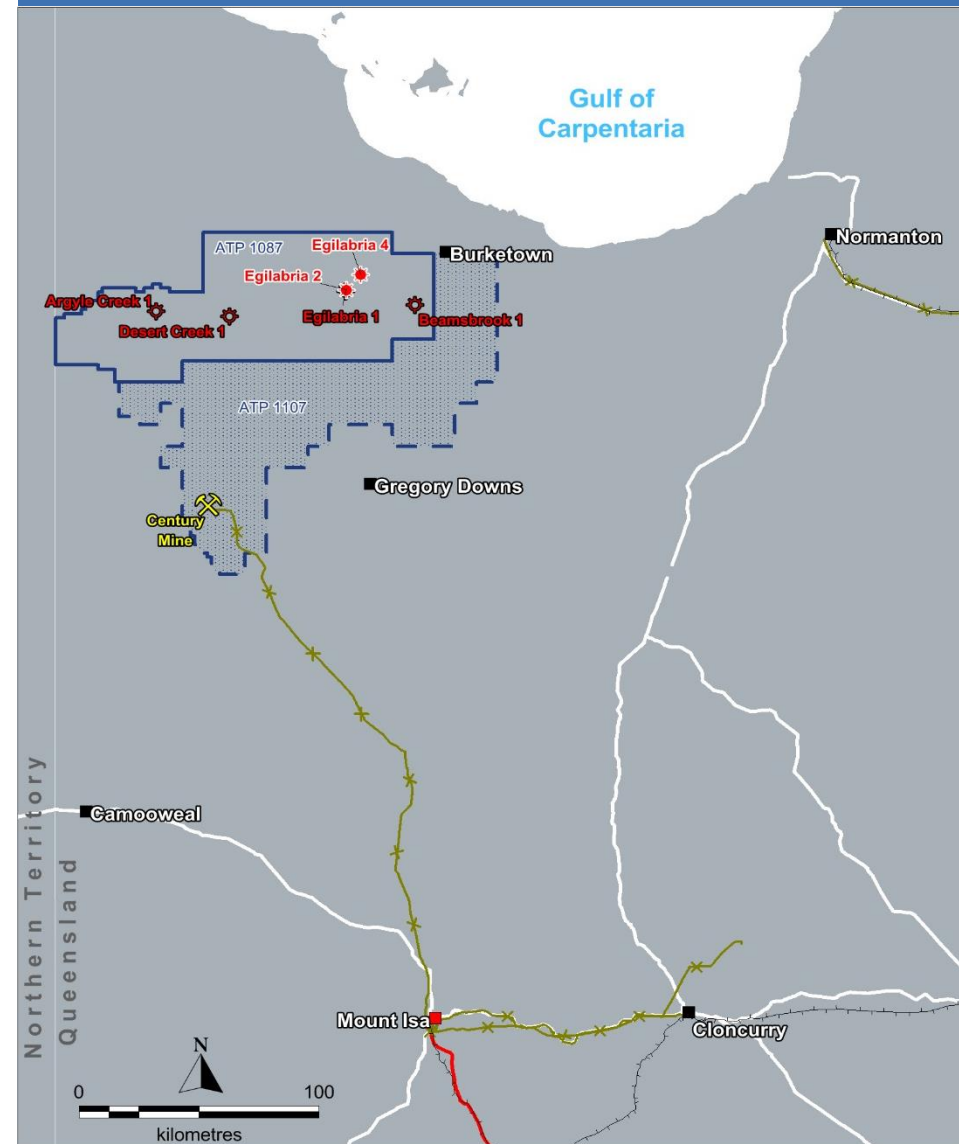
Good nearby infrastructure and Heads of Agreement with APA provides for connection to east coast markets via Mt Isa




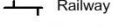






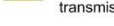
Highlights

- To evaluate potential for expanded existing or new build power generation
- Scoping study to evaluate project feasibility and economics
- MMG's current and possible future needs plus potential third party regional requirements
- Study to evaluate supply of 7 to 9 PJs per annum plus third party overlay

MMG Century Mine and Armour's Queensland ATPs



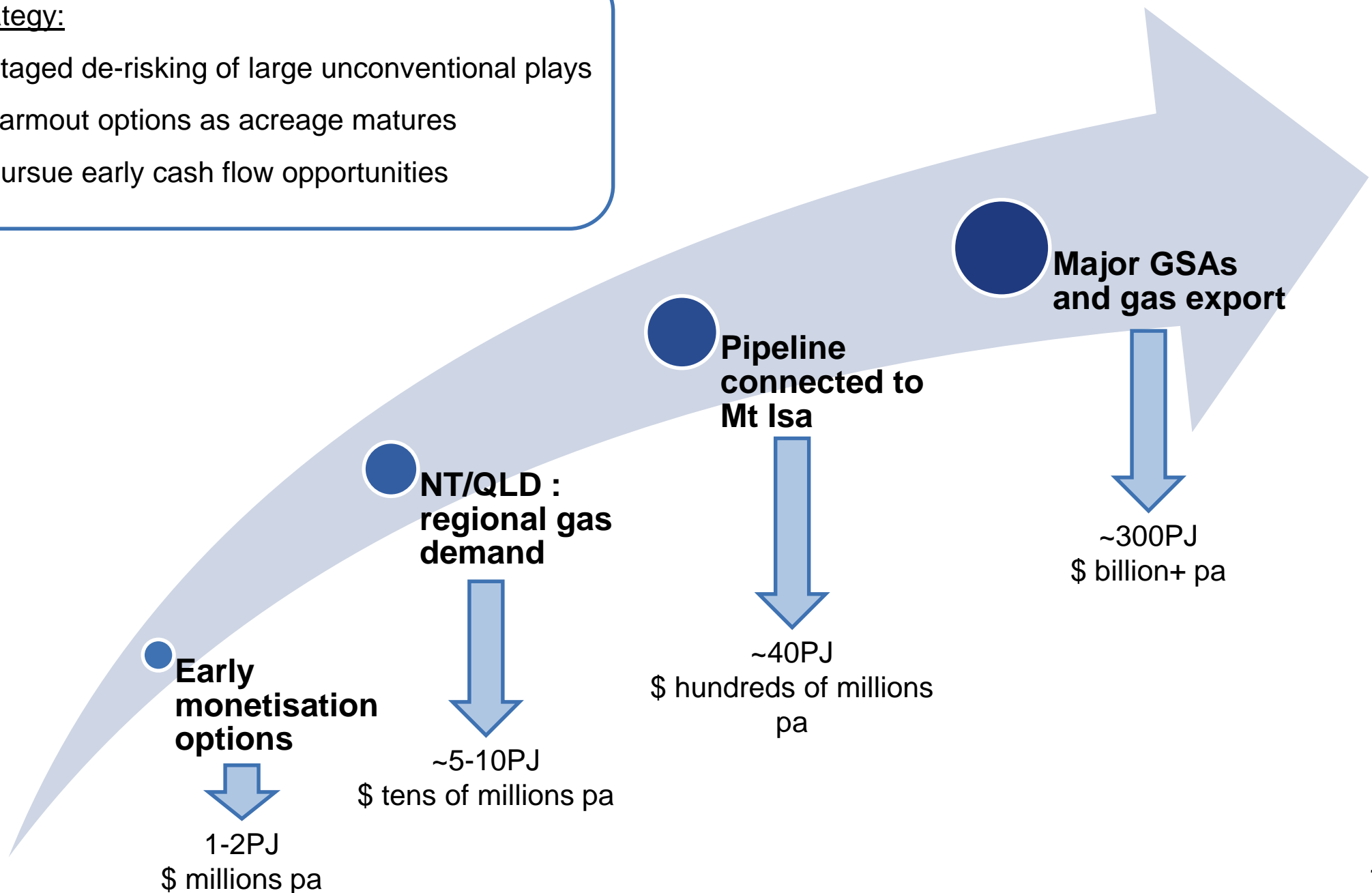
Legend

- | | | | |
|---|---|--|--|
|  Armour tenement (approved) |  Railway |  2013 wells drilled by Armour |  Town |
|  Armour tenement (under application) |  Gas pipeline |  Comalco wells with gas shows |  Primary road |
| |  Electricity transmission line | | |

Staged approach to cash flow generation – current focus on de-risking large unconventional plays and early monetisation

Strategy:

1. Staged de-risking of large unconventional plays
2. Farmout options as acreage matures
3. Pursue early cash flow opportunities

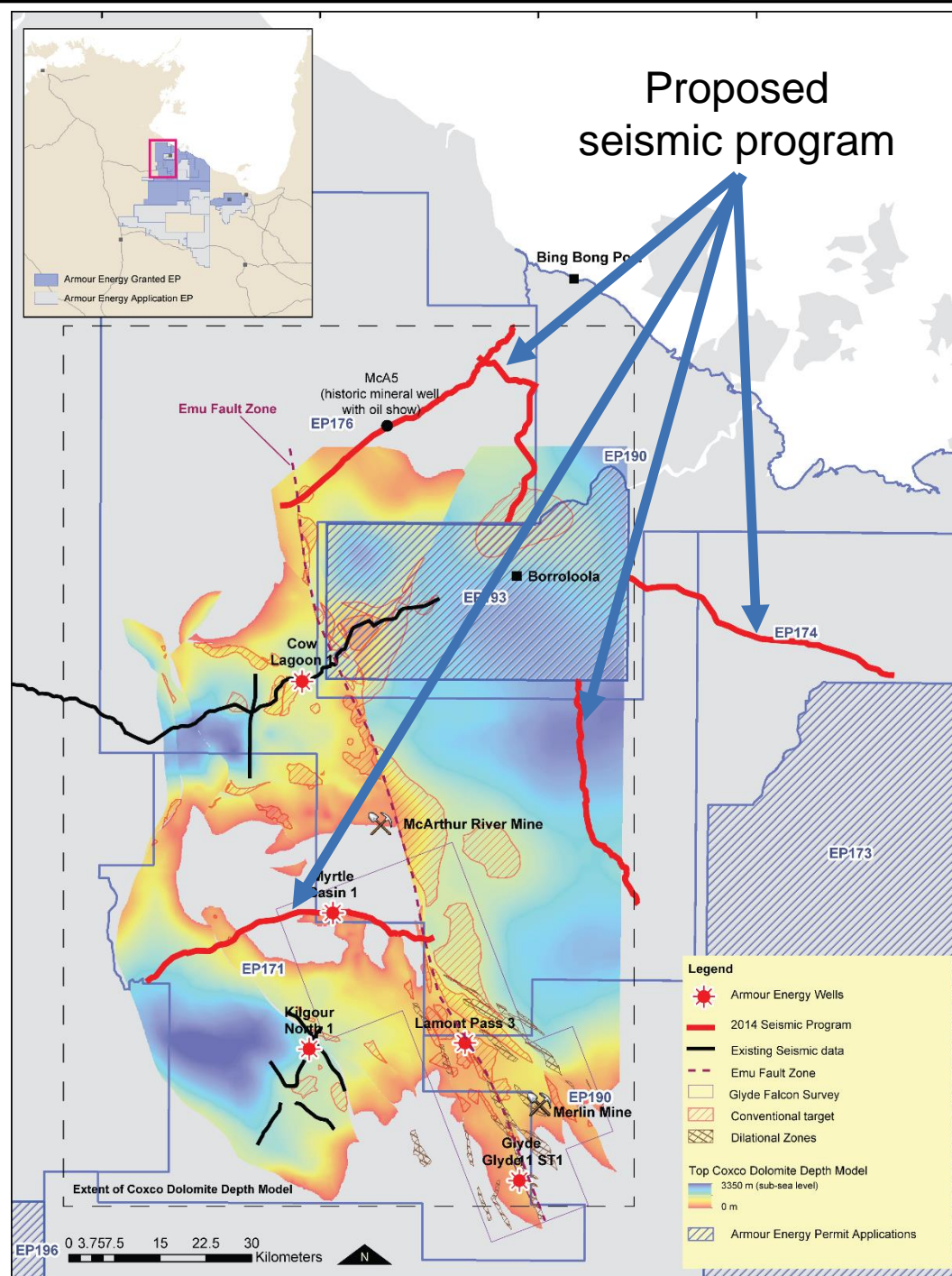




* Up to 3.3 mmscf/d on 64/64" choke @ 125 psi (Source: Armour, August 2013)

Conventional and multiple large unconventional plays in NT – with low work programme commitments

- Work commitments in the NT are low
- Significant investment to date has assisted long term licence retention
- Work to date has focussed along the Emu Fault establishing a working petroleum system
- Future programs to further evaluate large scale unconventional gas and liquids potential
- Next stage program to focus on seismic acquisition across large unconventional depo-centres



QLD ATP1087 results indicate strong shale play potential

- Total organic carbon (TOC) content is world class and among the highest in Australia

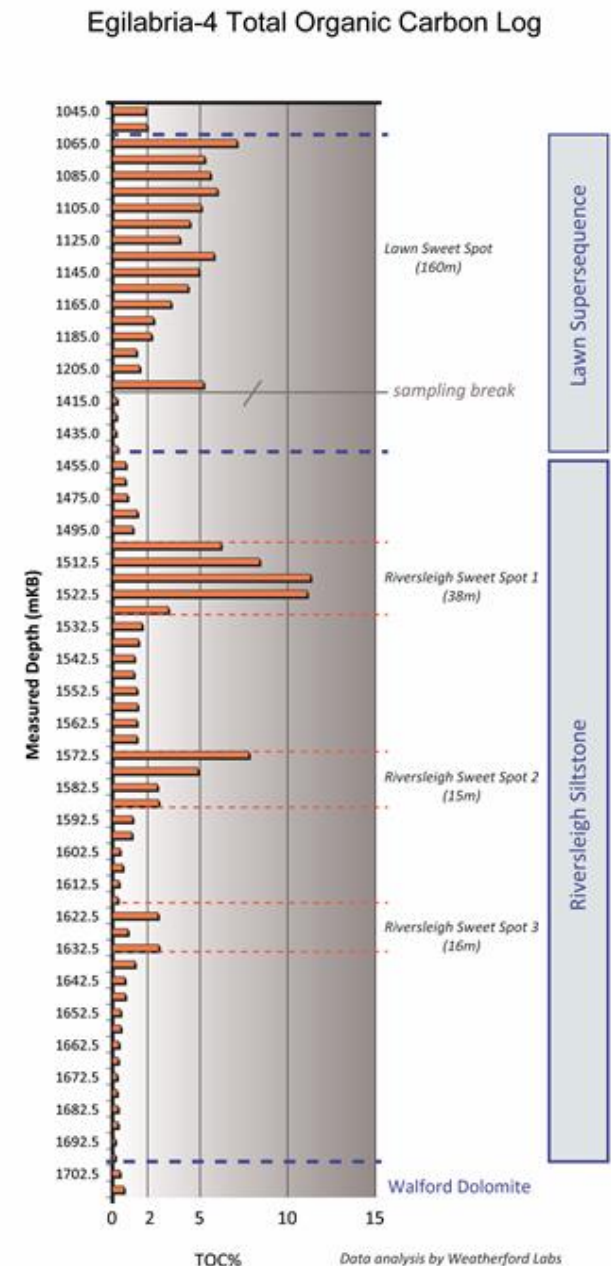
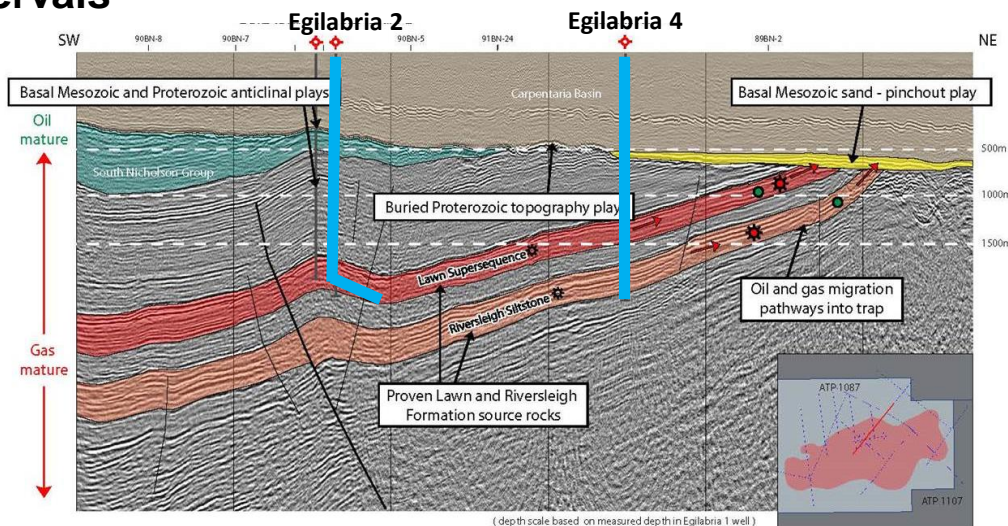
Typical min. TOC for viable shale play	World class TOC eg. Marcellus Shale (USA)	Armour Energy TOC Lawn/Riversleigh Shale
>2%	>5%	Up to 11%

- Gas composition is high methane, very low CO₂ – reducing processing costs, enhancing economics

Methane	Ethane	CO ₂	Helium	Other inerts
90%	0.5%	2%	1% ⁽¹⁾	6.5%

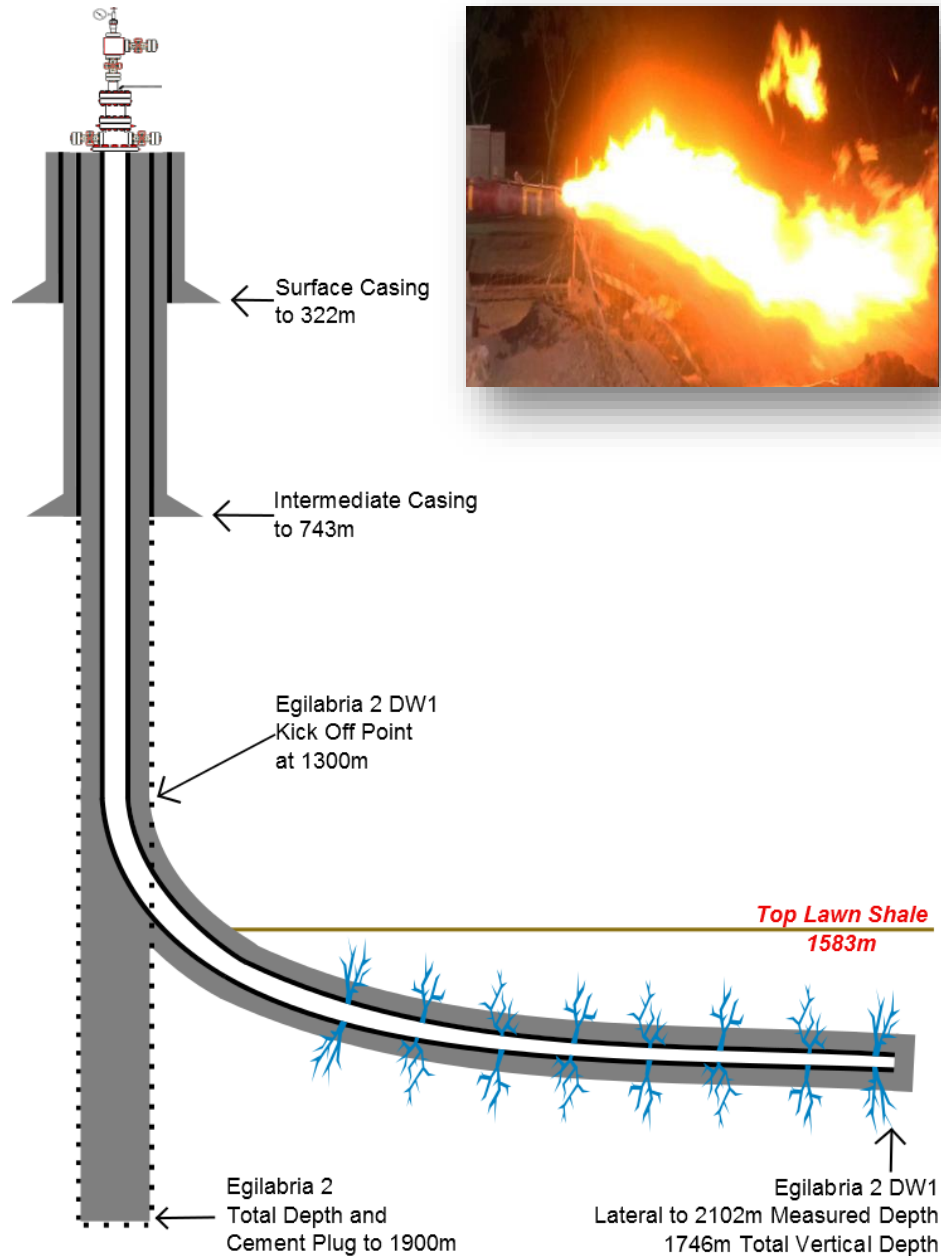
⁽¹⁾ Gas isotubes taken while drilling showed up to 6% helium

- Gas encountered on and off structure at favourable depth intervals



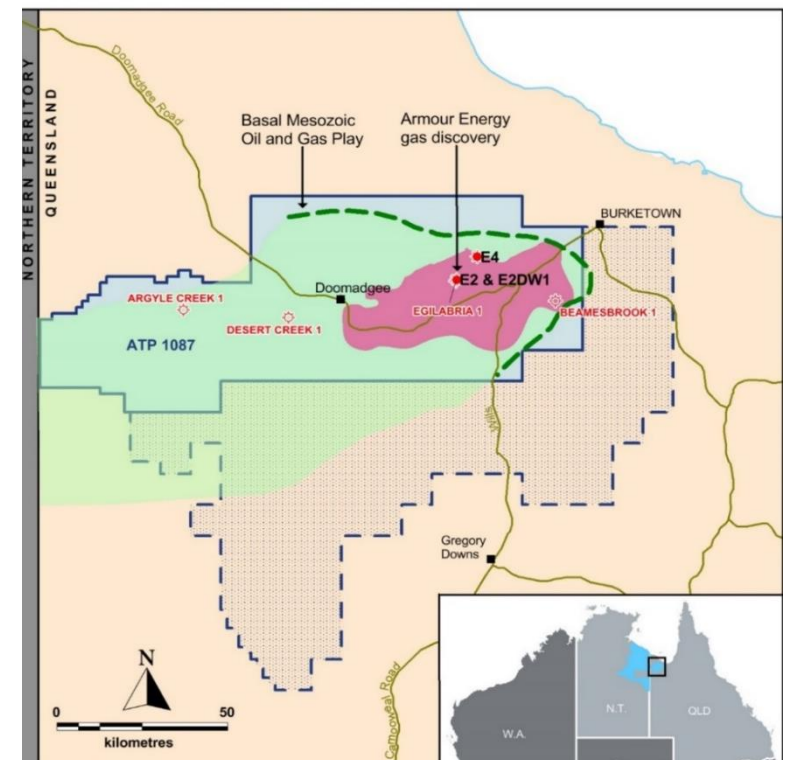
Queensland - first horizontal hydraulically fractured well in Australia to produce gas from shale

Egilabria 2 / 2DW 1 – well designs

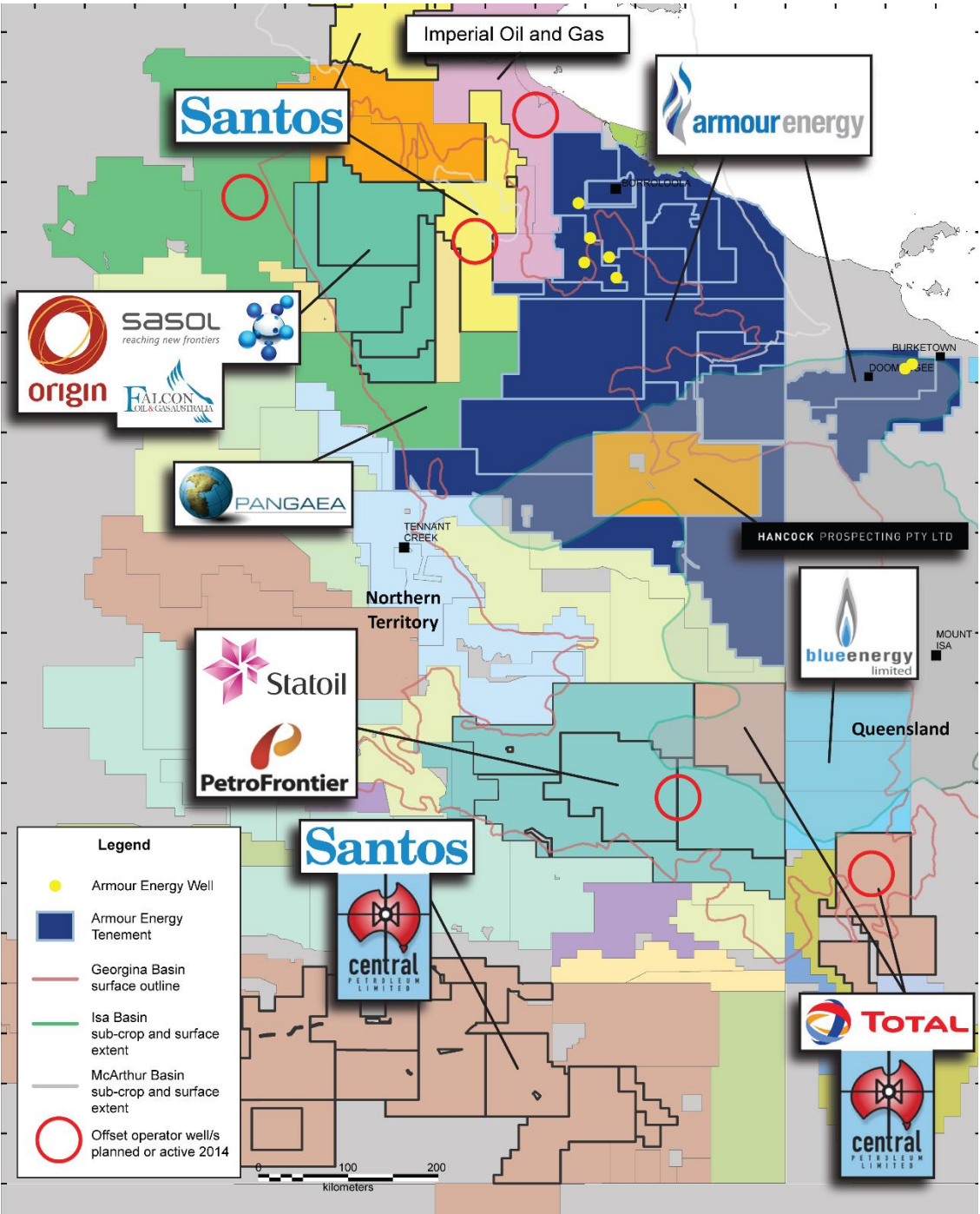


Results to date and forward plan

- ✓ High Total Organic Carbon (TOC) up to 11%
- ✓ High methane 90%
- ✓ Low CO₂ ~ 2%
- ✓ Helium (valuable by-product) > 1%
- Resource assessments:
 - ✓ Contingent resource 1C:33, 2C: 154, 3C: 364 Bcf
 - ✓ Lawn shale: 22.5 TCF prospective
 - ❑ Riversleigh shale (being assessed)
 - ❑ Conventional (being assessed)



Majors are moving into northern Australia - activity levels are rapidly increasing in nearby acreage



Work done to date, exploration and appraisal time line

	To date				2014		2015				2016			
	Wells	Seismic	Gravity	Costs(m)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<u>Northern Territory</u>														
Field work:														
Exploration wells	5			\$24				2-4						
2D seismic surveys (third party) (km)		141			240									
Airborne geophysical survey			✓	\$1										
Resistivity survey - Glyde														
Ancillary costs (eg roads, transport, camps, studies)				\$7										
Commercial/resources:														
Partnering														
Micro LNG/CNG														
Other NT operators - exploration wells	Nil													
<u>Queensland</u>														
Field work:														
Exploration wells	3			\$12										
Horizontal well stimulation	✓			\$6										
2D seismic surveys (third party) (km)		1134												
Airborne geophysical survey			✓	\$1										
Exploration/appraisal program (TBD)														
Ancillary costs (eg roads, transport, camps, studies)				\$10				Exploration and appraisal						
Commercial/resources:														
Partnering														
Resource assessment														
<u>Victoria</u>														
Field work:														
Exploration wells	2			\$7										
Drill Otway-1														
Early monetisation on success														
Ancillary costs (eg roads, transport, camps, studies)				\$1										
	10	1275		\$69										

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Raymond L Johnson Jr., Reservoir Development Advisor for Armour Energy, who is an SPE member, qualified in accordance with the requirements of ASX listing rule 5.42, and has consented to the use of the resource figures in the form and context in which they appear in this presentation.