

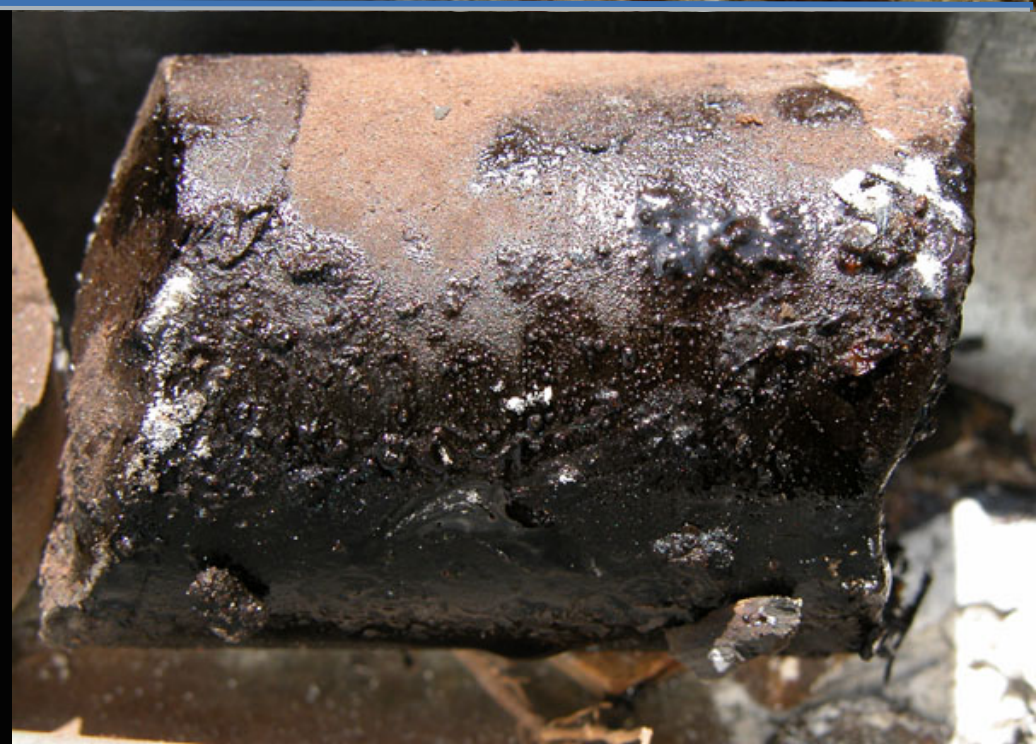


3rd China International Shale Gas Summit 2014, Beijing

Robbert de Weijer
Chief Executive Officer

October 2014

ASX:AJQ



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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 certain resource figures in the form and context in which they appear in this presentation.

Certain resources 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 a 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. Resource estimations were prepared by SRK Consulting in accordance with the definitions and guidelines of the 2007 Petroleum Resources Management System (SPE, 2007). Additionally, the PMRS Guidelines 2011 were used to distinguish the Contingent Resources from quantities that should be classified as Unrecoverable. The SRK Consulting report documents the probabilistic methodology used to estimate the Contingent Resources.

It should be noted that the estimated quantities of petroleum that may potentially be recovered by the application of a future development project relates 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.

All contingent and prospective resources are 100% to Armour Energy Limited.

1

Australia – Asia: market highlights

2

Overview of Armour Energy and Northern Australia

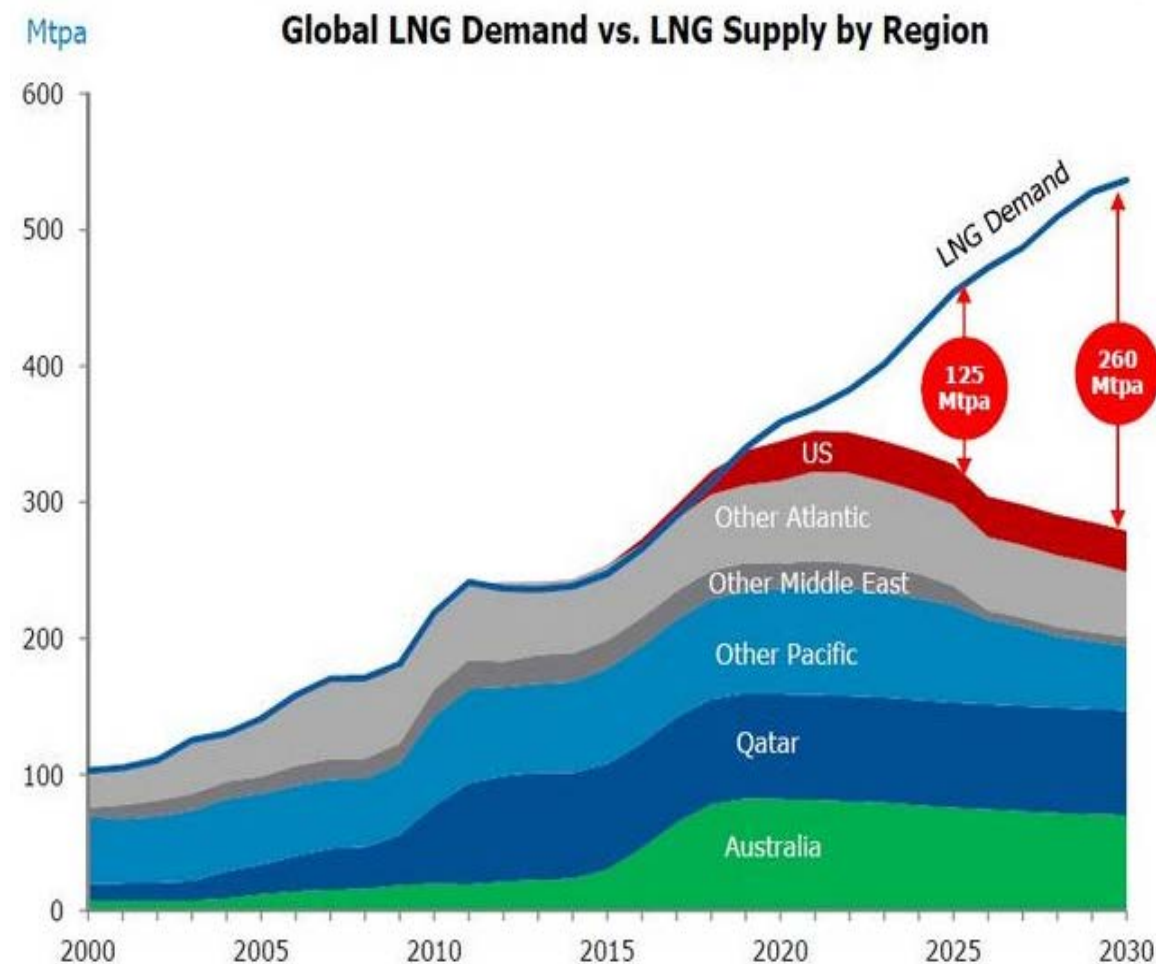
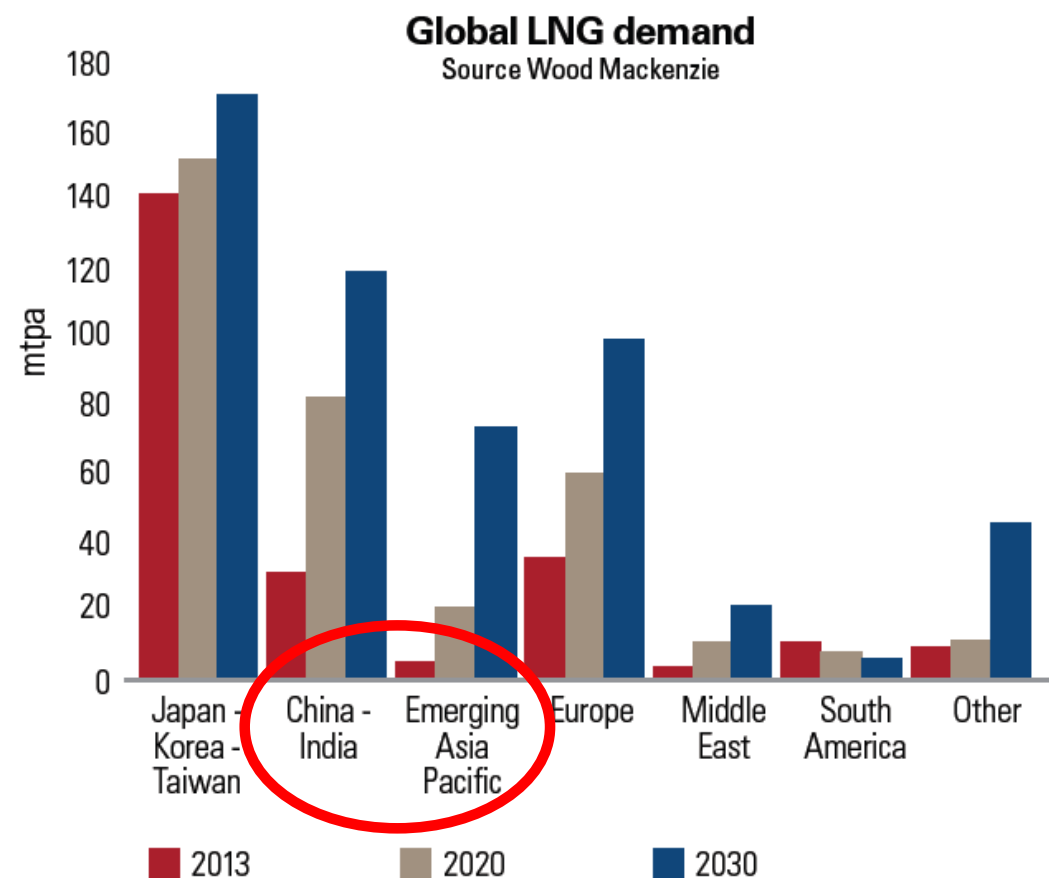
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Results to date

4

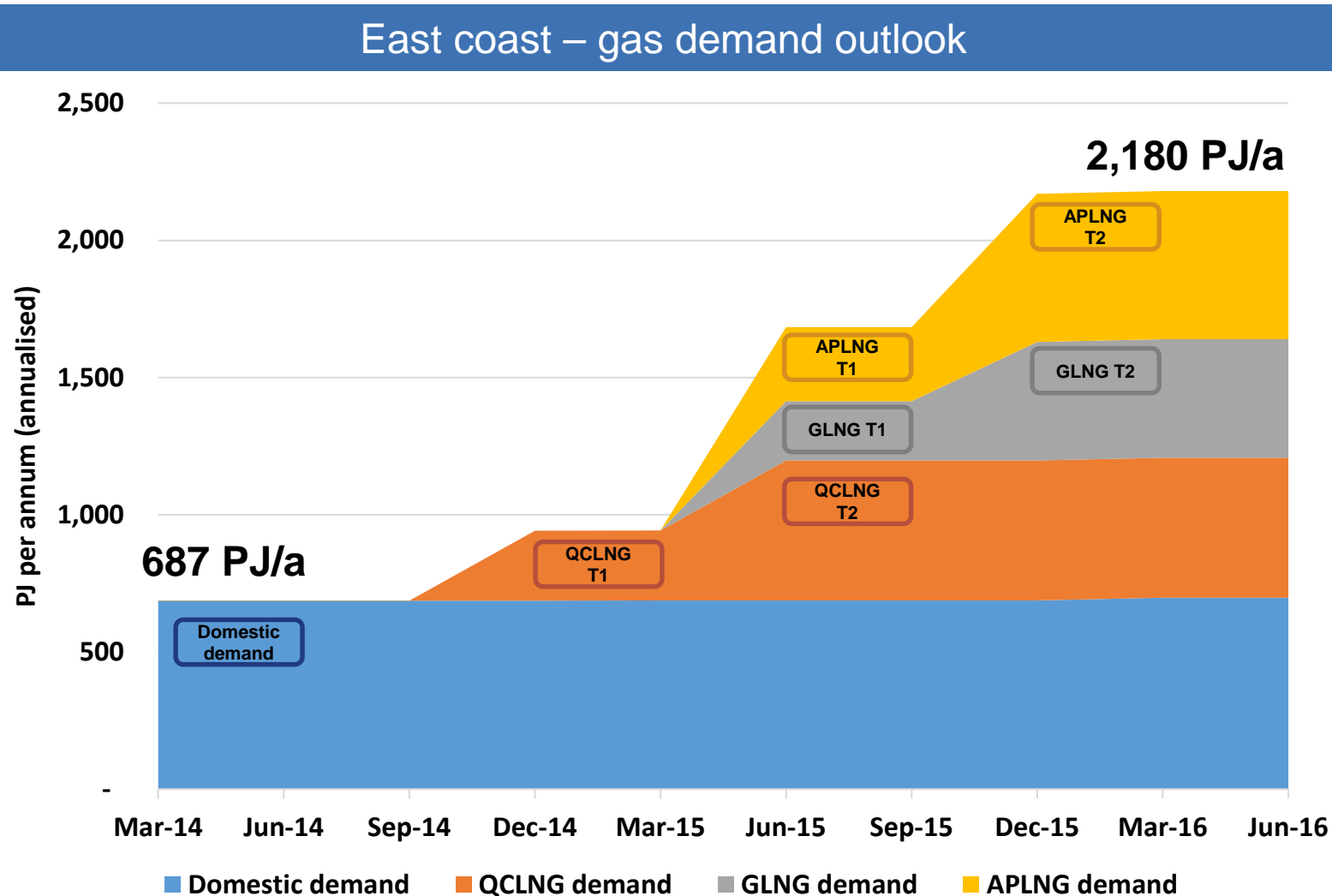
Concluding remarks

With LNG facilities built, Australian gas is well placed to meet rapid demand growth from China and Emerging Asia Pacific countries.



Australian east coast market is undergoing rapid change

Over the next 12-18 months, LNG exports will send powerful price signals to east coast market participants as gas demand triples.



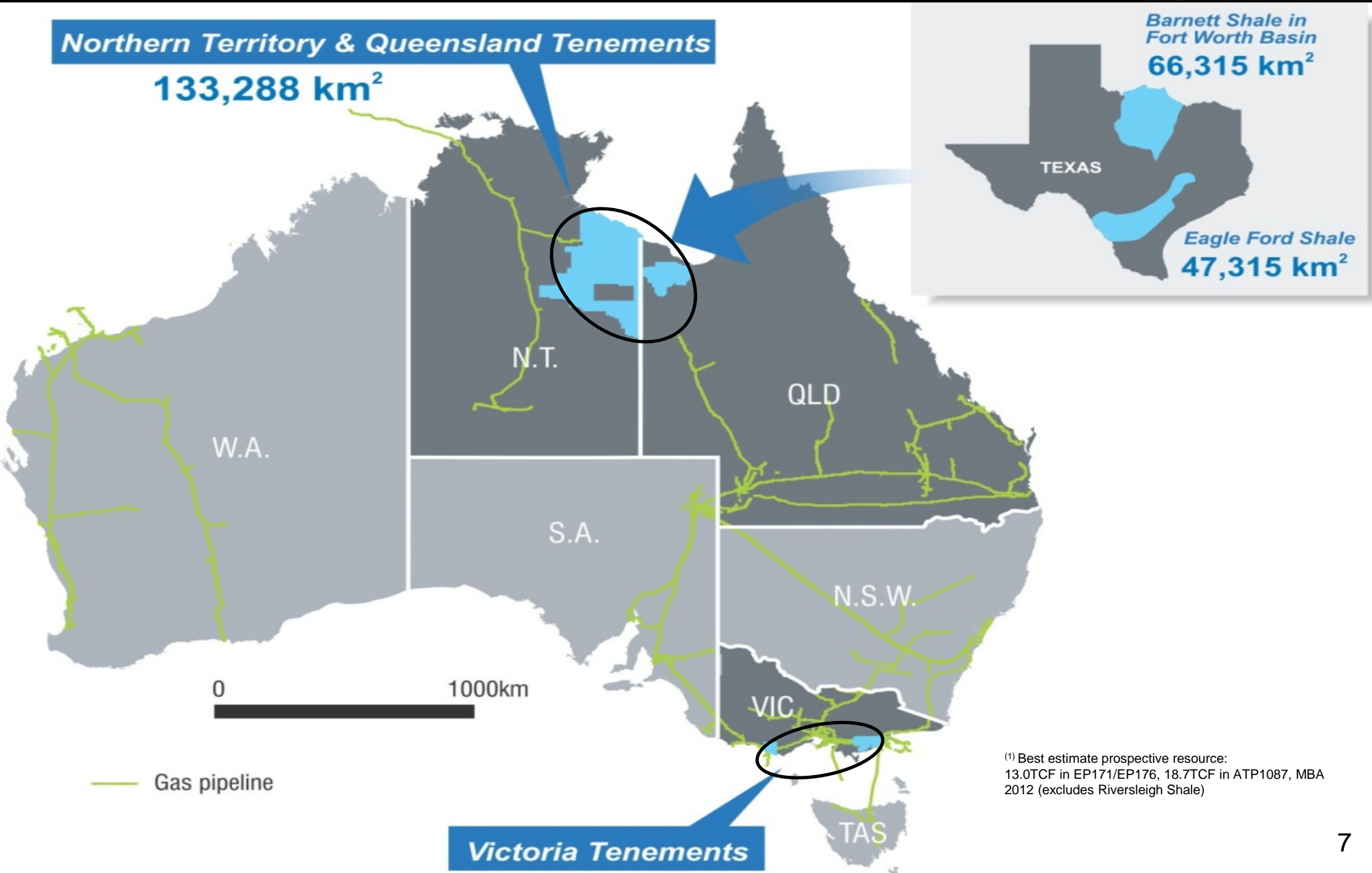
1 Australia – Asia: market highlights

2 **Overview of Northern Australia and Armour Energy**

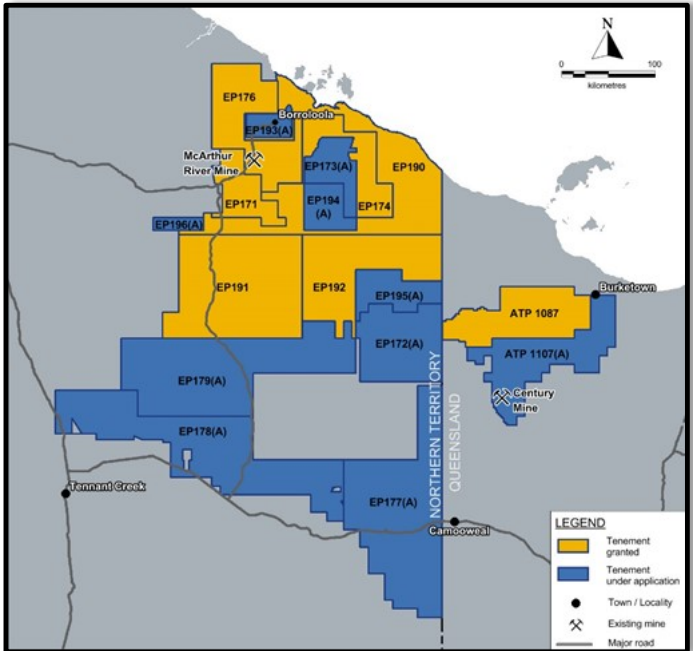
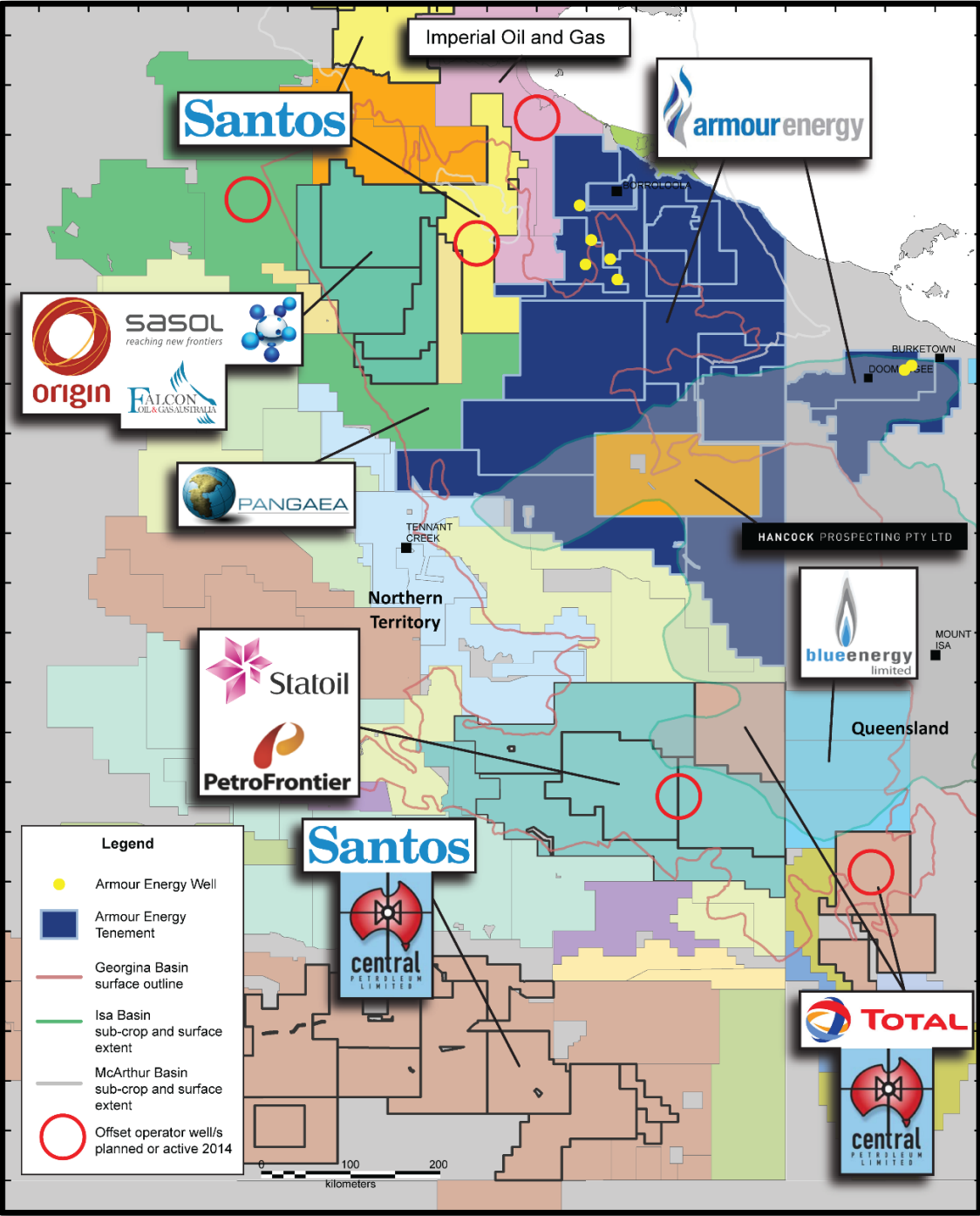
3 Results to date

4 Concluding remarks

Acreage portfolio – scale, 100% owned, proven petroleum systems, > 30 TCF prospective resource ⁽¹⁾



Northern Australia – an emerging new oil and gas province with the majors moving in and activity levels increasing



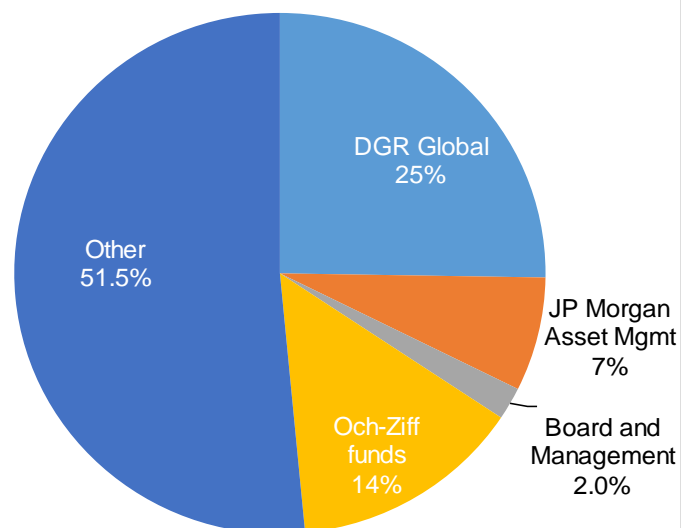
Armour's NT and QLD granted (yellow) and not-yet granted tenements (blue)

Our aim is to become a large supplier of energy to domestic and overseas markets.



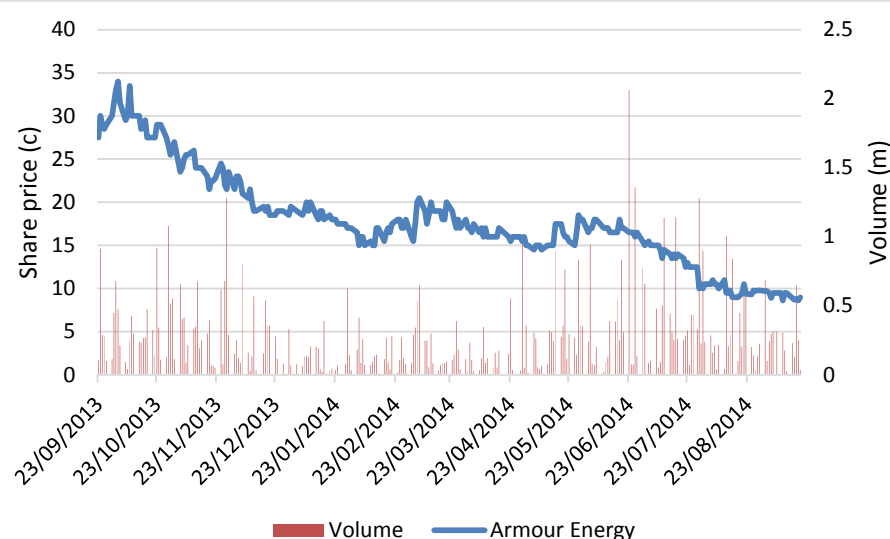
Key statistics

ASX ticker	AJQ
Issued shares	301.4m
Market cap (@ 7.4c)	\$22m
Headcount (FTE)	7



Cash (30 Jun 14)	\$6.5m
Shares in Lakes Oil (19.99% @ 0.3c)	\$6m

Share price performance – last 12 months



Board and Management

- Nick Mather, Executive Chairman
- Stephen Bizzell, NED
- Roland Sleeman, NED
- Bill Stubbs, NED
- Robbert de Weijer, CEO
- Roger Cressey, COO
- Chris Ohlrich, CCO
- Luke Titus, Chief Geologist

Strategy:

1

Staged de-risking of large unconventional plays

- ▶ Identify basin sweet spots.
- ▶ 'Crack the codes' to flow wells at commercial rates.

2

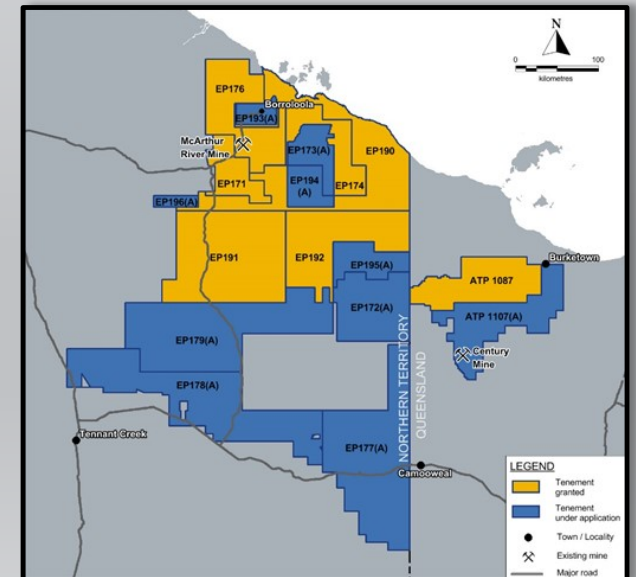
Farmout selected tenements as acreage matures

- ▶ Discussions ongoing.

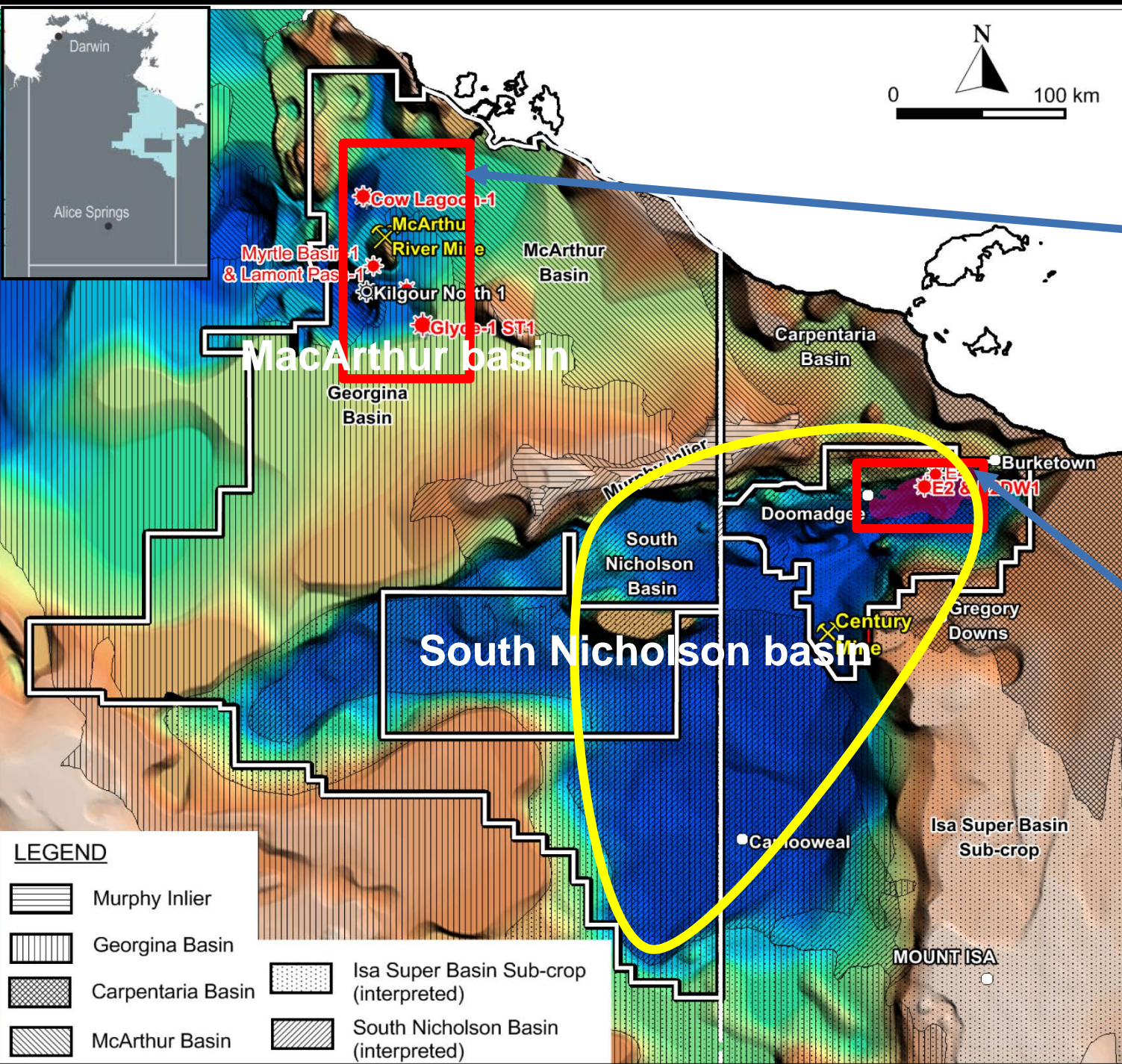
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Mature monetisation opportunities

- ▶ Near term: gas supply to regional customers.
- ▶ Medium / longer term: supply of large volumes of gas to domestic and overseas markets via LNG.



Tenure covers multiple sedimentary basins across QLD and NT; high quality and liquids potential



Prospective resources ⁽¹⁾:

13.0TCF gas
1,252 MMbbl condensate

Contingent resources (Bcf) ⁽²⁾:

1C	2C	3C
2.4	6.0	10.3

Prospective resources ⁽¹⁾:

18.7TCF in ATP1087*

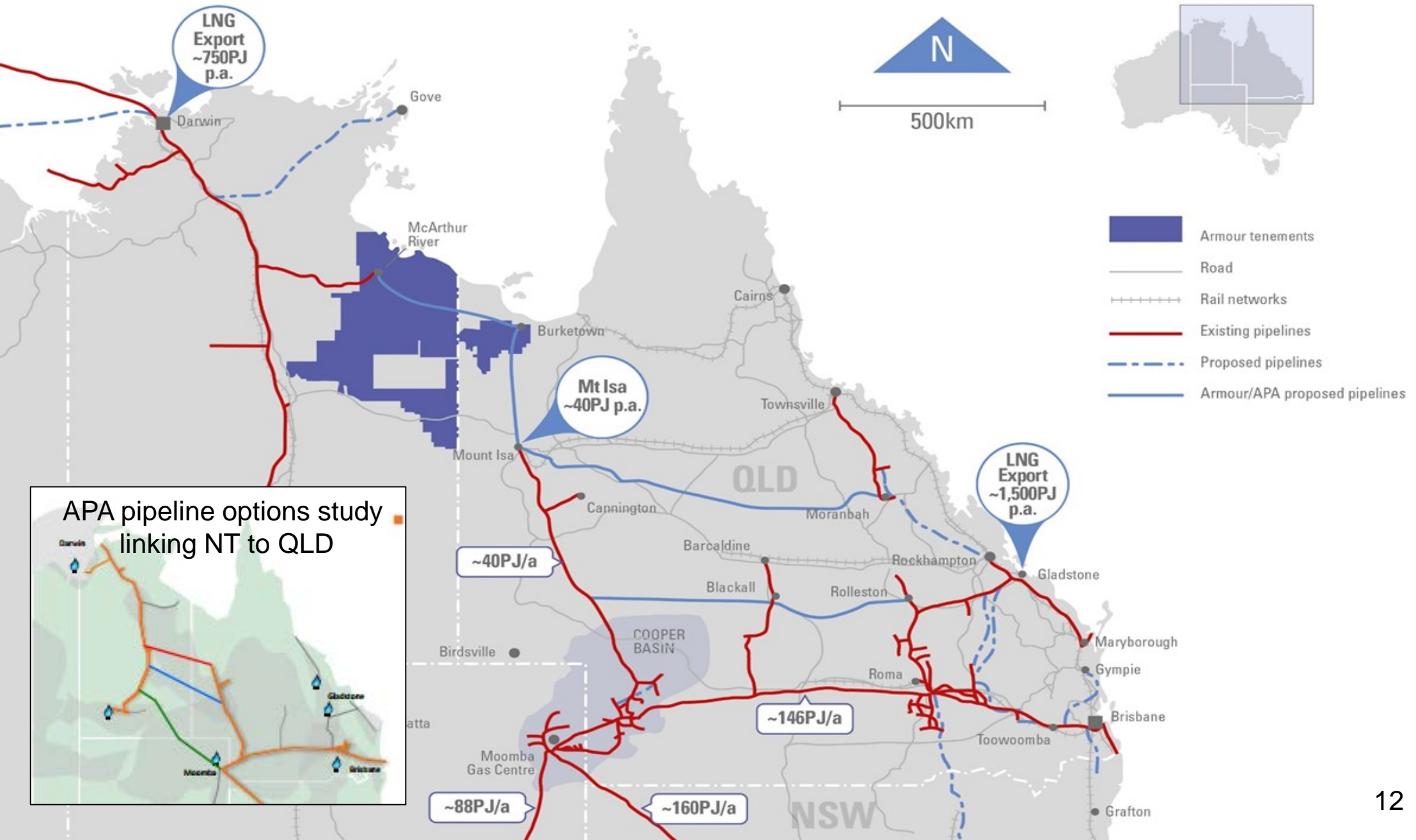
Contingent resources (Bcf) ⁽²⁾:

1C	2C	3C
33.1	154.4	364.0

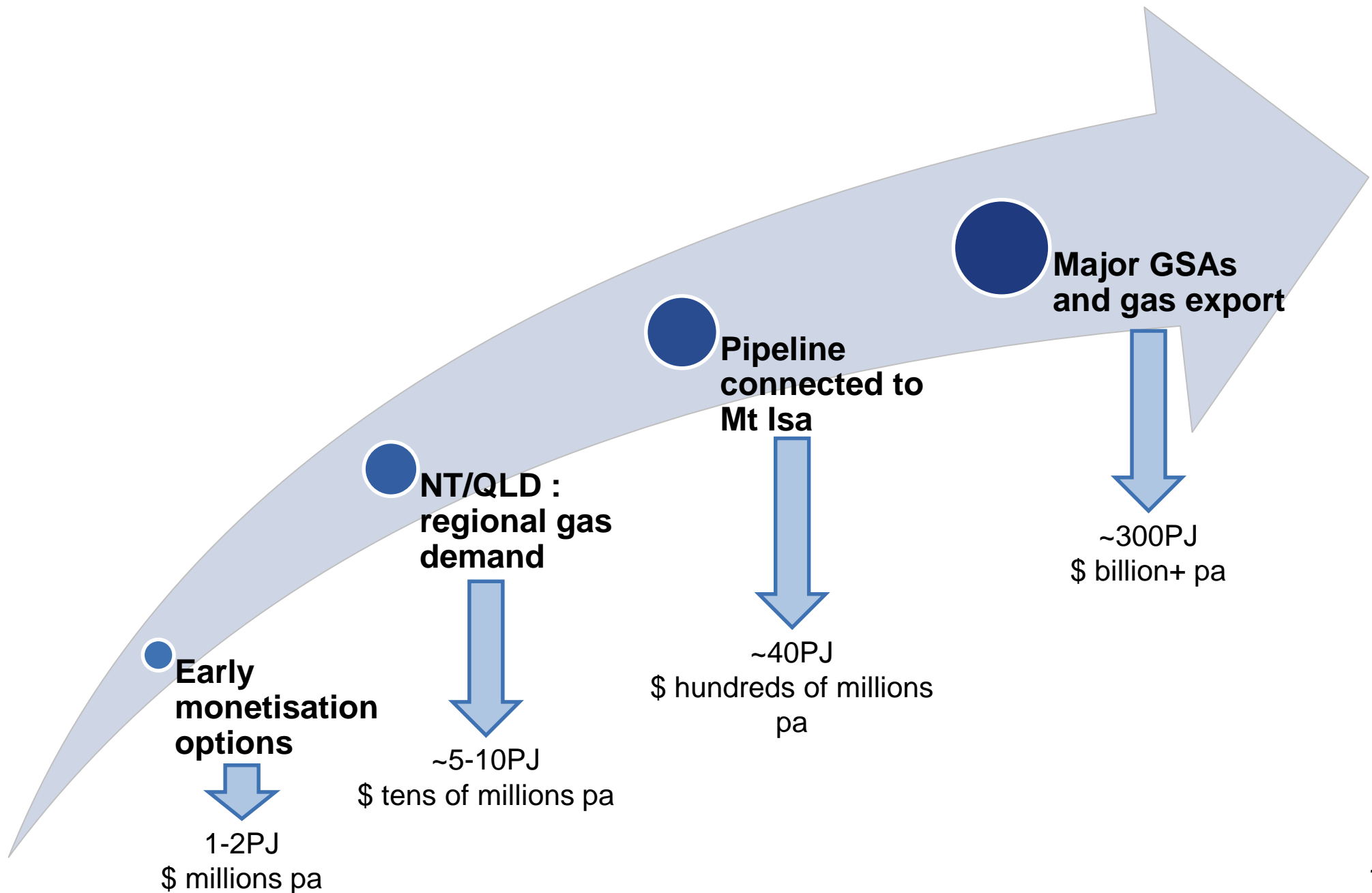
⁽¹⁾ Best estimate prospective resource:
13.0TCF in EP171/EP176, 18.7TCF in ATP1087, MBA
2012 (excludes Riversleigh Shale)

⁽²⁾ SRK Consulting, Nov 2013 and July 2014

Good nearby infrastructure and Heads of Agreement with APA provides for connection to a multiple markets



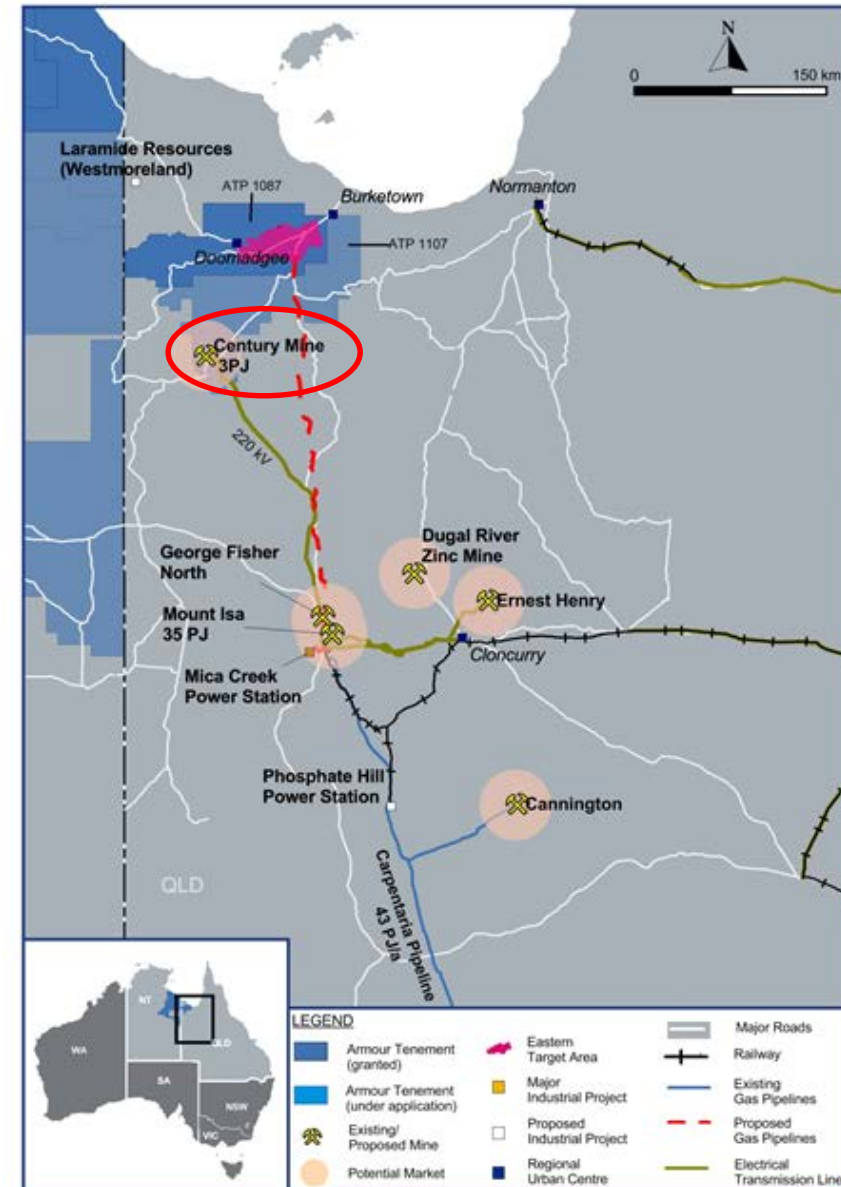
Staged approach to cash flow generation – current focus on de-risking large unconventional plays and early monetisation



Highlights

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

MMG Century Mine and Armour's Queensland ATPs



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3 **Results to date**

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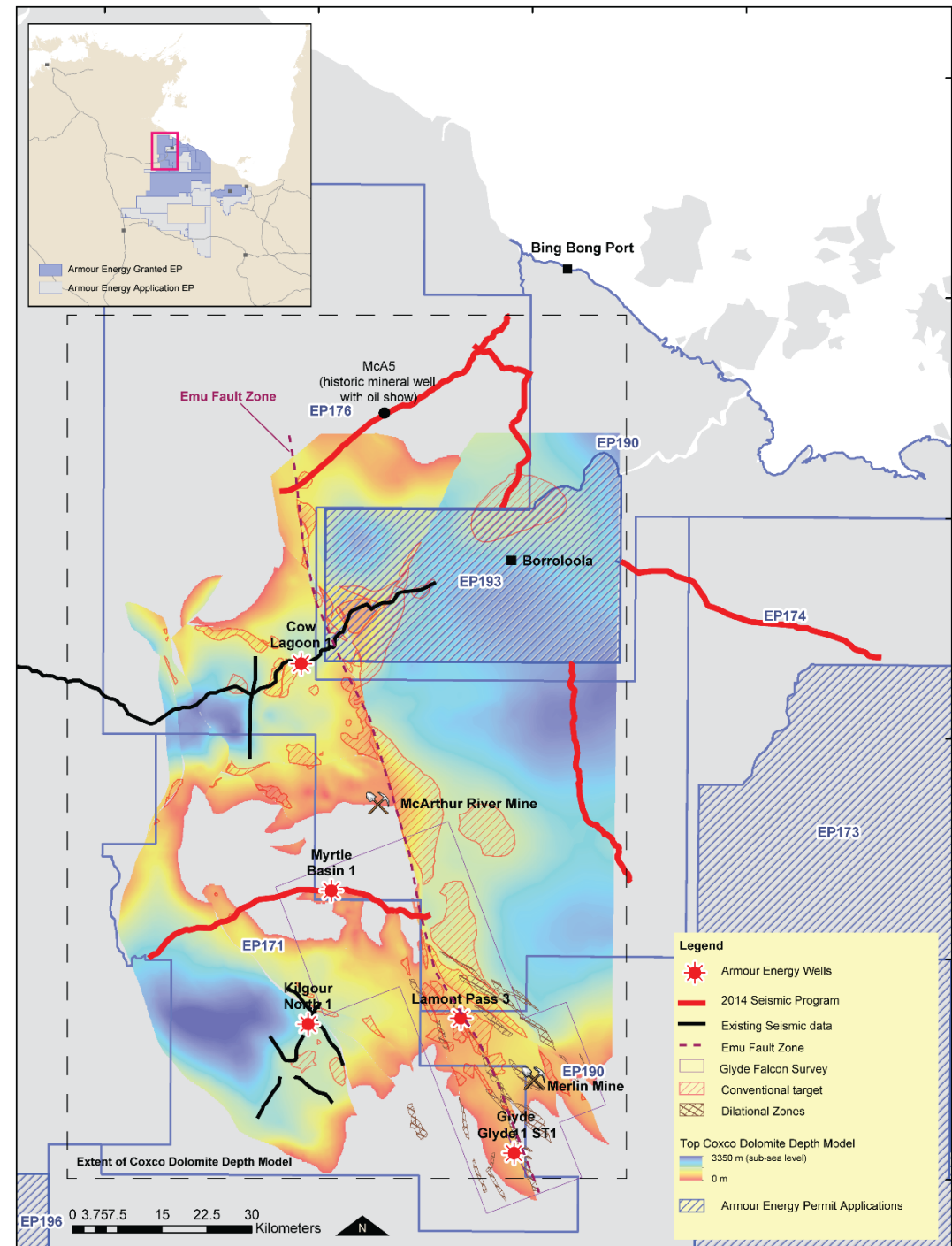
Northern Territory – Glyde 1 discovery >3 million scf* per day from 600m depth. Opportunity for early cash flow



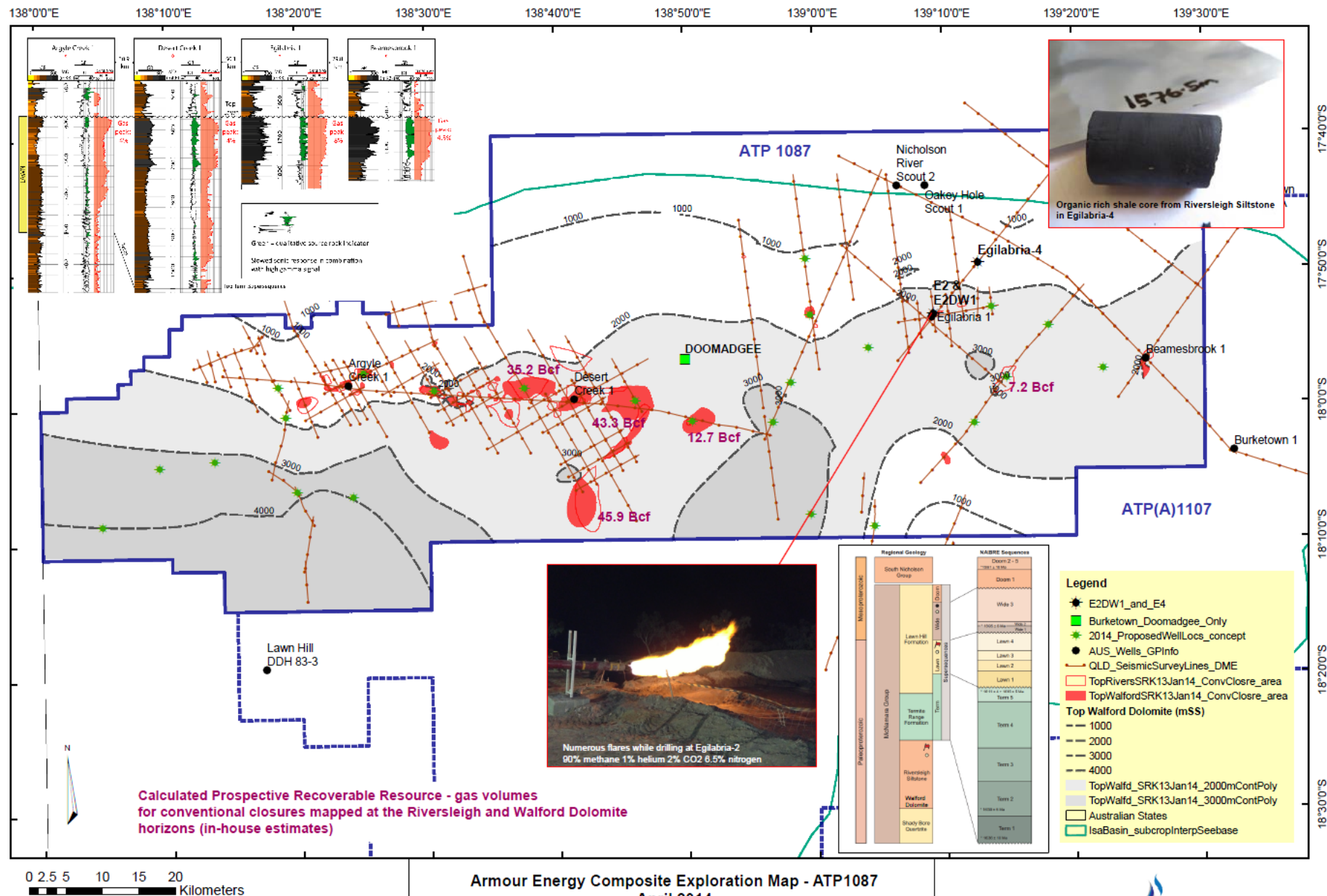
* Up to 3.3 mmscf/d on 64/64" choke @ 125 psi (Source: Armour, August 2013)

Northern Territory - conventional and multiple large unconventional plays – 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

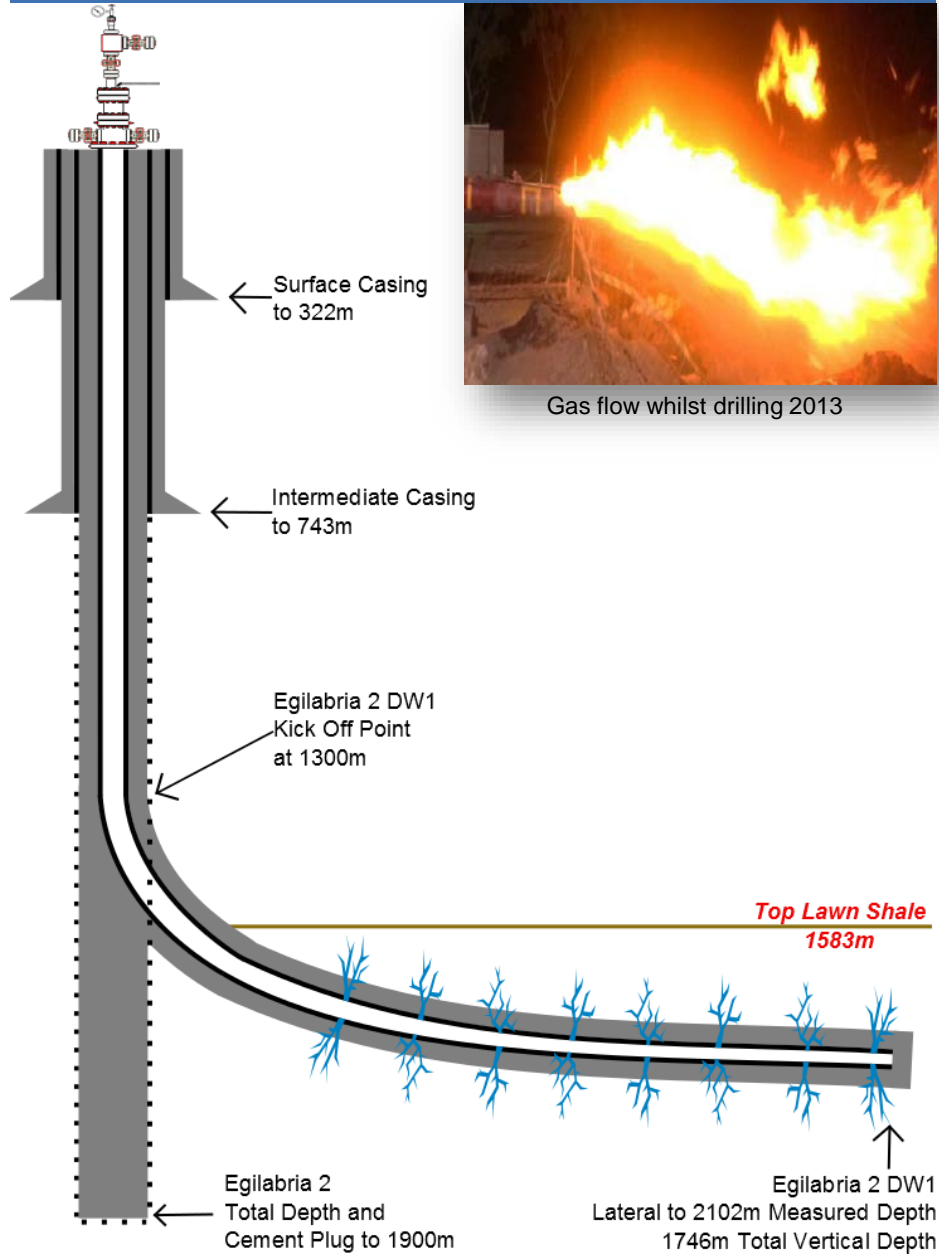


Queensland ATP 1087 – now a compelling data set to support further de-risking



“Cracking the codes” - first horizontal well in Australia to produce gas from shale

Egilabria 2 – well design



Gas flow whilst drilling 2013

Egilabria 2 – October 2014



QLD ATP1087 results indicate very strong shale play potential

- ✓ Large volumes of gas
 - 18.7 TCF prospective resource ⁽¹⁾
 - 364 BCF 3C over 64 km² ⁽²⁾

1C	2C	3C	(2)
33.1	154.4	364.0	

(1) Best estimate prospective resource: 18.7 TCF in ATP1087, MBA 2012 (excludes Riversleigh Shale)

(2) SRK Consulting, July 2014

- ✓ Total organic carbon (TOC) content is world class

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

Methane	Ethane	CO ₂	Helium	Other inerts
90%	0.5%	2%	1% ⁽³⁾	6.5%

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

- ✓ Brittle (fraccable) shales

- ✓ Stacked play

- Incl conventional targets

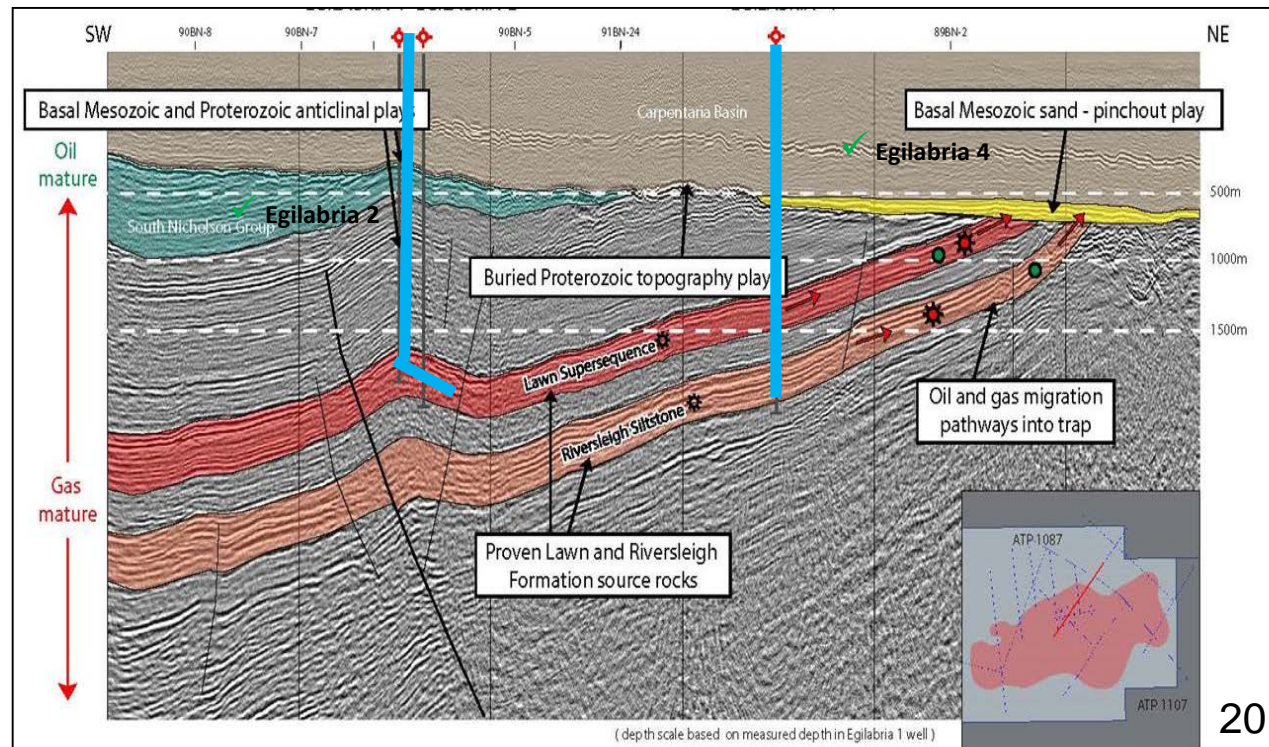
- ✓ Gas on - and off structure

- ✓ Multiple, large shale fairways

- Lawn 1,500 km²
- Riversleigh 4,000 km²

- ✓ At favourable depth intervals

- 1,500 – 3,500m



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Summary: identify the basin sweet-spots and 'crack the codes'

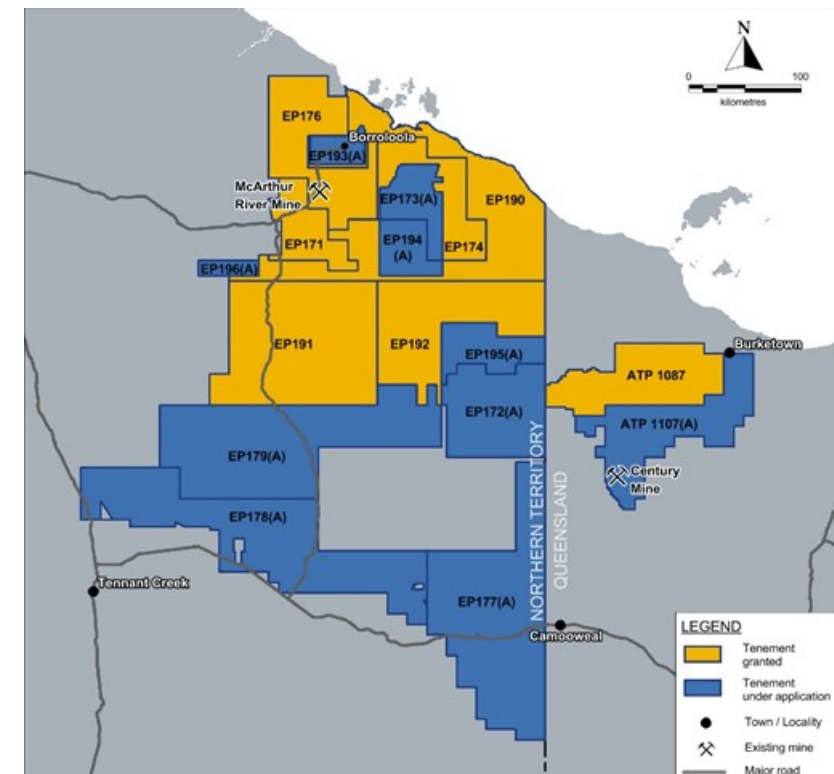
Northern Australia:

1. Emerging major oil and gas province
2. Supportive governments
3. Low social impact
4. Close to hungry markets

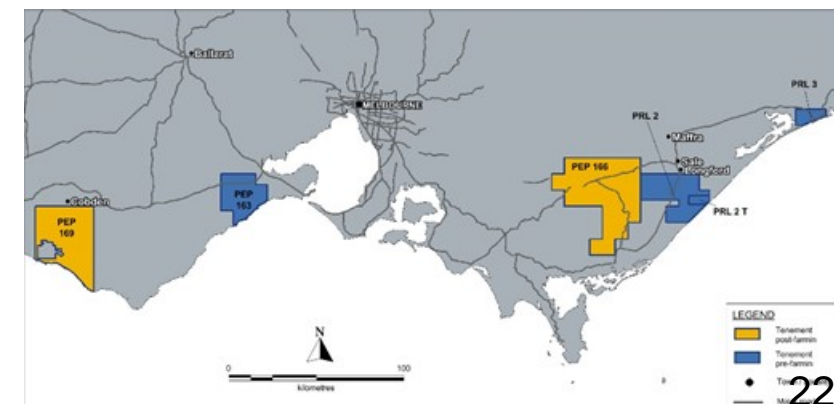
Armour Energy:

5. A strong board and management team
6. Great rocks
7. Very large, prospective acreage position
8. LEAN ways of working, low overheads
9. Low, manageable work commitments
10. Multiple short and medium term catalysts

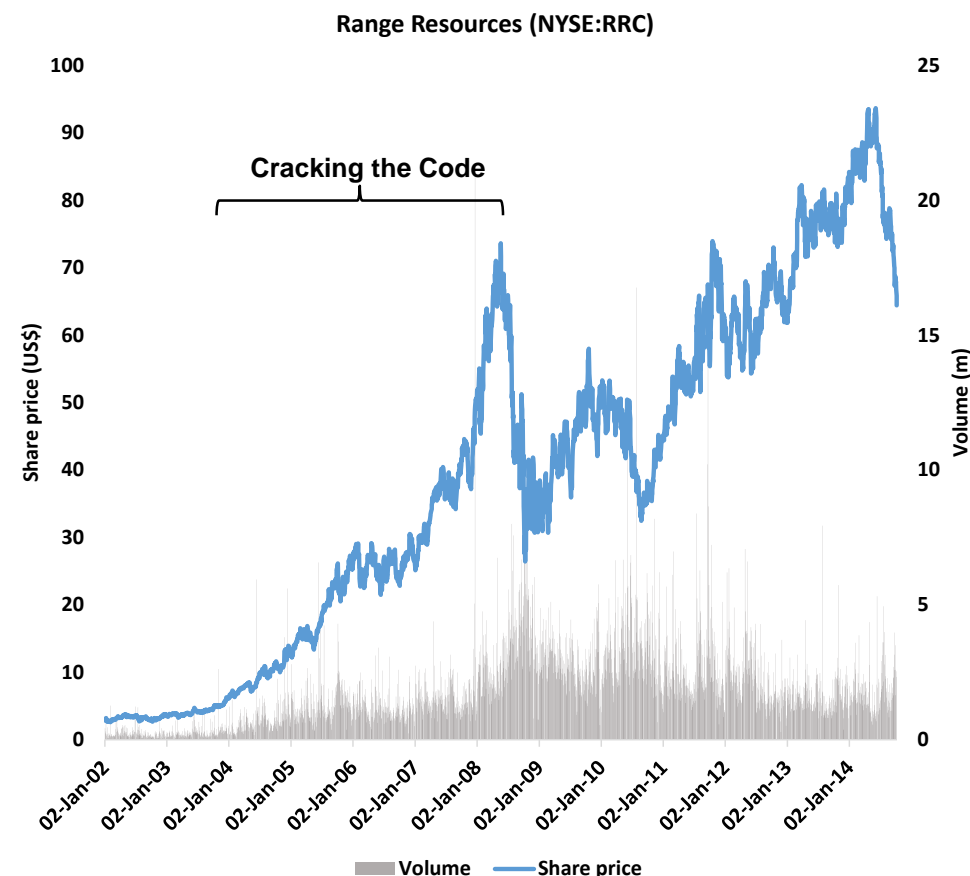
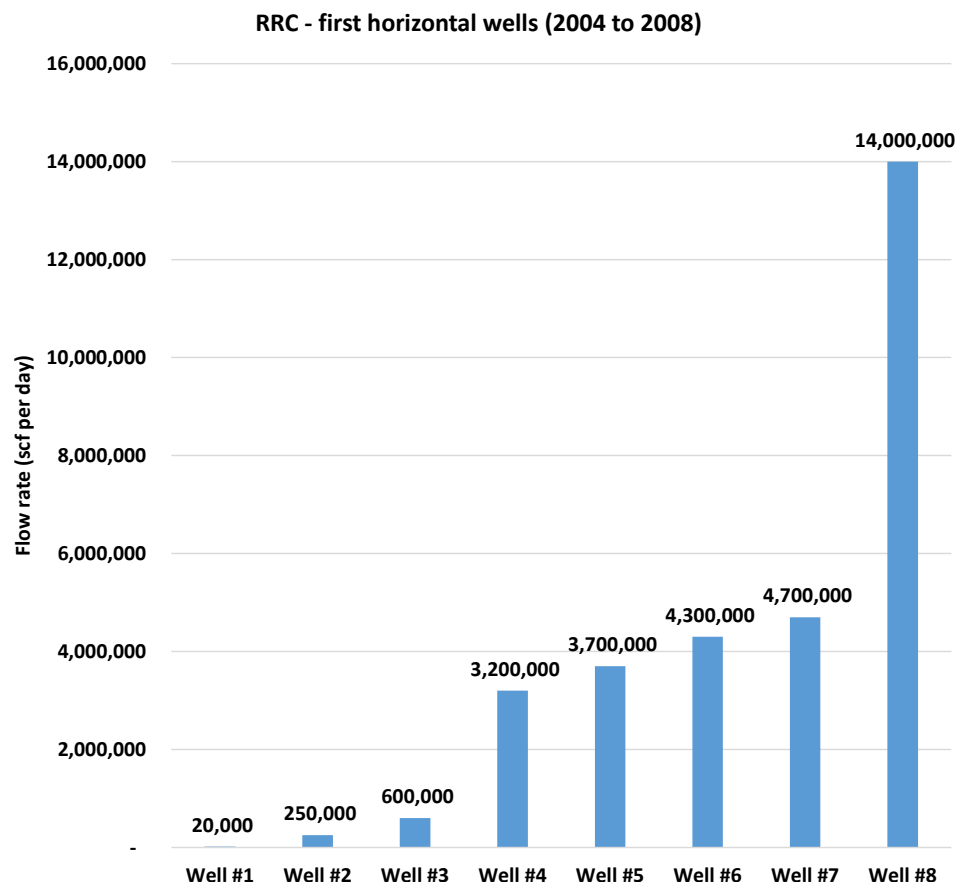
Queensland and NT tenements



Victoria tenements



Range Resources pioneered the Marcellus shale, which now produces more shale gas in the US than any other play.



Source: Range Resources (Range's Path to Discovery and Commercialisation of the Marcellus Shale – The Largest Producing Gas Field in the US, Jeffrey Ventura (CEO), 29 July 2013)



Thank you

www.armourenergy.com.au

