



QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 JUNE 2015

ASX CODE: AJQ

SHARES ON ISSUE
304,635,766

MARKET CAPITALISATION
\$15.2m (at \$0.05 per share)

DIRECTORS

Nicholas Mather (Chairman)
William Stubbs
Roland Sleeman
Stephen Bizzell

CHIEF EXECUTIVE
Robbert de Weijer

COMPANY SECRETARY
Karl Schlobohm

CONTACT DETAILS

Level 27, 111 Eagle Street
Brisbane Qld 4000
Tel: +61 7 3303 0620
Fax: +61 7 3303 0681

POSTAL ADDRESS

GPO Box 5261
Brisbane QLD 4001

www.armouenergy.com.au

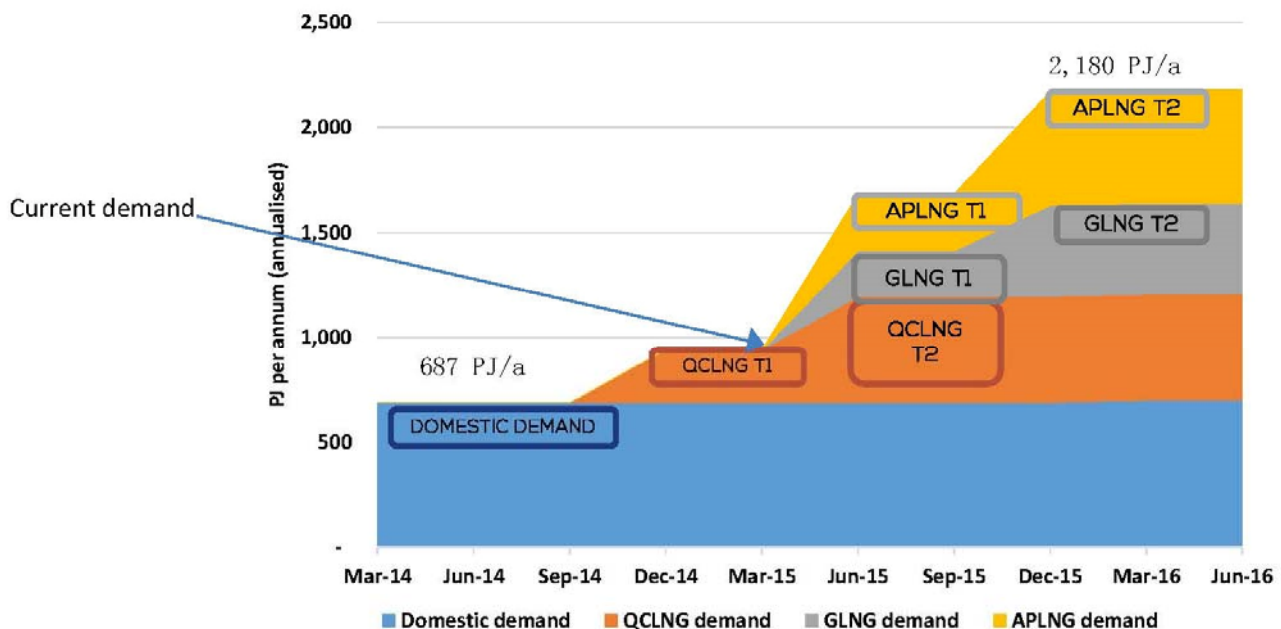
HIGHLIGHTS

- **Armour remains extremely well positioned to take advantage of future commercialisation opportunities via the expected east coast gas shortage and the proposed NEGI pipeline connecting the Northern Territory with the east coast of Queensland.**
- **The emerging Tawallah Group source rock play located beneath the MacArthur Group in the Northern Territory shows encouraging early insights and is attracting increasing interest within the industry.**
- **Ripple Resources Pty Ltd, strategically acquired by Armour in March 2013, emerges as a highly prospective lead-zinc explorer with over 20,000km² under application or tenure in Northern Australia.**
- **Armour retained a solid treasury position with approximately \$13m on hand in cash and marketable securities as at 30 June 2015.**

Armour remains extremely well positioned to take advantage of future commercialisation opportunities via the expected east coast gas shortage and the proposed NEGI pipeline connecting the NT with the East Coast.

As shareholders and investors would know, Armour continues to hold an extensive tenement position, 100% owned, over multiple basins defining a provincial position in Northern Territory and Queensland.

Structurally, the domestic east-Australian market for gas continues to head towards a near-term supply shortage (refer **Figure 1**). Sensitivities surrounding development of known gas deposits closer to populated east coast regions continued to play into Armour’s strategy of holding a provincial position in a low-population region with anticipated access to domestic pipelines (via Mt Isa) or export markets (via the northern or eastern coasts).



Source: Company Statements, AEMO (domestic demand), Armour estimates

Figure 1: East coast gas demand outlook, where a significant shortfall is expected

As previously reported, the tender process associated with the Northern Territory Government’s proposed North East Gas Interconnector (NEGI) pipeline is nearing the selection of a preferred tenderer and pipeline route. This pipeline will be a strong enabler for the gas industry in the NT and Armour in particular to transport gas to the east coast for domestic and or export. Given the much lower environmental impact and the much lower costs of the northern route vs the southern route, it is expected that, if the pipeline goes ahead, the northern route will be selected. If adopted, the northern pipeline route is likely to traverse Armour’s tenement position (refer **Figure 2**), further strengthening Armour’s commercial position and value.

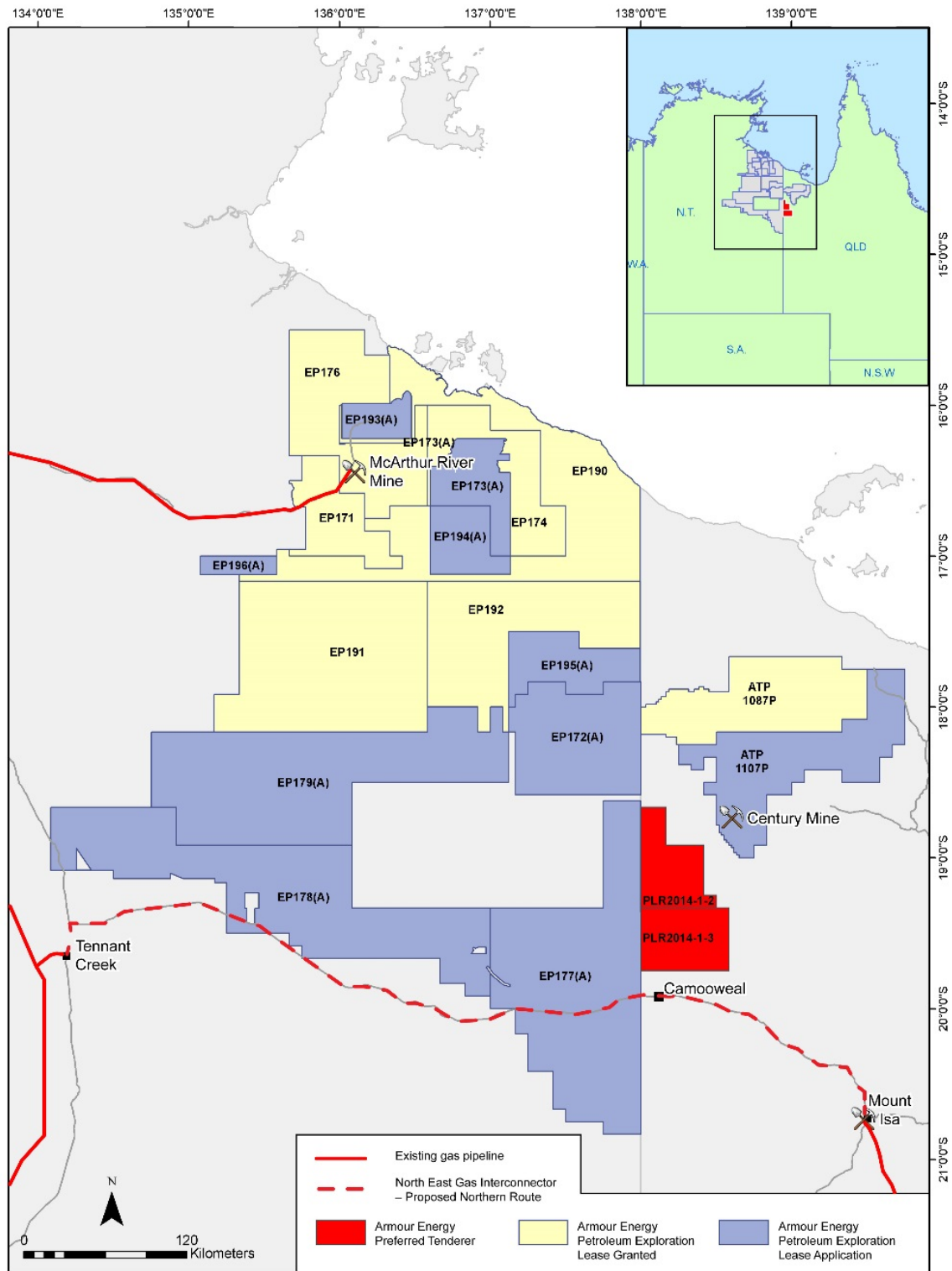


Figure 2: North East Gas Interconnector – location of proposed northern route, and Armour’s new Queensland tenements

Armour is continuing to build on its agreement with the APA pipeline group to ultimately install gas pipelines to effect the delivery gas to Queensland domestic customers and Gladstone based LNG producers. In addition, Armour is identifying local markets in the northern Australian region for up to 60 PJ per annum of domestic supply (refer **Figure 3**).

Gas is the world’s most compressible, transportable and politically and cleanest fossil energy and we believe that the urbanisation of half of the world’s population over the next 30 years will continue to fuel a demand for gas that will outstrip supply.

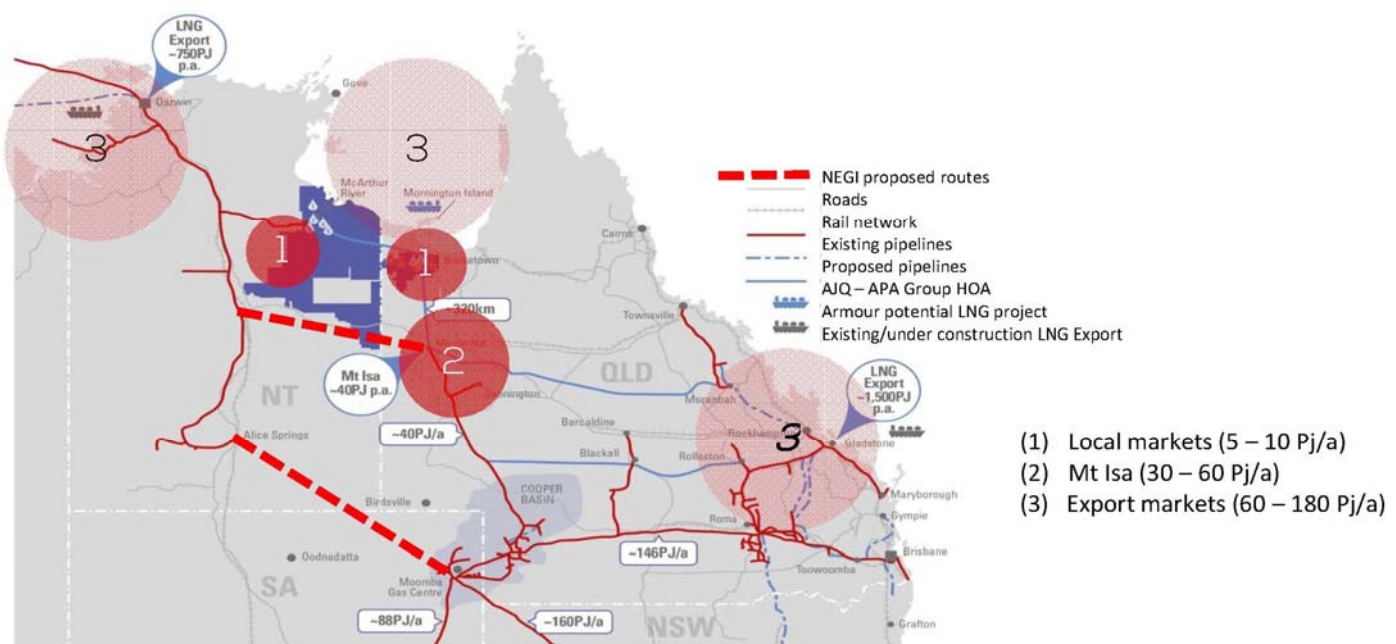


Figure 3: Short and long term monetisation routes

The emerging Tawallah Group source rock play located beneath the MacArthur Group in the Northern Territory shows encouraging early insights and is attracting increasing interest within the industry.

The Tawallah group source rock play is newly recognised, and could potentially add very significant oil and gas resources to Armour’s portfolio, beyond those previously identified by the Company.

The Tawallah Group source rocks are believed to underlie the McArthur Group (which includes the prospective Barney Creek Formation) throughout EP176, extending east to the Queensland border and south across EP191 (see **Figure 4**). The extent of this newly recognised exploration play in Armour’s permits is currently estimated to be 52,000 km².

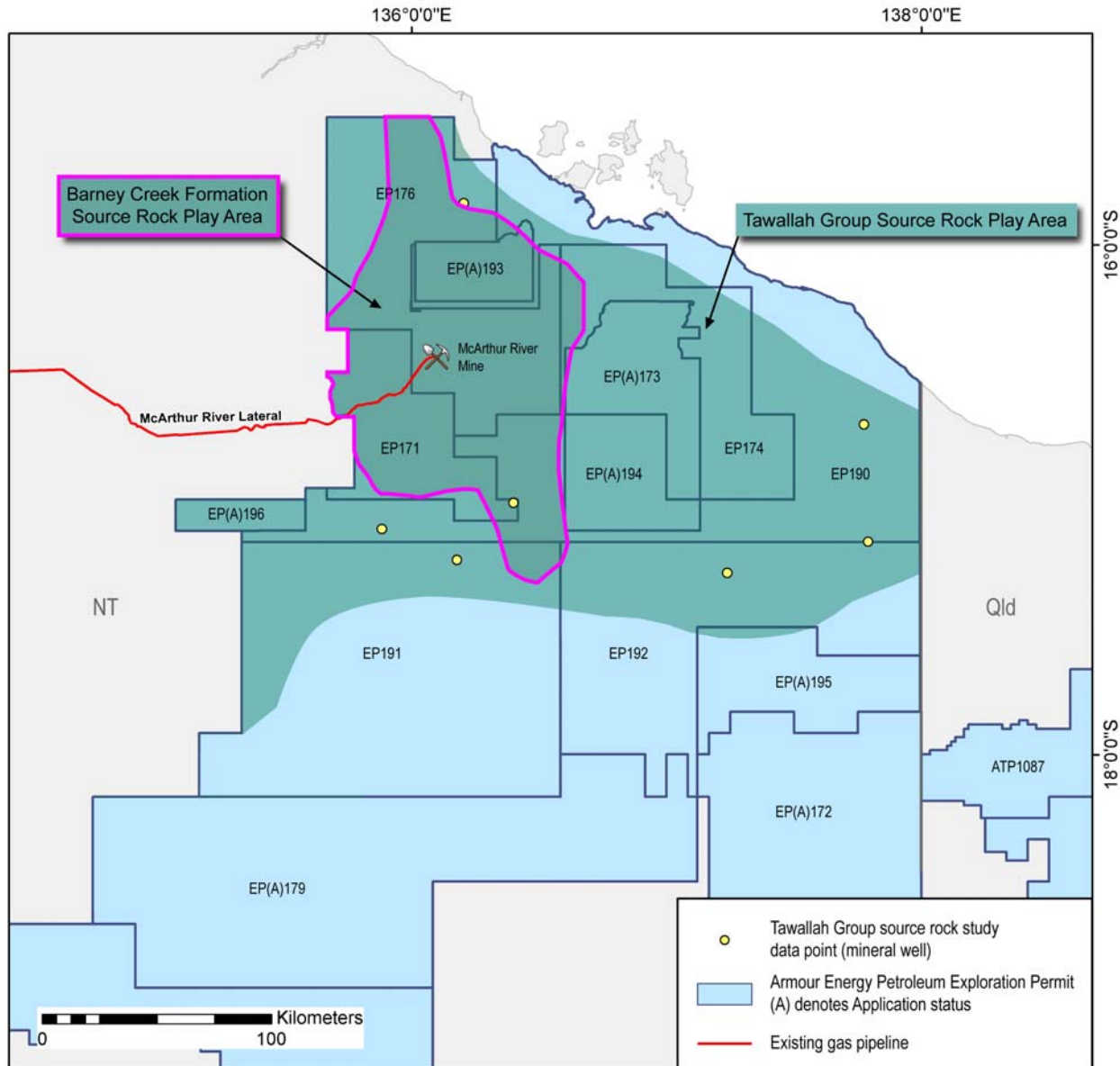


Figure 4: Tawallah Group and overlying Barney Creek Formation source rock play areas within Armour Energy’s permits in the Northern Territory

A recent CSIRO study commissioned by Armour has confirmed oil and gas generative potential in two Tawallah Group shale horizons: the Wollgorang and McDermott Formations (refer **Figure 5**). Cores from a number of historic mineral wells, drilled within Armour’s permit areas were sampled and analysed.

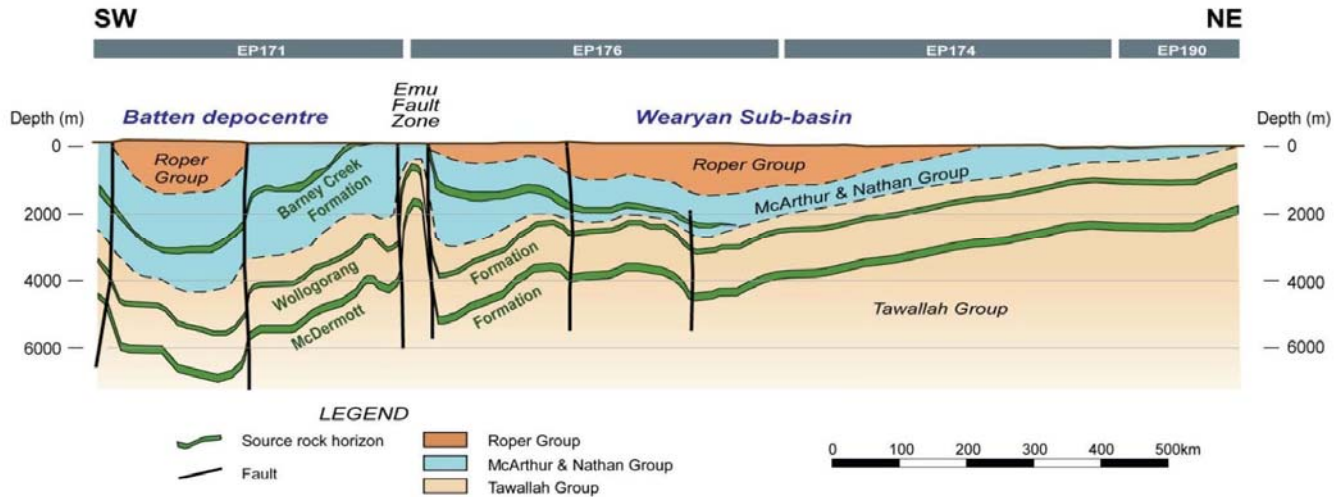


Figure 5: McArthur and Tawallah Groups

The results from this analysis have shown these formations contain good source rock in the oil to wet gas generative window, based on total organic carbon (TOC) measurements (up to 7.7%) and organic geochemical markers. Another phase of sampling and analysis is underway which is expected to increase the understanding of these prospective horizons, and inform future exploration activities to appraise the potential.

Armour plans to obtain a prospective resource estimate following the completion of the above mentioned sampling and analysis work.

Ripple Resources Pty Ltd, strategically acquired by Armour in March 2013, emerges as a highly prospective lead-zinc explorer with over 20,000km² under application or tenure in Northern Australia.

Ripple Resources Pty Ltd was acquired in March of 2013 from DGR Global Ltd, as a deliberate strategic move by Armour to provide an element of mineral and gas tenure overlap given the highly prospective nature of the Carpentaria Mineral Belt for lead, zinc, copper and other base metals. Furthermore, with Company geologists already undertaking desktop studies and field work in the region, the strategy provided an opportunity for low cost, dual exploration potential.

Over the past two years, inspired by petroleum exploration techniques, Ripple Resources has slowly expanded its potential exploration footprint within Armour's overlapping gas tenure to over 20,000km² as outlined in **Figure 6** below.

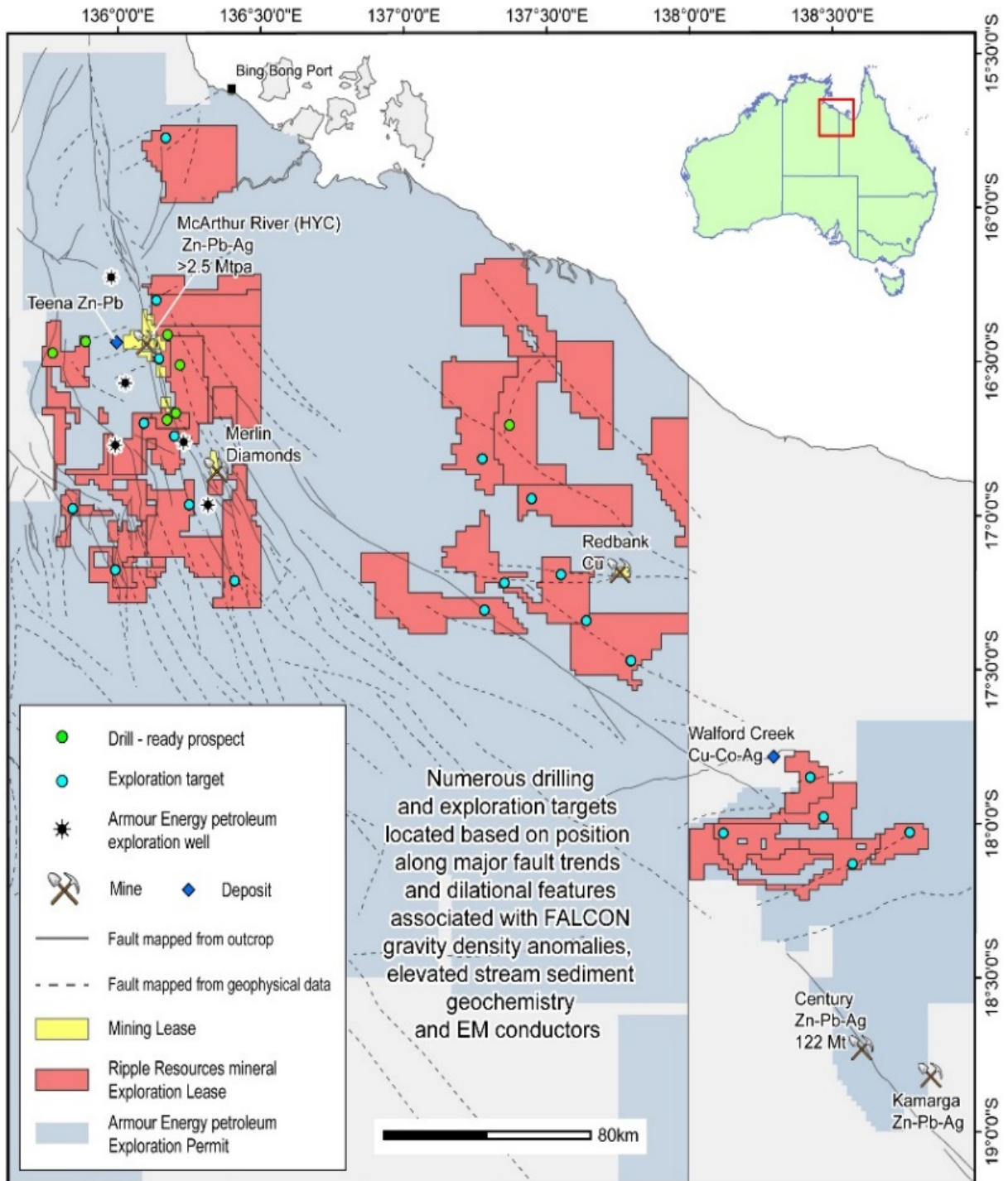


Figure 6: Ripple Resources tenement position in Northern Australia

Ripple Resources now holds a suite of tenements which are highly prospective for zinc, lead, copper and other base metals, on trend with existing McArthur River (NT) and Century (Qld) mines.

Company geologists have identified 15 high grade areas for a future shallow drilling campaign, including 8 drill ready targets. In its work program, Ripple will also be focussing on 8 metal prone source rock packages, in addition to diamond-bearing kimberlites.

Given the tenement package location, any successful discovery and mine development output could be transported to a concentrate ship loader at Bing Bong Port in the Gulf of Carpentaria.

An expected future production shortfall of zinc is forecast to contribute to higher commodity prices over the next decade as outlined in **Figure 7** below.

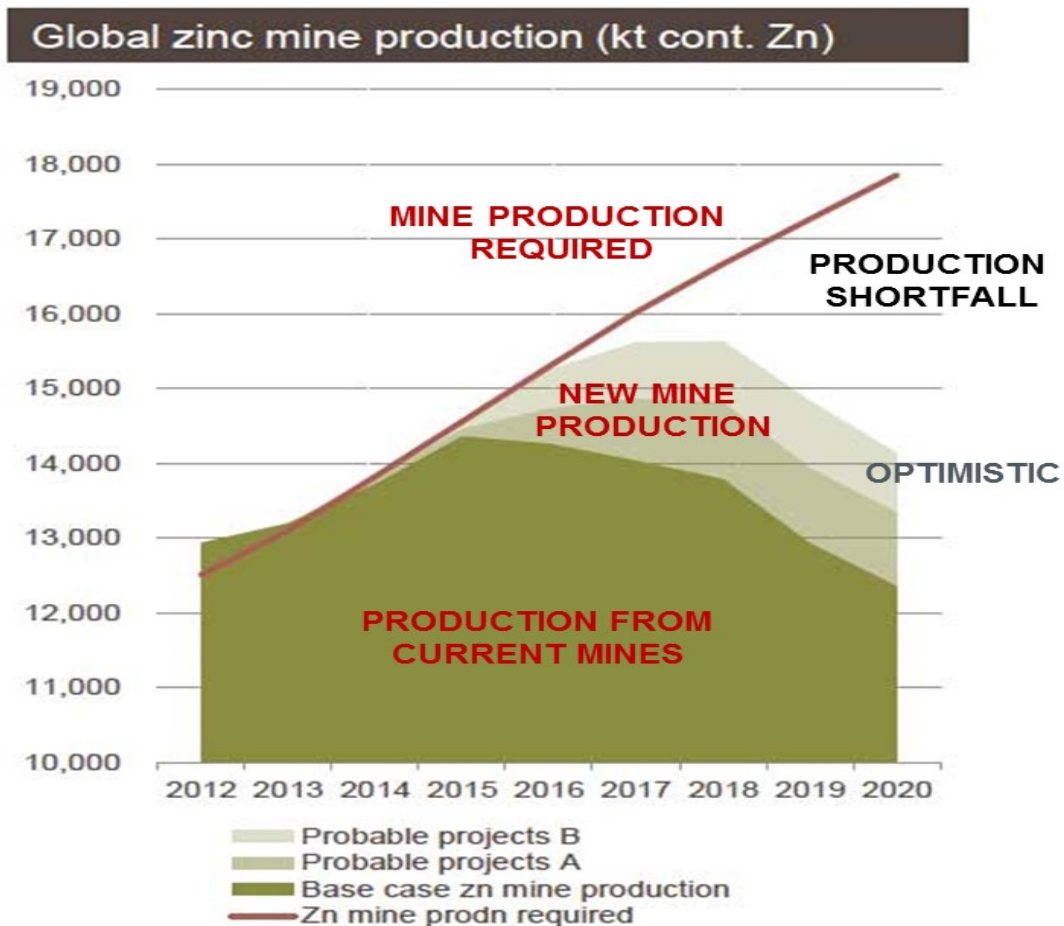


Figure 7: Global zinc mine production forecast

Other Matters

- Lakes Oil NL served with a Section 203D Notice by Armour for the removal of Messrs Annells and Berold as Directors of Lakes Oil. The resolutions are due to be put to shareholders of Lakes Oil in an Extraordinary Shareholders Meeting called for September.
- No OH&S and / or environmental accidents or incidents to report.



On behalf of the Board
Karl Schlobohm
Company Secretary

ABOUT ARMOUR ENERGY

Armour is focused on the discovery and development of world class gas and associated liquids resources in an extensive hydrocarbon province in northern Australia which was first discovered in the early 1990s. This region has only recently had its shale potential identified by Armour. Today's business environment with strong domestic and global demand for gas, gas prices trending towards LNG netback combined with proven shale extraction technologies and world class personnel, provides the Company with an extraordinary opportunity to define and ultimately develop a major new gas province.

Armour's permit areas in northern Australia, which are all 100% owned, are characterised by low population densities, cooperative stakeholders and a natural environment suited to the exploration and development of a major future hydrocarbon province. Armour is focusing on the exploration of the McArthur, South Nicholson and Georgina Basins in the Northern Territory and Queensland, and in the onshore Gippsland Basin in Victoria in joint venture with Lakes Oil, for gas and associated petroleum liquids.

See www.armouenergy.com.au for more information.

INTERESTS IN TENEMENTS FOR THIS QUARTER

TYPE	LOCATION	NAME	OWNER	INTEREST
Acquired During Quarter				
EL 30494	Northern Territory	Statler & Waldorf	Ripple Resources P/L	100%
EPM 25802	Queensland	Walford East	Ripple Resources P/L	100%
Relinquished During Quarter				
EPM 19795	Queensland	Egilabria North	Ripple Resources P/L	Nil
EPM 19797	Queensland	Egilabria South	Ripple Resources P/L	Nil
EPM 25411	Queensland	Buffalo Creek	Ripple Resources P/L	Nil
EPM 25412	Queensland	Brookdale	Ripple Resources P/L	Nil
EPM 25413	Queensland	Punjaub	Ripple Resources P/L	Nil
EPM 25414	Queensland	Bluebush NW	Ripple Resources P/L	Nil
EPM 25415	Queensland	Buffalo Creek North	Ripple Resources P/L	Nil
Held Throughout Quarter				
EPP 171	Northern Territory	Abner Range	Armour Energy Ltd	100%
EPP 174	Northern Territory	Robinson River 2	Armour Energy Ltd	100%
EPP 176	Northern Territory	Ryans Bend	Armour Energy Ltd	100%
EPP 190	Northern Territory	Calvert	Armour Energy Ltd	100%
EPP 191	Northern Territory	Wallhollow	Armour Energy Ltd	100%
EPP 192	Northern Territory	Wollogorang	Armour Energy Ltd	100%
EPM 19833	Queensland	Bowthorn	Ripple Resources P/L	100%
EPM 19835	Queensland	Shadforth East	Ripple Resources P/L	100%
EPM 19836	Queensland	Shadforth	Ripple Resources P/L	100%
EPM 25410	Queensland	Bowthorn - Extended	Ripple Resources P/L	100%
EPM 25504	Queensland	Argyle Creek	Ripple Resources P/L	100%
EPM 25505	Queensland	Border	Ripple Resources P/L	100%
EL 30076	Northern Territory	Kermit	Ripple Resources P/L	100%
EL 30077	Northern Territory	Gonzo	Ripple Resources P/L	100%
EL 30078	Northern Territory	Fozzie	Ripple Resources P/L	100%
EL 30079	Northern Territory	Scooter	Ripple Resources P/L	100%
EL 30080	Northern Territory	Miss Piggy	Ripple Resources P/L	100%
EL 29837	Northern Territory	Catfish Hole	Ripple Resources P/L	100%
EL 29951	Northern Territory	Eric Cartmen	Ripple Resources P/L	100%
EL 29952	Northern Territory	Kenny McCormick	Ripple Resources P/L	100%
EL 29953	Northern Territory	Secret Treasure	Ripple Resources P/L	100%
EL 29954	Northern Territory	Kyle Broflovski	Ripple Resources P/L	100%
EL 29955	Northern Territory	Stan Marsh	Ripple Resources P/L	100%

TYPE	LOCATION	NAME	OWNER	INTEREST
Held Throughout Quarter				
ATP 1087	Queensland	South Nicholson	Armour Energy Ltd	100%
PEP 169	Victoria	Moreys	Lakes Oil NL	51%
PEP 166	Victoria	Holdgate	Lakes Oil NL	25%
PRL2	Victoria		Lakes Oil NL	15%

EPM	Exploration Permit - Minerals
EL	Exploration Licence
EPP	Exploration Permit - Petroleum
ATP	Authority to Prospect
PEP	Petroleum Exploration Permit
PRL	Petroleum Retention Lease