



Armour Energy Limited

18 November 2015

Jemena selected for North East Gas Interconnector Pipeline via Northern Route

Highlights:

- **Jemena has been selected by the Northern Territory Government to construct and operate the NEGI.**
- **The Northern Route has been selected for the pipeline which traverses Armour Energy's tenements in the Northern Territory providing access to growing East Coast gas markets.**

The Directors of Armour Energy Limited (**ASX: AJQ; Armour**) are pleased to advise that the Northern Territory Government yesterday announced that Jemena Northern Gas Pipeline Pty Ltd (**Jemena**) has been selected as to construct and operate the North East Gas Interconnector (NEGI) Pipeline and that the NEGI will be constructed via the Northern Route from Tennant Creek, Northern Territory to Mount Isa, Queensland, a distance of 622 kilometres (**see Figure 1**). The pipeline will cost \$800 million to construct, without any financial commitment from taxpayers.

The new pipeline is a significant enabler for upstream gas projects in the Northern Territory. It will provide additional and large scale market access for vast gas resources identified in recent years by Armour Energy and other explorers in the Northern Territory by connecting this new petroleum province to growing east coast gas markets. Gas demand on the east coast of Australia is projected to surge to above 2000 PJ per annum by the end of 2016, up from less than 700 PJ per annum 2 years ago, as Queensland's CSG to LNG projects are added to the east coast's existing domestic gas requirements. East coast gas demand includes that of NSW which has so far been unable to develop its own gas resources to service its population's needs.

It has been announced that the Northern Route for the new pipeline has been selected from Tennant Creek to Mount Isa and is expected to traverse Armour's Exploration Permits (EP) 177 and 178. EPs 177 and 178 are part of Armour's Northern Territory portfolio which, as previously announced, is part of a major farmout transaction to American Energy Partners (AEP). AEP has agreed, subject to clearance of outstanding conditions precedent, to spend up to US\$130 million to earn a 75% working interest in the farmout area (**see Figure 1**).

On 21 September 2015, Armour also announced a major upgrade of its Best Estimate (Recoverable) Prospective Resources in Northern Australia from 34 Tcf to 57 Tcf of gas. The prospective resource assessment was performed independently by SRK Consulting (Australasia) Pty Ltd.



Armour's CEO Robbert de Weijer said: "the NEGI is a very positive development for the gas industry. A new major long term supply of gas from the Northern Territory to the East Coast of Australia will create jobs and economic development for the Northern Territory including important opportunities for its indigenous population, and will assist to ease pressure on rising gas prices. Armour is looking forward to further developing its huge gas resources in Northern Australia through its joint venture with American Energy Partners and to becoming a major supplier of gas to Australian domestic and export markets."

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is positioned above the typed name of the Company Secretary.

On behalf of the Board
Karl Schlobohm
Company Secretary

For further information contact:

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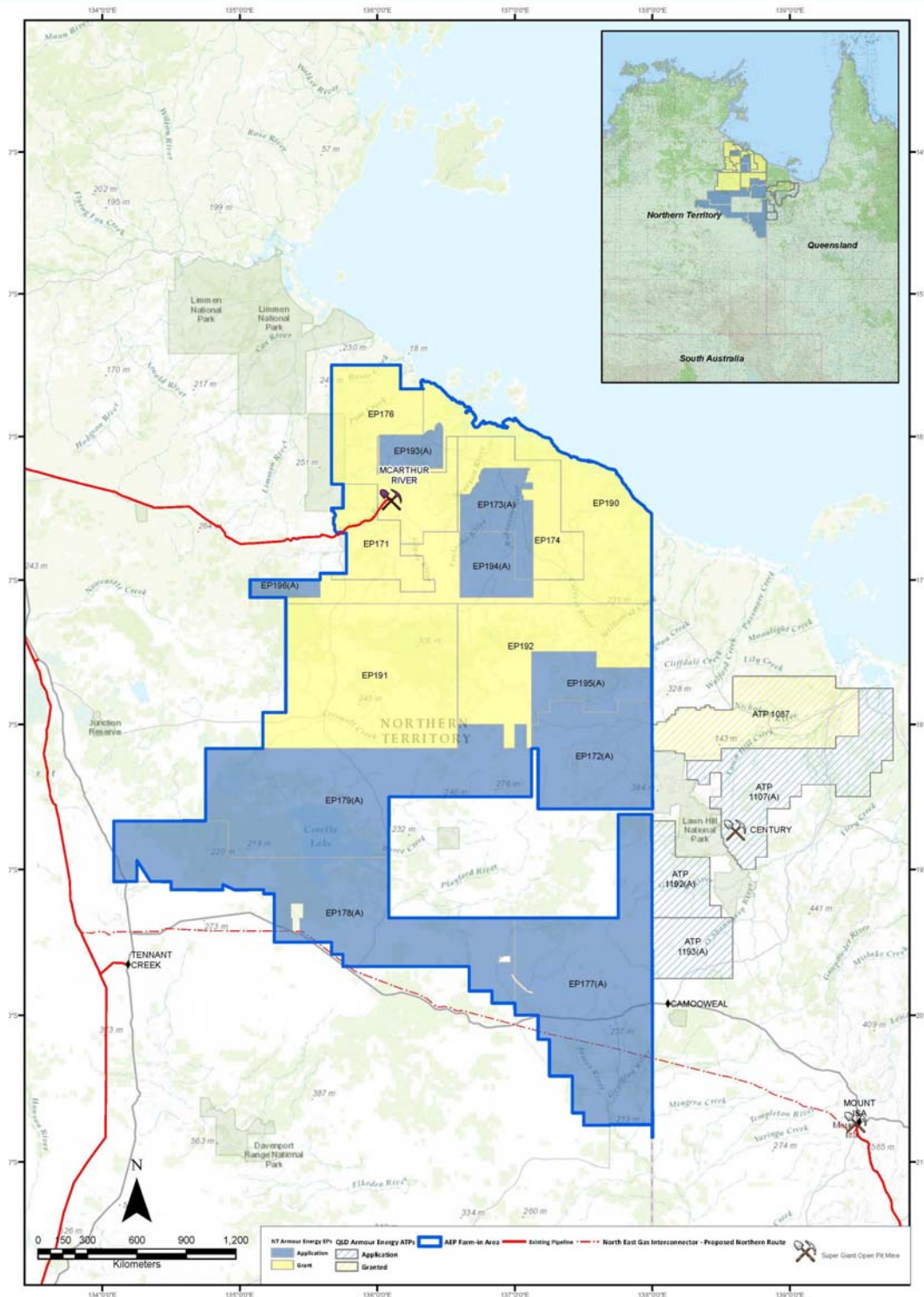


Figure 1 – Armour’s Northern Australian tenements, AEP farmin area, and NEGI pipeline route



Competent Persons Statements

Information on the estimated **prospective resources** in this release relating to Armour Energy Limited exploration permits in northern Queensland and the Northern Territory, Australia, is based on an independent analysis conducted by SRK Consulting (Australasia) Pty Ltd and fairly represents the information and supporting documentation reviewed.

The review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Dr. Bruce McConachie. Dr. McConachie meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this release.

The estimated **prospective resource** review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines under the supervision of Mr. Luke Titus, Chief Geologist, Armour Energy Limited. 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. He has over 17 years of relevant experience in both conventional and unconventional oil and gas exploration in various international hydrocarbon basins. Mr. Titus meets the requirements of qualified petroleum reserve and resource evaluator as defined in Chapter 19 of the ASX Listing Rules and consents to the inclusion of this information in this release. The **evaluation date** and confirmation for the estimates for the new reports was 21 September 2015.

SPE-PRMS

Society of Petroleum Engineer's Petroleum Resource Management System - Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations, resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework.

PRMS provides guidelines for the evaluation and reporting of petroleum reserves and resources.

Under PRMS

"Prospective resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both a chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

ASX Listing Rules Chapter 5, section 5.28.2

The estimated quantities of petroleum that may potentially be recovered by the application of 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.