Armour Energy Limited

19 July 2016

510% Increase in 2C Contingent Resources in Armour's Myall Creek, Parknook, Namarah and Warroon Fields near Roma, Queensland.

Highlights:

- **Independently verified 2C contingent resources (net to Armour) has increased to 92 PJs of gas, 913 kbbls of condensate and 190 kTonnes of LPG in the Myall Creek, Parknook, Namarah and Warroon Fields.**
- **Overall 2C contingent gas resources (net to Armour) of the broader Kincora project area is now 105 PJs.**
- **2C contingent resources will be reclassified to 2P reserves upon demonstrating economic viability following the re-start of the Kincora Gas Plant.**
- **Armour has ready access to gas markets through its gas sales pipeline to the gas hub in Wallumbilla, Queensland.**

The Directors of Armour Energy ('**Armour'** or the '**Company'**) are pleased to provide a resources update on its operated Roma Shelf Assets, Queensland as part the Company's Kincora project **("Kincora project")**. The 2C contingent resources (net to Armour) in the Myall Creek, Parknook, Namarah and Warroon Fields) have increased from 15 PJs to 92 PJs. The overall total 2C contingent gas resource (net to Armour) of the broader Kincora project area is now 105 PJs.

Armour has a 100% working interest in the Myall Creek petroleum licenses PL511 and PL227, which cover an area of 78 km^2, and a 90% working interest in the Parknook, Namarah and Warroon Fields (petroleum license PL71, covering an area of 134 km^2) **(Figure 1)**. The recoverable resource estimates have been classified as contingent resources and **Table 1** indicates Armour's net share of remaining recoverable products.

2C contingent resources will be reclassified to 2P reserves upon demonstrating economic viability following the re-start of the Kincora Gas Plant. Since acquiring these assets the Armour team has been working on re-start plans and is currently intending to achieve first gas production by the end of 2016. This will involve gas from the Newstead storage facility which should require minimal processings to meet sales gas specification as it was already processed prior to injection into storage. The balance of the re-start will involve recommissioning of the LPG system at the Kincora Gas Plant and this is expected to be completed during Q1 2017, which is when Armour intends to bring the Myall Creek and other fields back into production.

Head Office
Level 27
111 Eagle Street
Brisbane

GPO Box 5261
Brisbane QLD 4001
Facsimile: +61 7 3303 0681
Phone: +61 7 3303 0680

ASX CODE: AJQ
ACN: 141 198 414
Email: info@armourenergy.com.au
www.armourenergy.com.au

Category	Total Net Resources [1]			
	Gas (BCF)	Gas (PJ)	LPG (kTonne)	Condensate (kbbl)
Total Proved (1C)	**26**	**27**	**56**	**270**
Total Proved + Probable (2C)	**87**	**92**	**190**	**913**
Total Proved + Probable + Possible (3C)	**222**	**234**	**483**	**2,326**

Table 1 –Total Net Contingent Gas Resource Estimation- Myall Creek, Parknook, Namarah and Warroon Fields

Table 1 Notes:

1. Contingent Resources are classified according to SPE-PRMS (Society of Petroleum Engineers – Petroleum Resource Management System).
2. Contingent Resources are stated on a risked net basis with historical production removed.
3. Contingent Resources stated are inclusive of previous estimates reported by Armour.
4. Contingent resources exclude plant operating fuel used during operations estimated at 7%
5. Contingent Resources are stated exclusive of minor overriding royalty and net profit interest.
6. BCF = billion cubic feet, LPG = liquefied petroleum gas, PJ = petajoules, kbbl = thousand barrels, kTonne = thousand tonnes; Conversion 1.055 PJ/BCF.

The 2C contingent resources (net) from Table 1 above are split as follows:

		Myall Creek 2C (net) PL511 and PL227	Parknook, Namarah and Warroon 2C (net) PL71	Total 2C (net)
Gas	**PJ**	60	32	92
LPG	**kTonnes**	125	65	190
Condensate	**Kbbls**	600	313	913

Robbert de Weijer, Armour's CEO, commented: "this is a very positive outcome and these independently verified resources are in line with our expectations based on the work we have done since we acquired the Kincora assets in 2015. The PLs that encompass the 92 PJs of 2C resources cover just 211 km^2 of Armour's overall tenement position in the Roma Shelf. We look forward to further increasing our resources and reserves over the larger area covering a total of 3,000 km^2 of contingent and prospective acreage including significant exploration upside. It is very clear that the Roma shelf still has a lot to give and this independent resource assessment strengthens our view, supported by independent experts that we will be able to ramp up gas production to the Kincora's plant's full capacity of 30 TJ/d over the next few years."

Further technical details of the work undertaken by SRK Consulting (Australasia) Pty Ltd are outlined in the following pages.

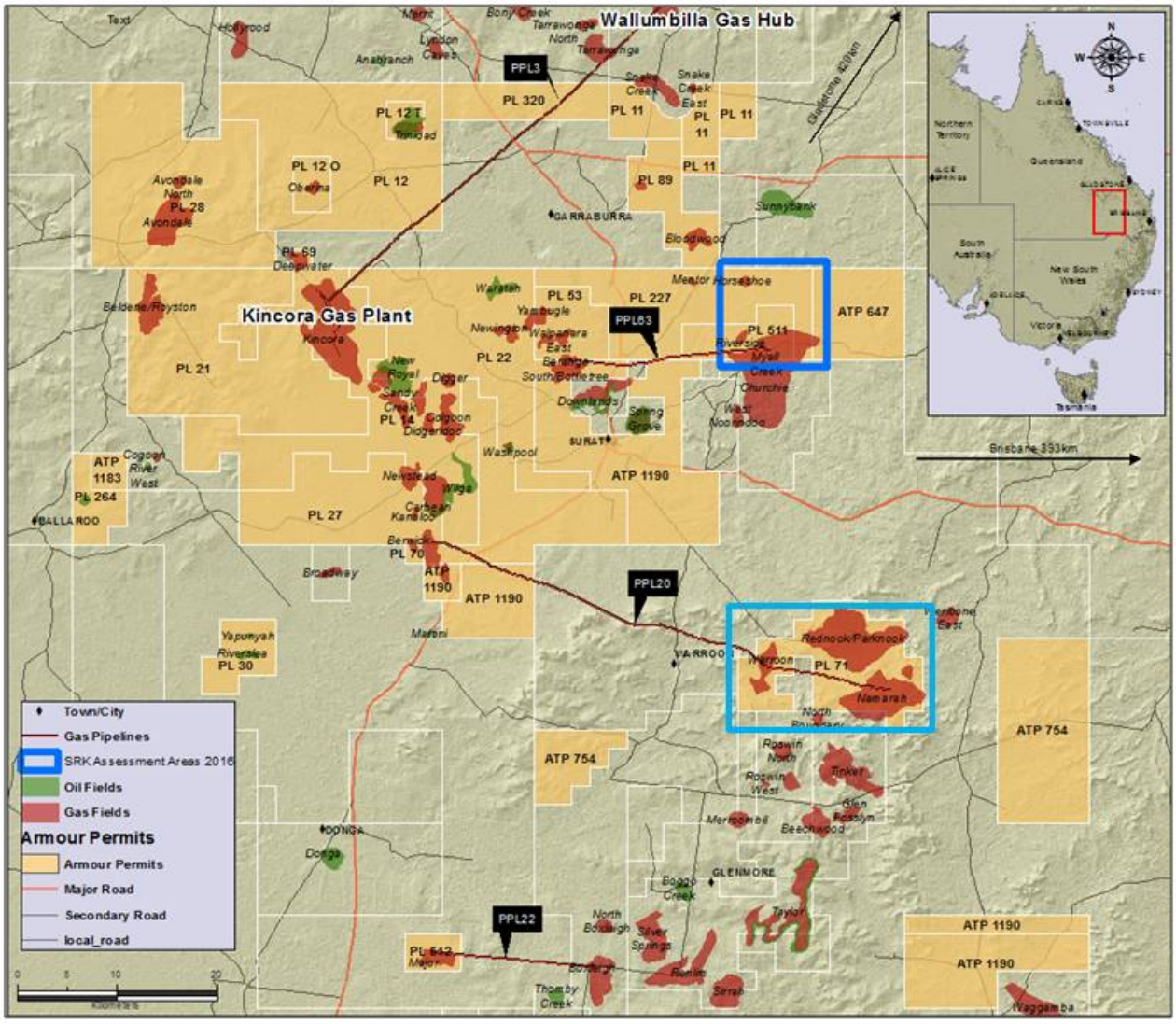

Figure 1 - Upper Tinowon & Wallabella Sandstone Contingent Gas Resource Area, Armour Energy operated 100% WI PL 511 & PL 227; Showgrounds & Rewan Contingent Gas Resource Area, Armour Energy operated 90% WI PL 71

On behalf of the Board
Karl Schlobohm
Company Secretary

Head Office
Level 27
111 Eagle Street
Brisbane

GPO Box 5261
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Summary of SRK Consulting (Australasia) Pty Ltd ("SRK Consulting") Resource Analysis

Myall Creek Field

Myall Creek Field [2]	1C	2C (1C+2C)	3C (1C+2C+3C)
Estimated Net Total Gas (BCF)	18.4	57.2	137.8
Estimated Net Total Gas (PJ)	19.4	60.3	145.4
LPG Yield (Tonne)	40,086.0	124,614.0	300,208.0
Condensate Yield (BBL)	192,916.0	599,719.0	1,444,777.0

Table 2 – Estimated net Upper Tinowon and Wallabella sandstone reservoir contingent resources Myall Creek Field, PLs 511 & 227.

Table 2 Notes:

1. Contingent Resources are classified according to SPE-PRMS.
2. Contingent Resources are stated on a risked net basis with historical production removed.
3. Contingent Resources are stated inclusive of previous reported estimates.
4. Contingent resources exclude fuel estimated at 7%
5. BCF = billion cubic feet, LPG = liquefied petroleum gas, PJ = petajoules, kbbl = thousand barrels, kTonne = thousand tonnes; Conversion 1.055 PJ/BCF.
6. 1C = Total Proved; 2C = Total Proved + Probable; 3C = Total Proved + Probable + Possible.

The SRK Consulting Myall Creek Contingent Resources Report dated 19 July 2016 documents the probabilistic methods combined with a deterministic analysis of the gross-rock-volume above the regional gas-liquid contact to estimate the contingent hydrocarbon resources within the Permian age Upper Tinowon and Wallabella sandstone reservoirs **(Table 2)**. The estimate was calculated only in the petroleum license areas held 100% by Armour Energy, PL 511 and 227. This data included in the estimate, but was not limited to, 2D seismic, 3D seismic, historic and modern well data, reservoir pressure data, electric logs and rock properties from chip & core samples, gas composition analysis, hydraulic stimulation results, analysis of historical well production, decline curve analysis, review of RISC Operations Pty Ltd (RISC) 30 Sept 2015 Independent Technical Specialist Report Roma Shelf and Armour Energy Target Statement 7 October 2015.

The key contingencies that prevent the resources from selectively being classified as petroleum reserves include recommissioning Kincora facilities and the activities approved to enable production from wells. Prior to the Kincora facilities undergoing preservation in June 2012, the Myall Creek Field produced from the Upper Tinowon and Wallabella sandstone reservoirs 18.3 BCF gas, 32 kTonne LPG and 231 kbbl condensate.

A provisional development plan for the resources using environmental authorities for PL 511 and 227 was included in the SRK Consulting Report for the Myall Creek Field. The plan includes up to 49 vertical development wells with stimulation in the contingent resource area with recovery on 1,600 meter spacing and 800 meter spacing units and covers an area of 19,027 acres (78 km²).

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Parknook, Namarah and Warroon Fields

PL 71 [3]	1C	2C (1C+2C)	3C (1C+2C+3C)
Parknook Estimated Net Total Gas (BCF)	2.7	15.0	43.4
Parknook Estimated Net Total Gas (PJ)	2.8	15.9	45.8
Warroon Estimated Net Total Gas (BCF)	-	0.5	4.6
Warroon Estimated Net Total Gas (PJ)	-	0.6	4.8
Namarah Estimated Net Total Gas (BCF)	4.7	14.3	36.1
Namarah Estimated Net Total Gas (PJ)	4.9	15.1	38.1
Total Estimated Net Gas PL 71 (BCF)	7.4	29.9	84.1
Total Estimated Net Gas PL 71 (PJ)	7.8	31.5	88.7
LPG Yield (Tonne)	16,078.0	65,096.0	183,131.0
Condensate Yield (BBL)	77,376.0	313,280.0	881,335.0

Table 3 – Estimated net Showgrounds and Rewan sandstone reservoir contingent resources Parknook, Warroon and Namarah Fields, PL 71.

Table 3 Notes:

1. Contingent Resources are classified according to SPE-PRMS.
2. Contingent Resources are stated on a risked net basis with historical production removed.
3. Contingent Resources are stated inclusive of previous reported estimates.
4. Contingent Resources are stated exclusive of minor ORRI% & NPI%
5. Contingent resources exclude fuel estimated at 7%
6. BCF = billion cubic feet, LPG = liquefied petroleum gas, PJ = petajoules, kbbl = thousand barrels, kTonne = thousand tonnes; Conversion 1.055 PJ/BCF
7. 1C = Total Proved; 2C = Total Proved + Probable; 3C = Total Proved + Probable + Possible

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The SRK Consulting PL 71 Contingent Resources Report – Parknook, Namarah and Warroon Area dated 19 July 2016 documents the probabilistic methods combined with a deterministic analysis of the gross-rock-volume above the regional gas-liquid contact to estimate the contingent hydrocarbon resources within the Early Triassic Rewan and Middle Triassic Showgrounds sandstone reservoirs **(Table 3)**. The estimate was calculated only in the petroleum license areas held 90% by Armour Energy, PL 71. This data included in the estimate, but was not limited to, 2D seismic, 3D seismic, historic and modern well data, reservoir pressure data, electric logs and rock properties from chip & core samples, gas composition analysis, hydraulic stimulation results, analysis of historical well production, decline curve analysis, review of RISC Operations Pty Ltd (RISC) 30 Sept 2015 Independent Technical Specialist Report Roma Shelf Armour Energy Target Statement 7 October 2015.

The key contingencies that prevent the resources from selectively being classified as petroleum reserves include recommissioning Kincora facilities and the activities approved to enable production from wells. Prior to the Kincora facilities undergoing preservation in June 2012, the total Showgrounds and Rewan production from Parknook, Namarah and Warroon Fields was 13.3 BCF gas, 45 kTonne LPG and 269 kbbl condensate.

A provisional development plan for the resources using environmental authorities for PL 71 was included in the SRK Consulting Report for the Parknook, Namarah and Warroon Fields. The plan includes up to 21 nominal spaced vertical development wells on independent closures and estimated recovery in the PL 71 contingent resource area and covers an area of 33,112 acres (134 km^2).

Competent Persons Statement

Consents

The 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.

The 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 20 years of relevant experience in both conventional and unconventional oil and gas exploration & production in the US and multiple international 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.

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

"Contingent Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

"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.

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.

Previous reported information on the Contingent Resources in this release related to Armour Energy's Surat Basin PLs and ATPs is based on an independent review conducted by RISC Operations Pty Ltd (RISC) 2015 Independent Technical Specialist Report Roma Shelf 30 September 2015 and fairly represents the information and supporting documentation reviewed. All the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Reported information in this release from the Armour Energy Target Statement dated 7 October 2015 relating to Armour Energy's Surat Basin PLs and ATPs is based on the Annexure A - Independent Expert Report review conducted by BDO Corporate Finance (Qld) Ltd and fairly represents the information and supporting documentation reviewed. All the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

About Armour Energy

Armour Energy is focused on the discovery and development of world class gas and associated liquids resources in an extensive and recently recognised hydrocarbon province in northern Australia. This region has only recently had its shale potential identified by Armour Energy. The domestic and global demand for gas, combined with the new shale extractive technologies and experienced personnel, provides Armour with an extraordinary opportunity to define and ultimately develop a new liquids rich gas province.

Armour Energy's permit areas are characterised by low population densities, cooperative stakeholders and aspects of the natural environment suited to the exploration and development of a future gas and liquids province. Armour places considerable importance on close liaison with traditional owners and all stakeholders.

Armour Energy 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.

Armour's recent acquisition of assets and resources on the Roma Shelf establish the company's future as a petroleum producer.

Further information regarding Armour Energy Limited is available on Armour's website at www.armourenergy.com.au

For further information contact:

Robbert de Weijer – CEO
07 – 3303 0620

Karl Schlobohm – Company Secretary
07 - 3303 0661