

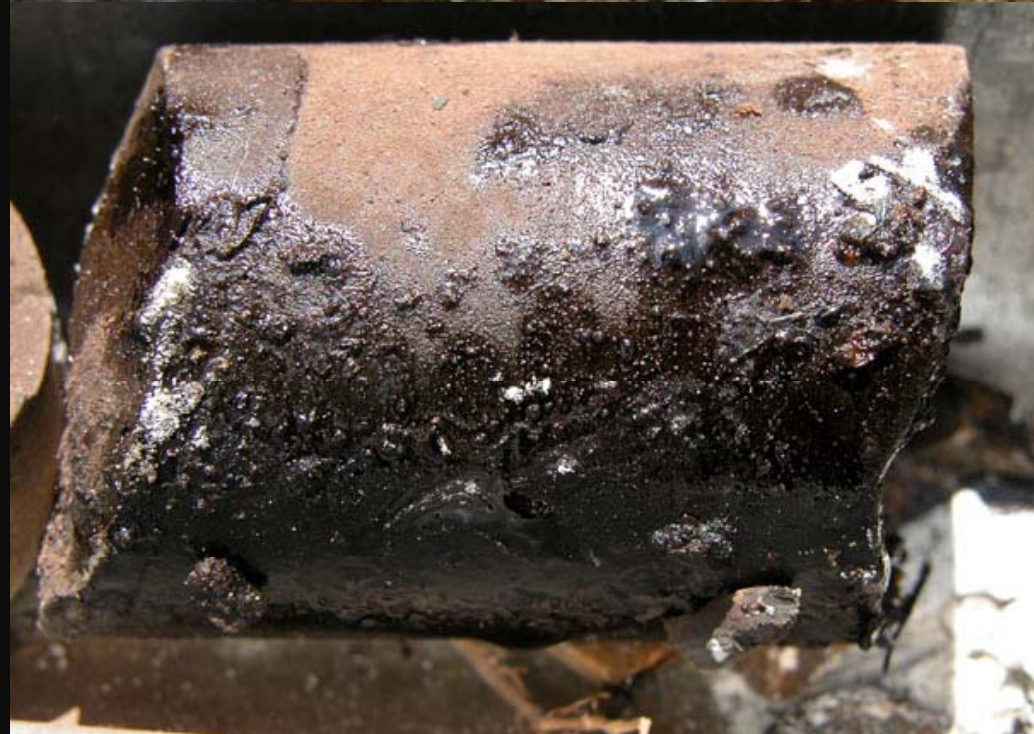


Armour Energy

Company Presentation

August 2013

ASX:AJQ



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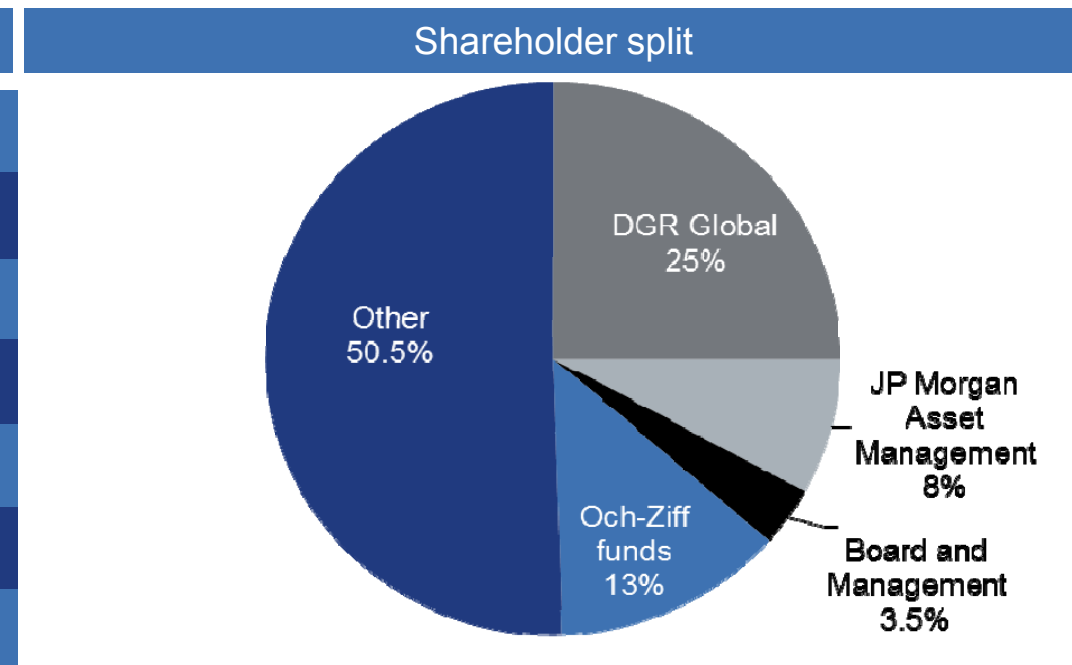
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The resource estimates used in this announcement were, where indicated, compiled by MBA Petroleum Consultants, and detailed in the Independent Expert's Report, Replacement Prospectus dated 20 March 2012 for Armour Energy (Chapter 9). Raymond L Johnson Jr., General Manager Exploration and Production for Armour Energy, is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the resource figures in the form and context in which they appear in this presentation.

- ▶ Experienced Board and Management with a proven track record of creating significant shareholder value
 - ▶ Arrow Energy, Bow Energy, Eastern Star Gas, QGC
- ▶ Strong technical team with philosophy of detailed technical evaluation and assessment
- ▶ Prudent capital management with focus on shareholder value
- ▶ First mover advantage in multiple basins with proven working hydrocarbon systems
- ▶ QLD & NT acreage held 100% with surrounding permit holders having already partnered with several oil and gas majors and super majors

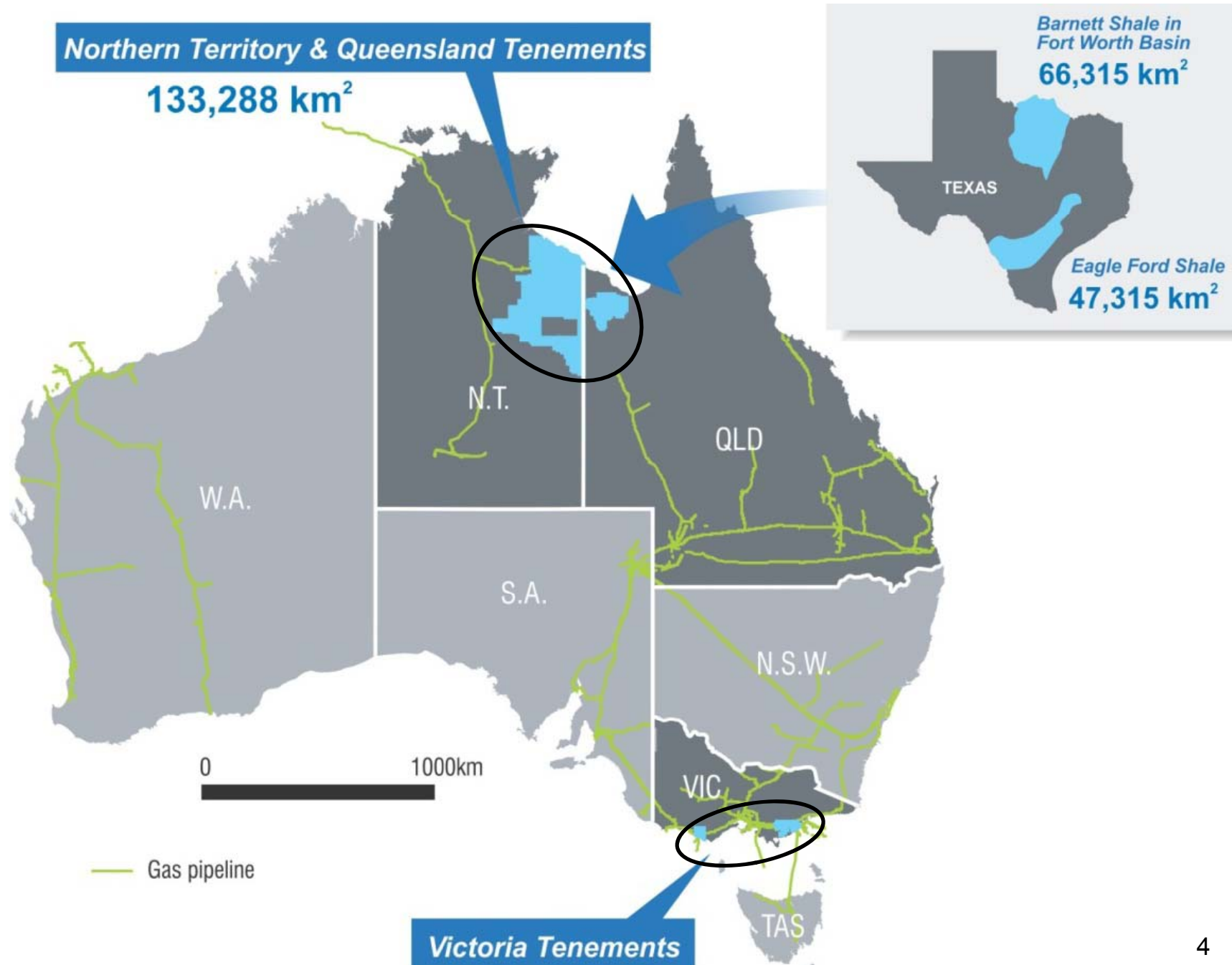
Key statistics	
ASX ticker	AJQ
Issued shares	300M
ESOP	@ 50c, 75c and \$1.00 per share
Market cap (@ 27cps)	\$81M
Cash (30 June 2013)	\$37.1M
Headcount	19 personnel
Acreage	19 permits covering ~133,288km ²



Acreage portfolio – scale and location

Armour's portfolio includes areas larger than comparable US plays

Armour is a major shareholder and maintains an ongoing program with Lakes Oil in Victoria



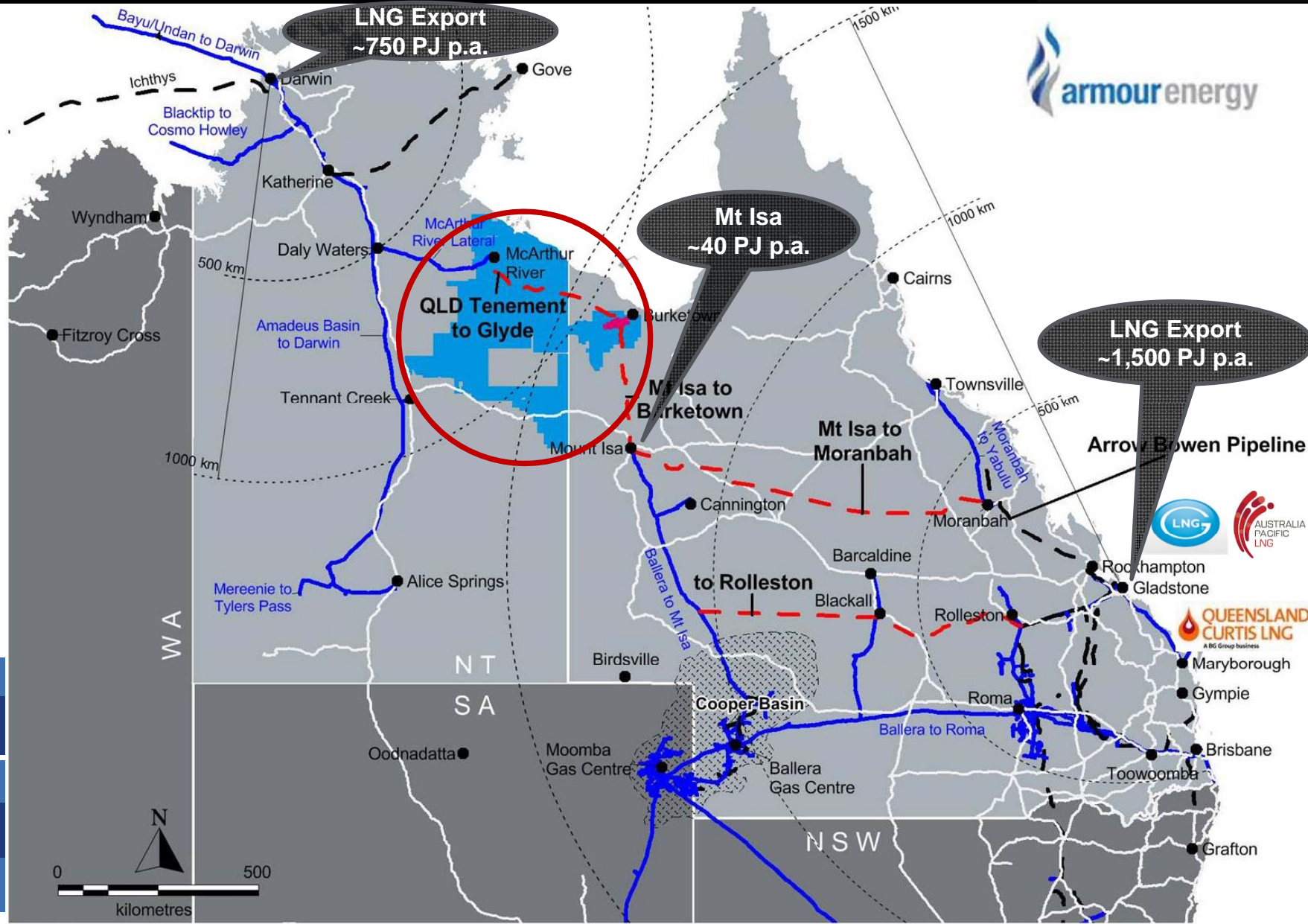
QLD and NT - proximity to target markets and infrastructure



Armour is in five separate basins with proven hydrocarbon systems

- ▶ Georgina
- ▶ McArthur
- ▶ Isa
- ▶ South Nicholson
- ▶ Carpentaria

Target markets are large and continue to develop



Permit summary – QLD and NT

	Granted	Under application
Permits	5	14
Area (km ²)	35,803	97,485
Ownership	100%	100%

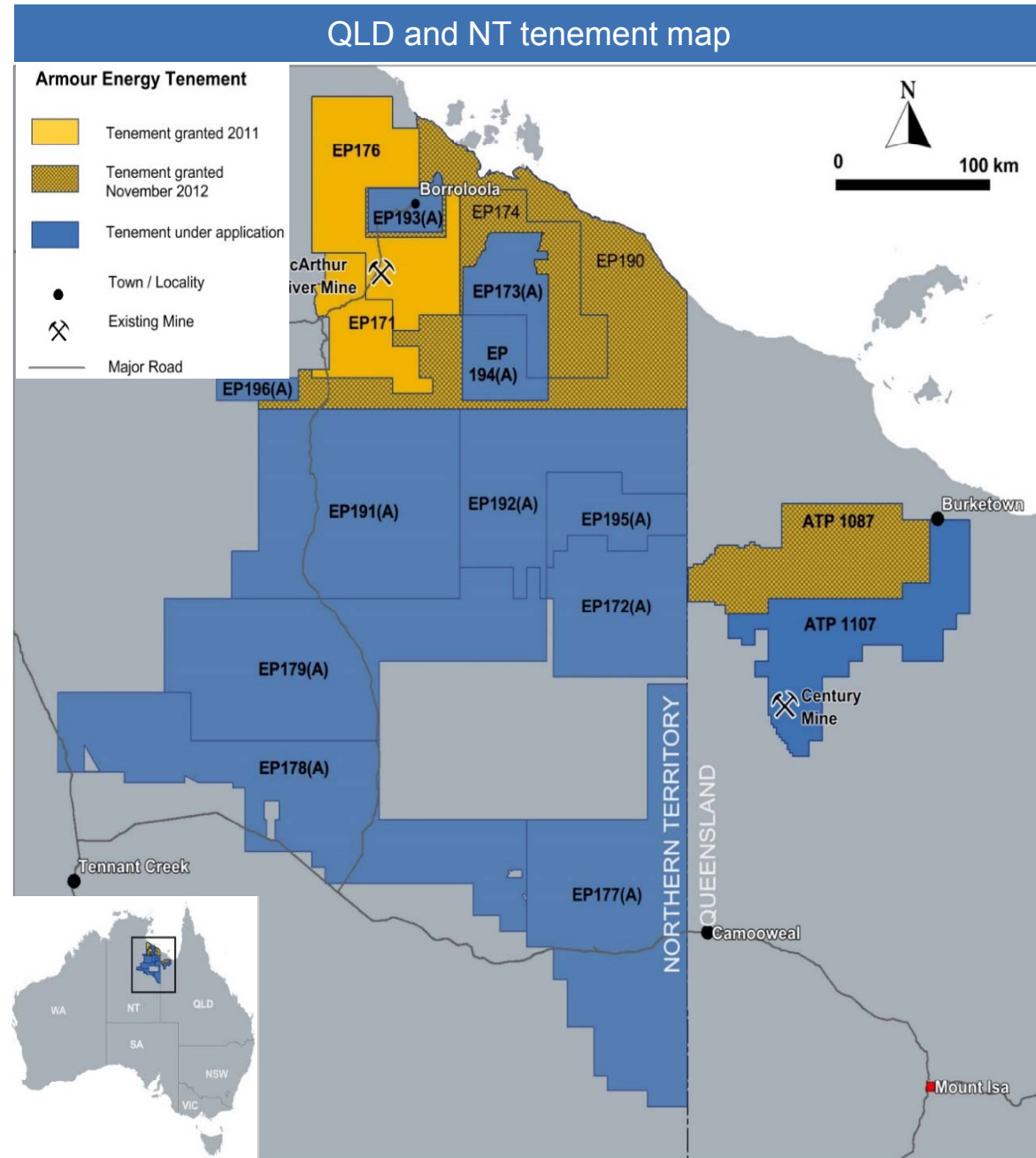
LEGEND

- Armour's NT & QLD Tenements
- Town
- Existing Gas Pipeline
- Cooper Basin
- Primary Road
- Pipeline proposed by Armour
- Pipeline proposed by Others
- Eastern Target Area

100% owned tenements in a large, new petroleum province

Resource summary	NT	QLD
Conventional ▶ Contingent	2.4 Bcf 1C, 6.0 Bcf 2C, 10.3 Bcf 3C	
Conventional ▶ Prospective	Mean 264.4 Bcf	
Unconventional ▶ Prospective	Mean 18.8 Tcf 2.0bn bbl condensate	Mean 22.5 Tcf

Permit status	NT	QLD
Granted or preferred tenderer	EP171, EP176, EP174, EP190 Granted 28,665 km ² (21.4% of total area)	ATP1087 Granted 7,138 km ² ATP 1107 Preferred tenderer 7,943km ² (11.3% total area)
Pending grant	13 (6 ALRA, 7 Native Title) 90,204km ² (67.3% of total area)	



Permits

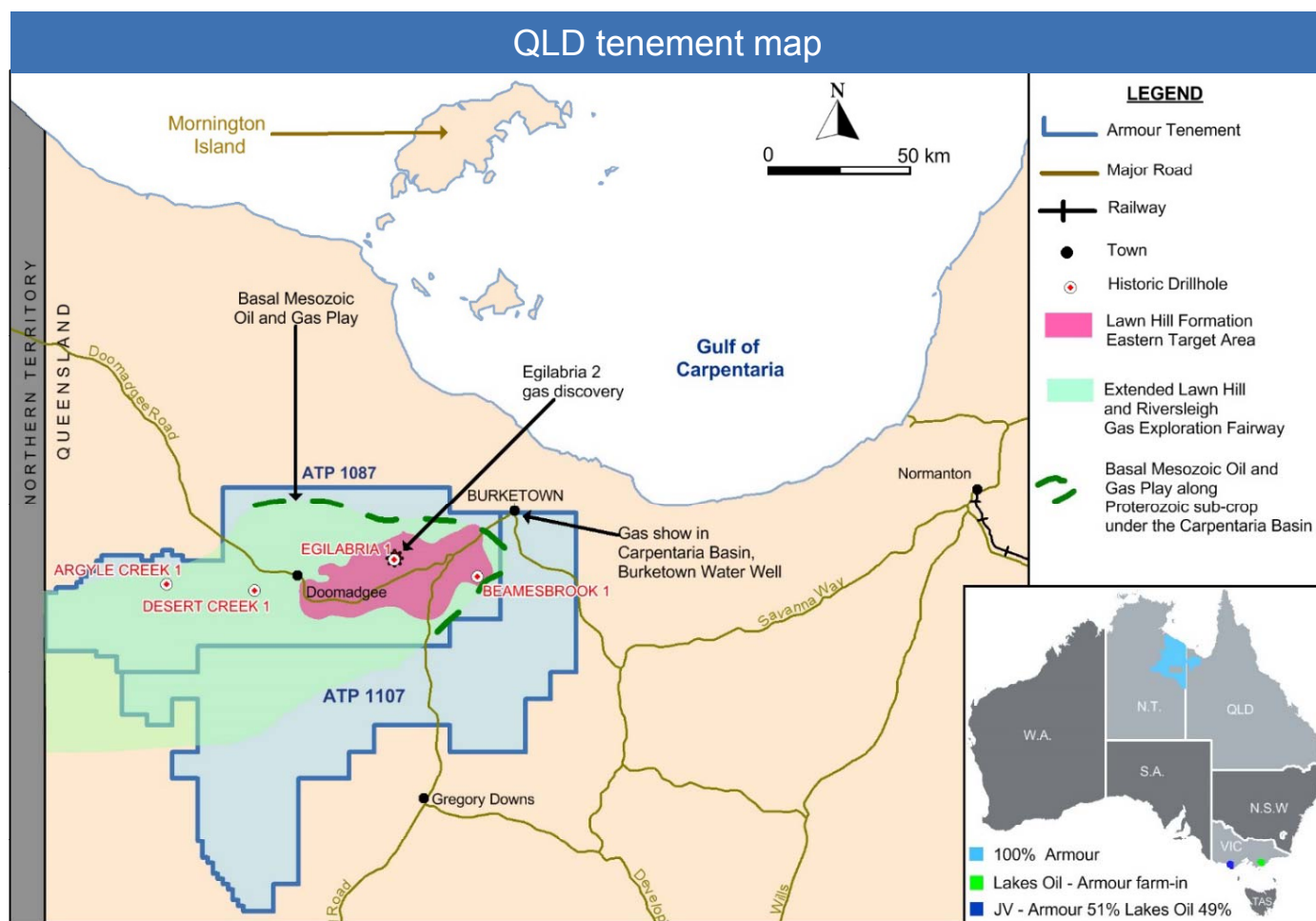
- ▶ ATP1087 (100% owned – 7,136 km²)
 - ▶ all permits and approvals in place, including access and Native Title Agreements
- ▶ ATP1107(a) (100% owned - 7,943 km²)

Resources

- ▶ Lawn Shale
 - ▶ 22.5 Tcf mean prospective gas resource (MBA)
- ▶ Riversleigh Formation
 - ▶ targeting 18 Tcf unconventional gas
- ▶ Conventional resources
 - ▶ targeting 1.8 Tcf

Other highlights

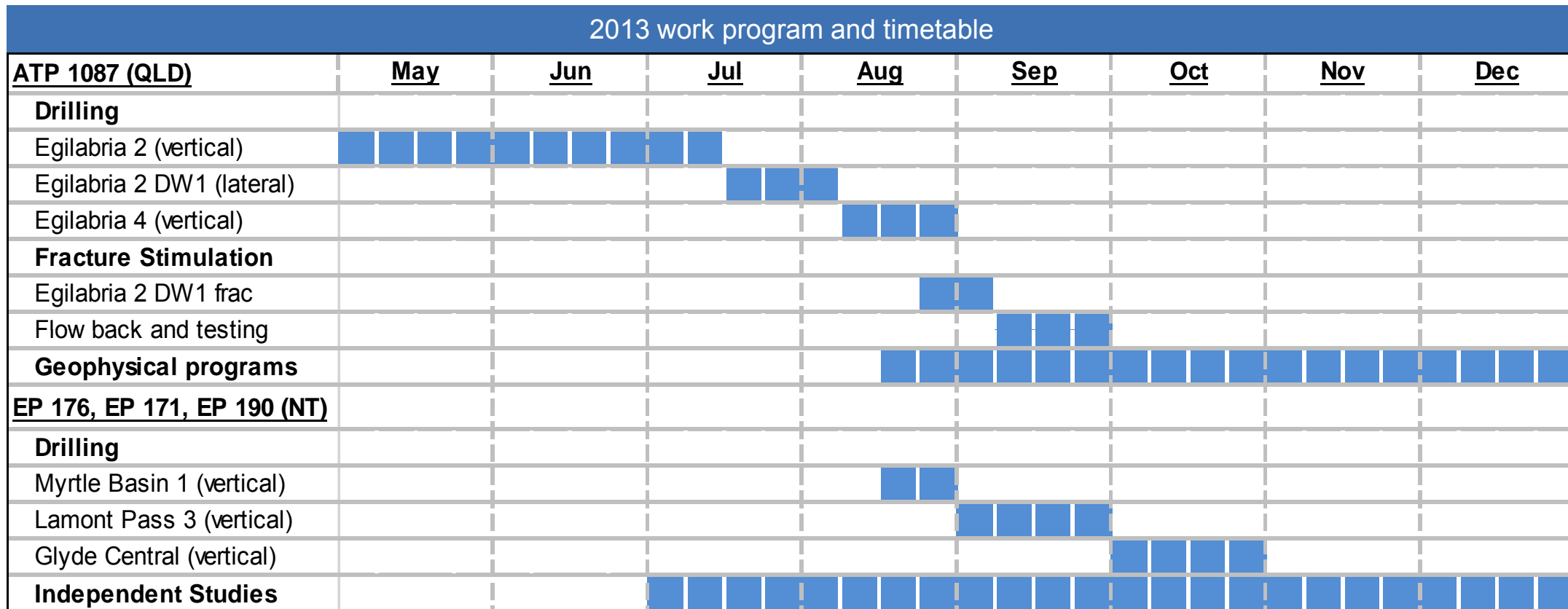
- ▶ Strong / good quality gas shows (negligible CO₂ detected) in a favourable depth range
- ▶ Close proximity to Mt Isa regional infrastructure (e.g. airport, road, rail, power stations, heavy industry, gas customers / pipeline (>100 TJ/day))
- ▶ Pilot drilling program (Egilabria 2) currently being undertaken with a further extensive list of prospects and lead inventory
- ▶ Low social impact area



Active and fully funded 2013 work program



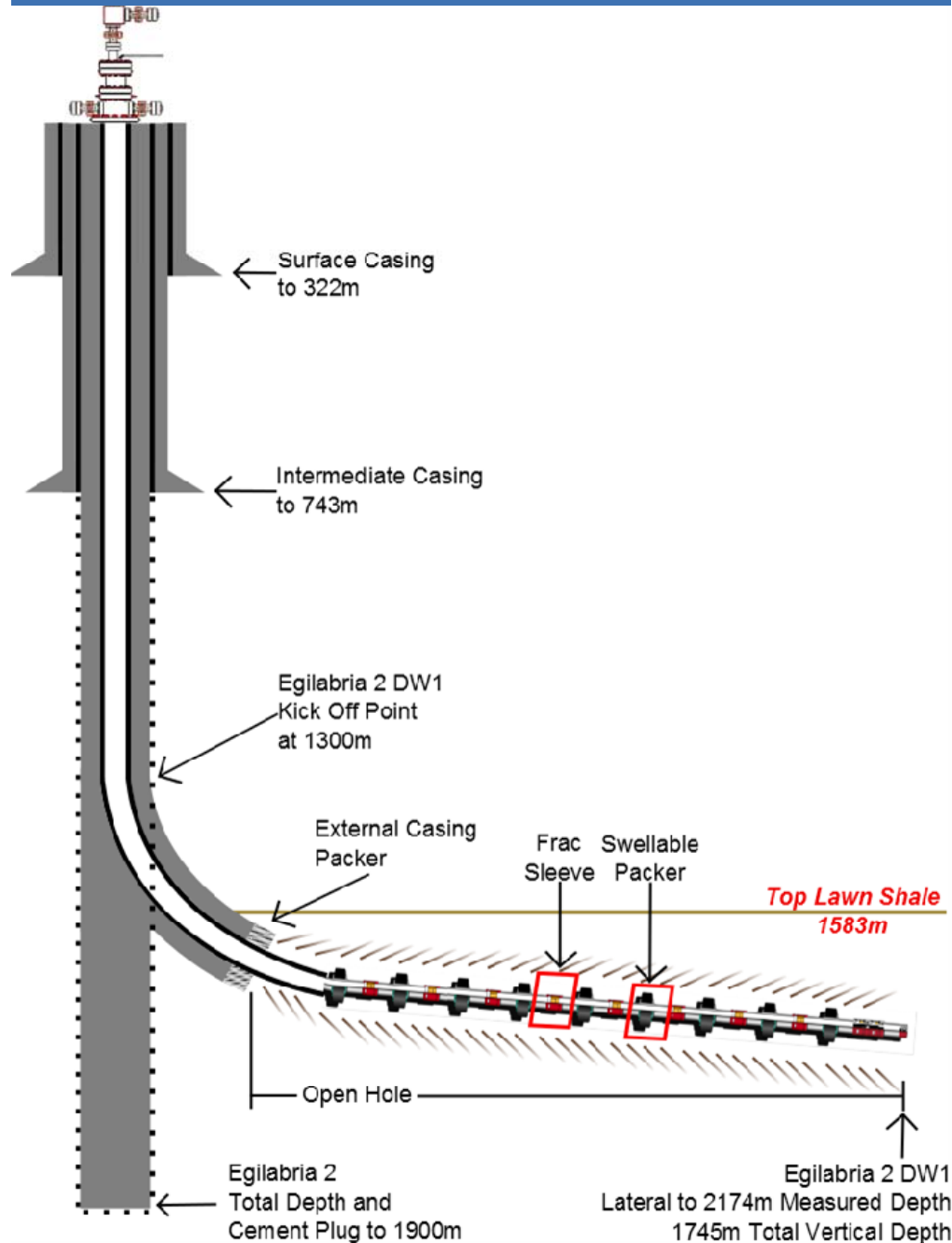
- ▶ 2013 work program is fully funded
- ▶ Drilling up to five new wells across four permits in Armour's QLD and NT acreage
- ▶ Egilabria 2 DW1 Tests 587 metre lateral in the Lawn shale (1st dedicated fracture stimulated horizontal well in a non-conventional shale target within QLD)
- ▶ 6 months continued activity/news flow with potential company maker outcomes
- ▶ Airborne geophysical survey and ongoing G&G studies to high grade future targets



Egilabria 2 (ATP1087) – very encouraging results, production test imminent



Egilabria 2 – well design



Results to date and forward plan

- ▶ Very encouraging results so far
- ▶ Vertical well completed July 2013
- ▶ Strong gas shows in Lawn Shale and conventional zones
- ▶ Forward plan:
 - ▶ drill 570 – 750m lateral section
 - ▶ 8-stage hydraulic fracturing treatment
 - ▶ production test
- ▶ Drill E-4 after Egilabria-2, targeting 2 further formations

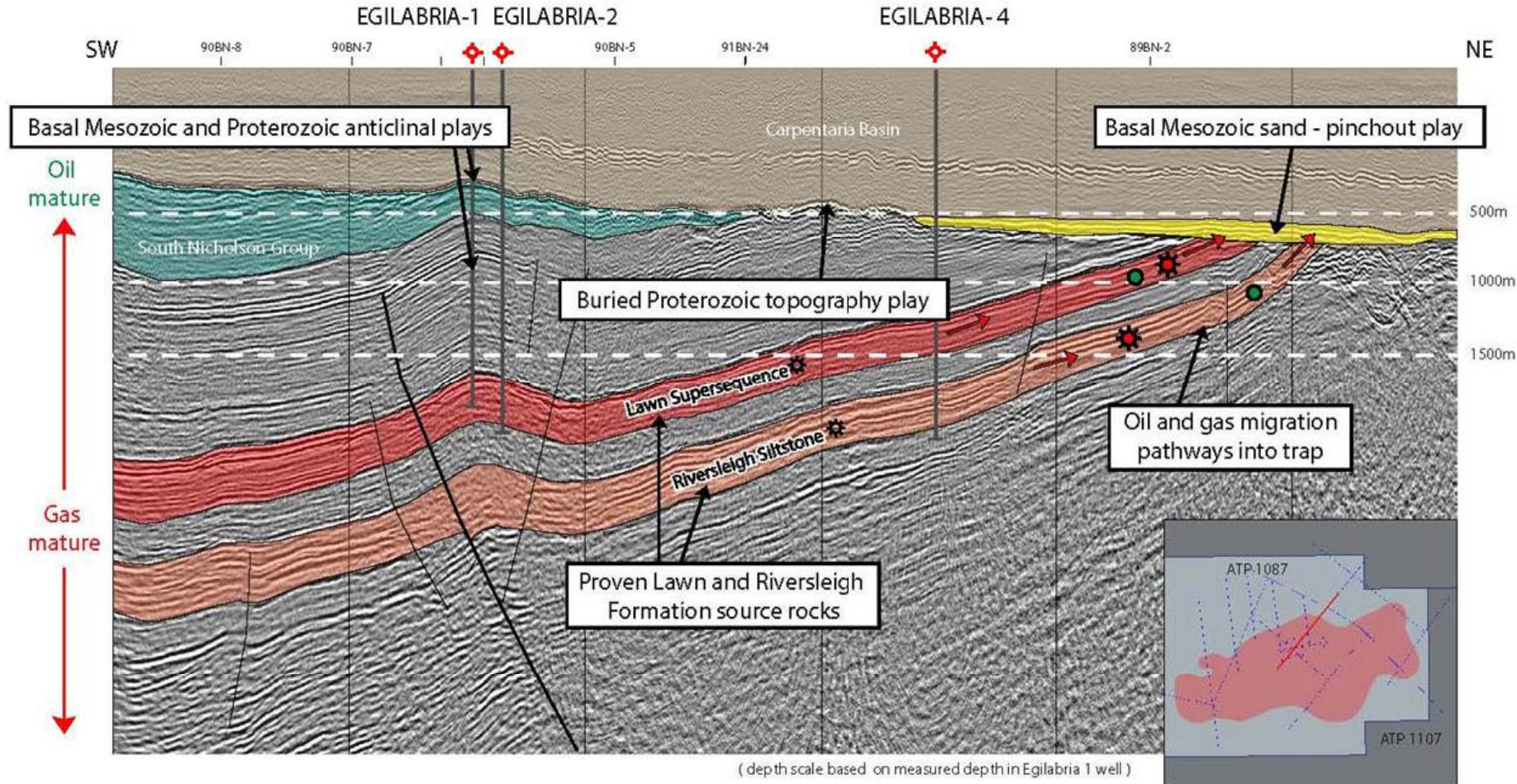
Egilabria 2 – flare during vertical drilling



Upcoming Egilabria 4 to extend and test new play targets

- ▶ Upcoming Egilabria 4 is to be a step-out well in the Lawn Shale, testing:
 - ▶ Riversleigh Siltstone as a new shale gas play
 - ▶ Basal Mesozoic (Carpentaria Basin) “pinch-out” play

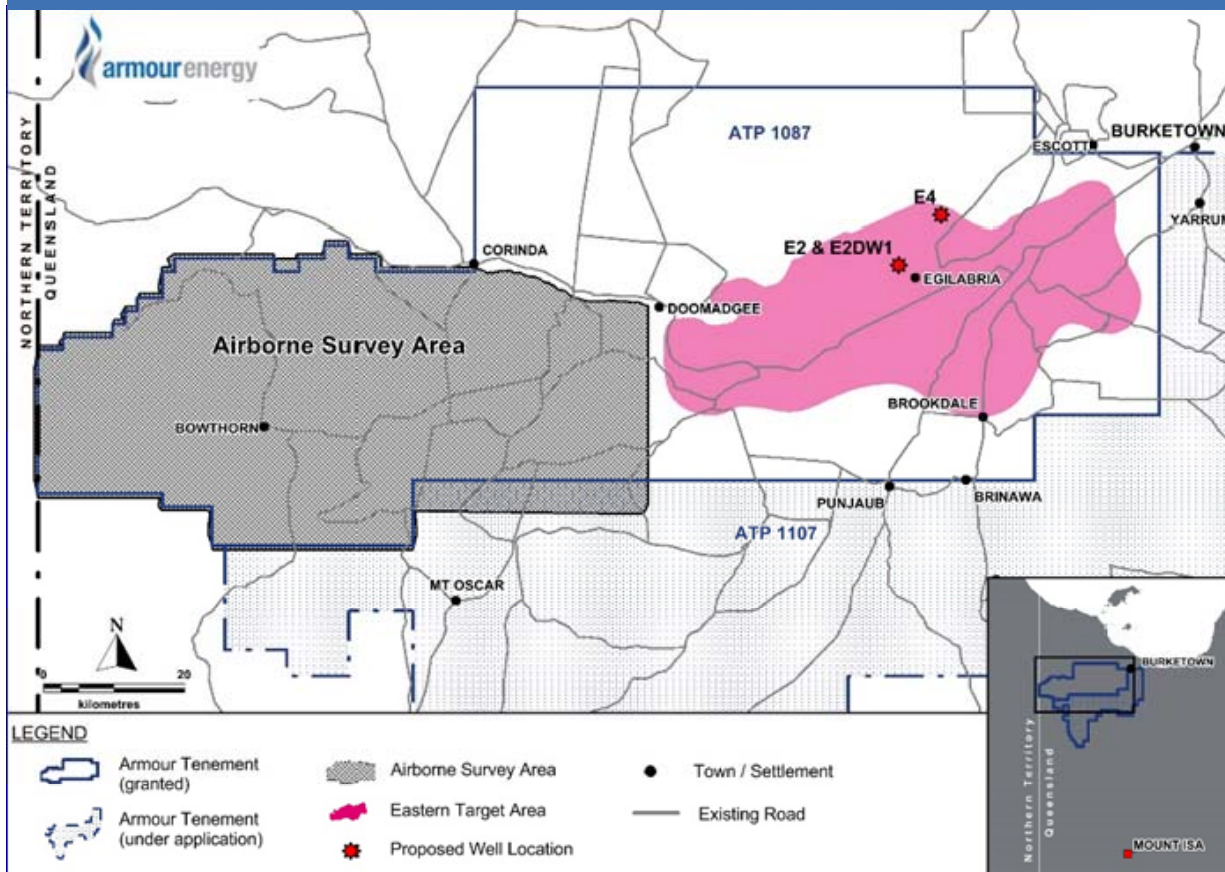
Interpreted Seismic Section of Line 89BN-6 Showing Four Conventional Play Types



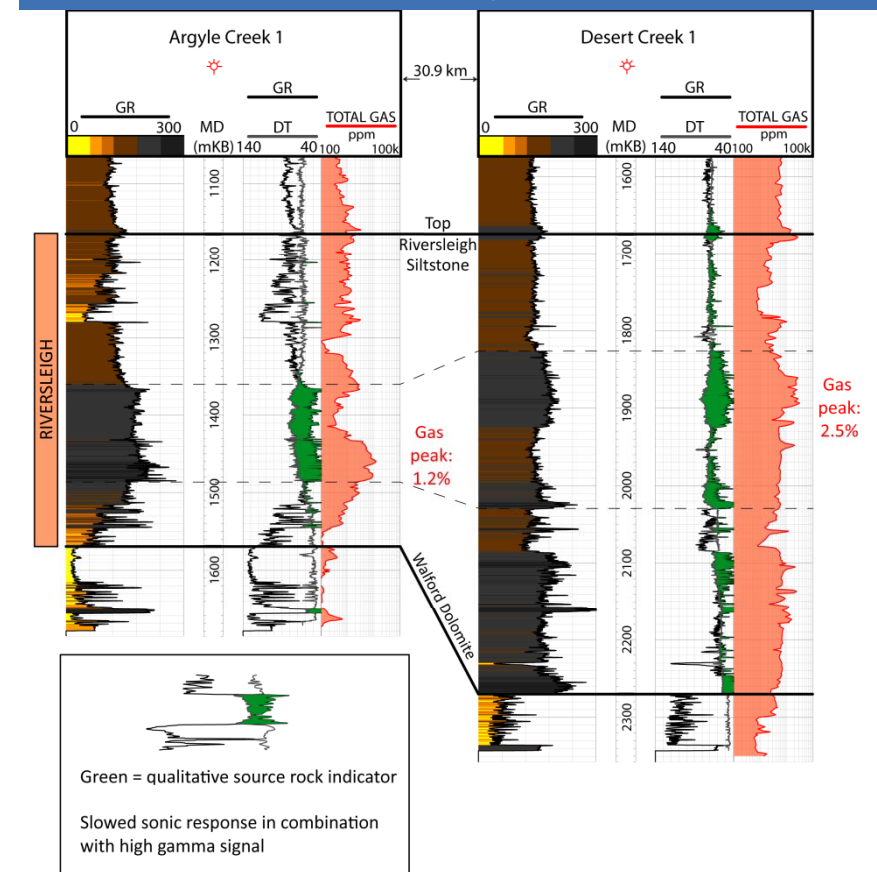
Exploring the new Riversleigh play - Egilabria 4 and airborne geophysical

- ▶ Proven gas shows when drilling overbalanced for oil targets by Comalco in 1991
- ▶ Egilabria 4 to delineate Riversleigh in Egilabria Lawn Shale area
- ▶ Creates a stacked pay sequence underlying the Lawn Shale within ATP 1087
- ▶ Targeting 18 Tcf of Riversleigh Formation unconventional gas resources
- ▶ Airborne gravity and magnetic survey to high grade areas for further seismic and drilling

Egilabria and airborne survey areas



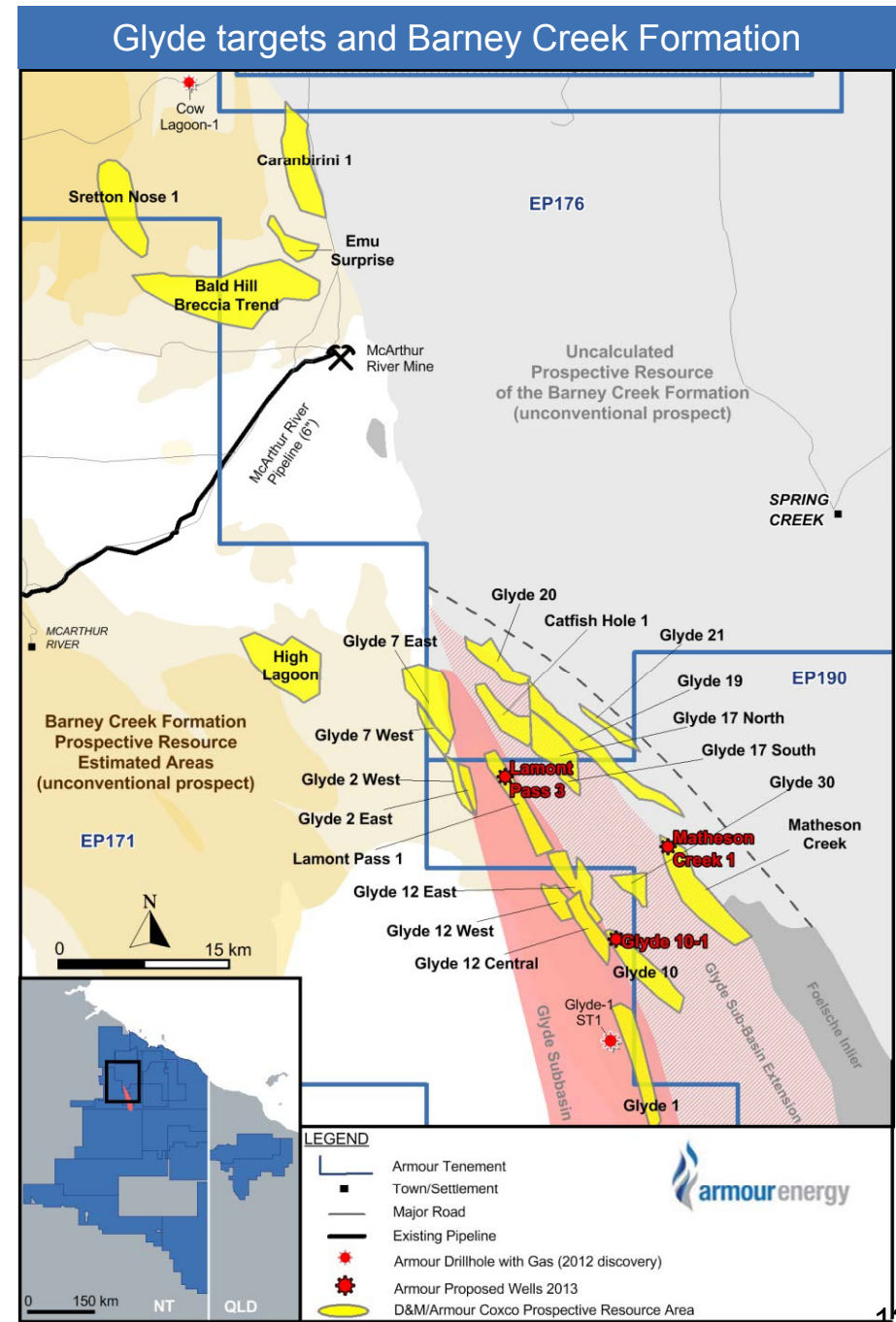
Well logs



Glyde 1 discovery - 23 other conventional free-flowing targets

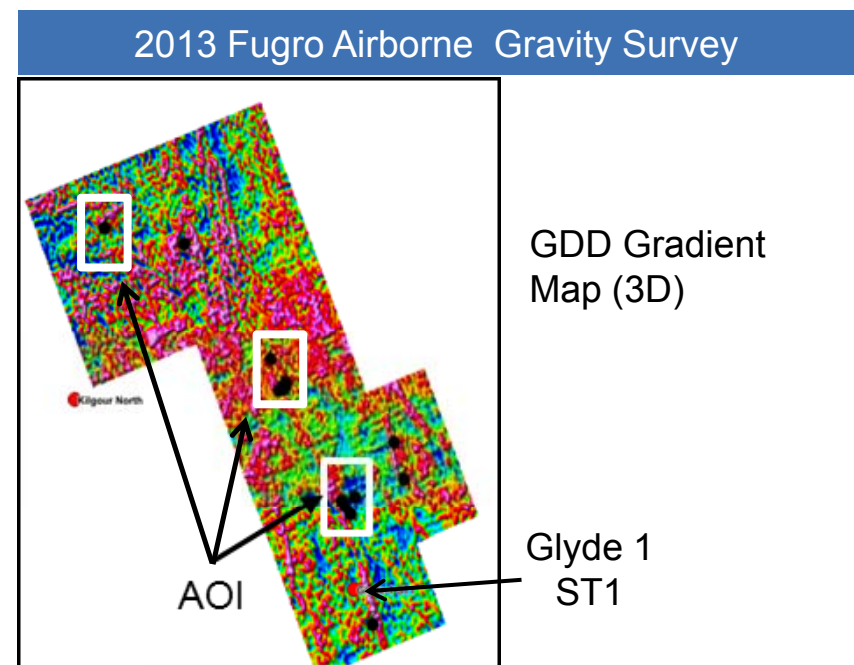
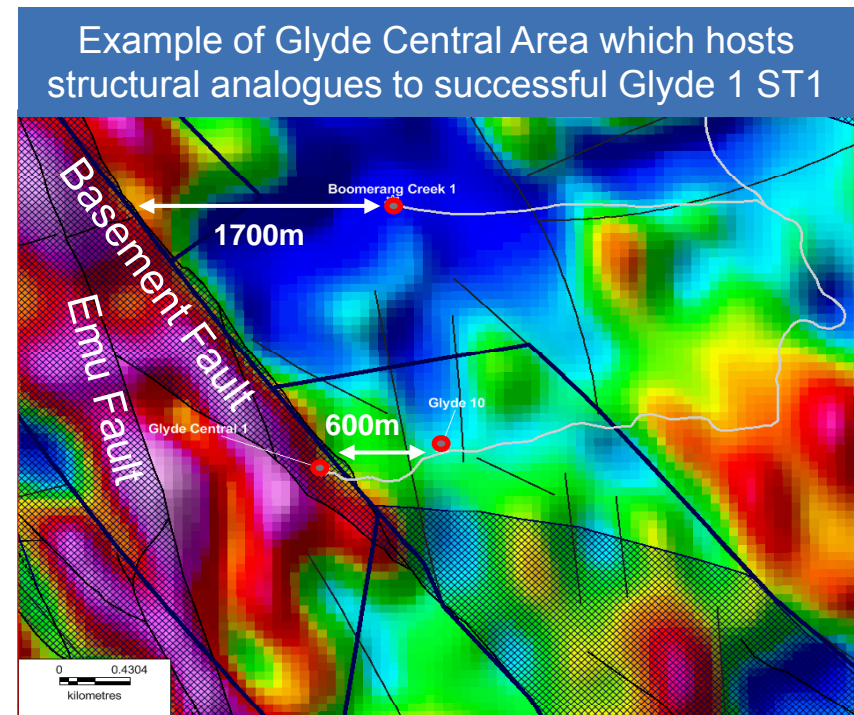
- ▶ In 2012, Armour achieved a 3.3 million cubic feet/day gas flare from Glyde 1 lateral well during air drilling and testing
- ▶ Reservoir is porous Coxco Dolomite at the base of Barney Creek Shale
- ▶ Lateral intersected 132 m of black, gas charged, naturally fractured Barney Creek shale source rock substantiating unconventional gas potential
- ▶ Three well program planned for H2 2013 testing similar play types to Glyde 1 ST1 well

Flare observed during drilling of Glyde 1



2013 NT drilling program will test analogue structures and plays to Glyde 1

- ▶ Myrtle Basin well targets brecciated dolomites juxtaposed to the Barney Creek Shale
 - ▶ shallow target area with reports of gas flows while mineral drilling
 - ▶ located via gravity survey on structure similar to Glyde 1 ST1
 - ▶ similar brecciated stratigraphic traps
 - ▶ Myrtle Basin Area not assessed by DeGolyer and McNaughton in April 2013
- ▶ Lamont Pass and Glyde Central target structures assessed by DeGolyer and McNaughton in April 2013
 - ▶ multiple targets in 1700-1800m depth range
 - ▶ locations optimised using gravity survey data
 - ▶ targeting similar brecciated stratigraphic traps



Victorian asset highlights – promising results, strong markets

EXISTING RESOURCES

- ▶ Tight gas resource play
- ▶ Targeting gas reserves value ~\$2bn
- ▶ Potentially 6 billion tonnes brown coal

STRONG MARKETS

- ▶ Extensive local infrastructure
- ▶ Victorian gas projected to \$8/GJ

PROMISING DISCOVERIES

- ▶ Morey's gas condensate discovery
- ▶ Oil discoveries in Strzelecki and Rintouls Creek Formations

ARMOUR INTEREST

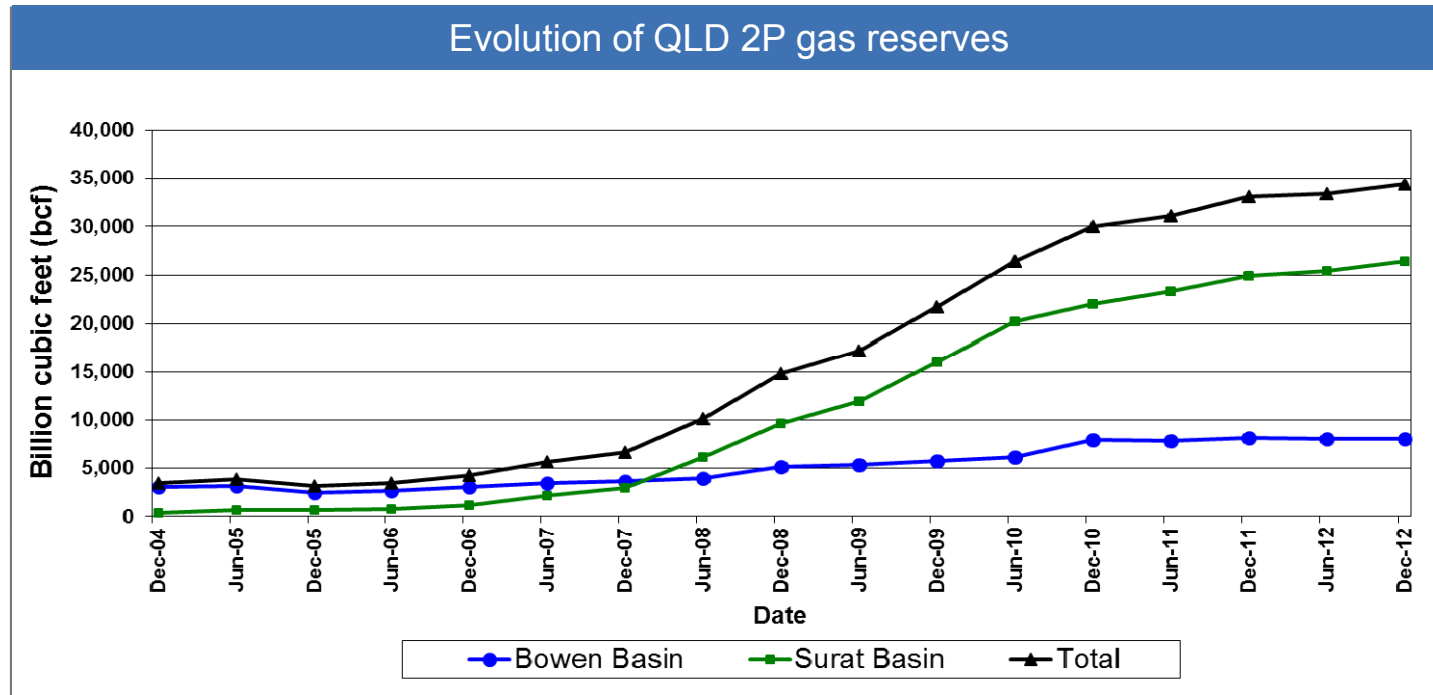
- ▶ Option to purchase 50% of Lakes interest in PRL 2 for \$30m
- ▶ Armour own 51% of PEP169 and PEP166 with \$14m expenditure - \$6.75m already completed
- ▶ Acquisition of up to 18.6% Lakes Oil (ASX:LKO)



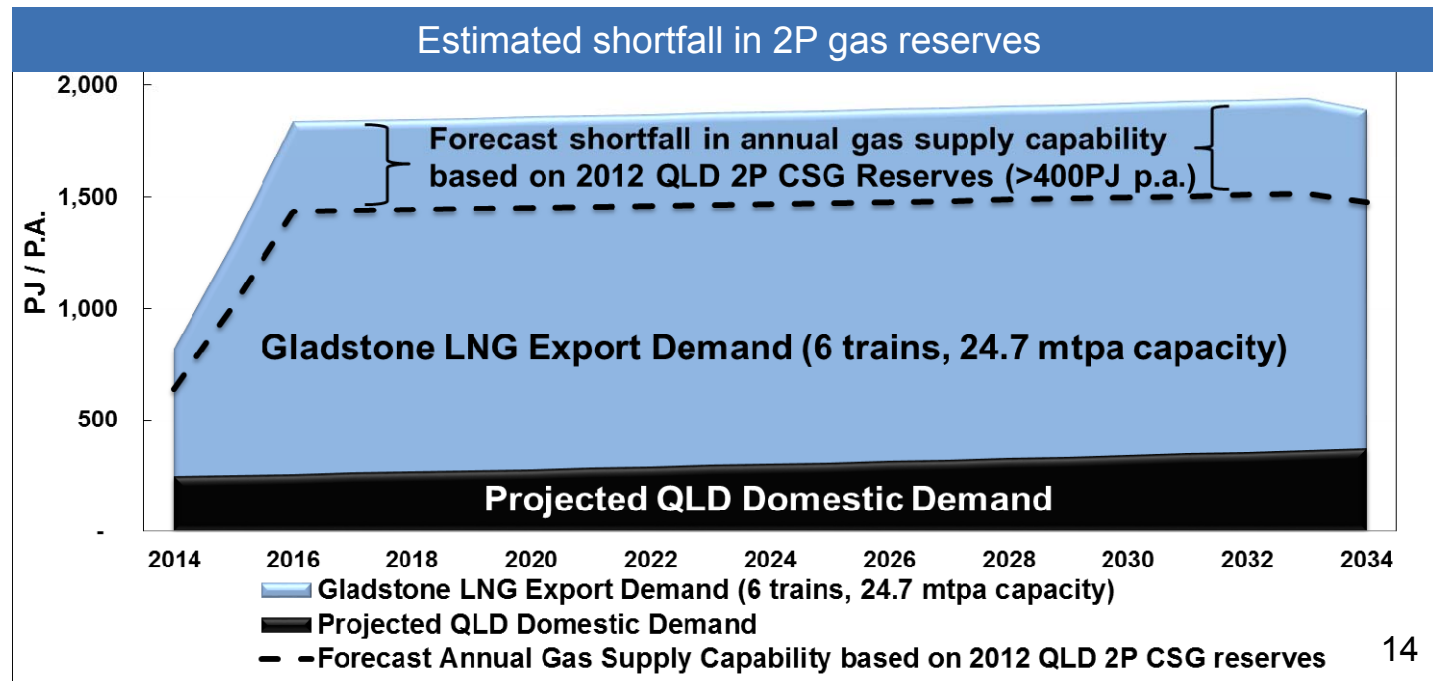
Queensland gas markets are facing a significant shortfall



- ▶ QLD CSG 2P gas reserves bookings are beginning to plateau
- ▶ An estimated 47 Tcf of 2P gas reserves are required to meet QLD's domestic and LNG export demand (6 trains @ ~24.7 mtpa capacity) over the next 20 years
- ▶ Current shortfall is estimated at >10 Tcf
- ▶ Several major East Coast Australia legacy gas contracts are due to expire at the same time the QLD LNG plants are being commissioned and supply is ramping up
- ▶ Supply from NSW CSG is not presently viable
- ▶ Cooper Basin unlikely to supply large volumes

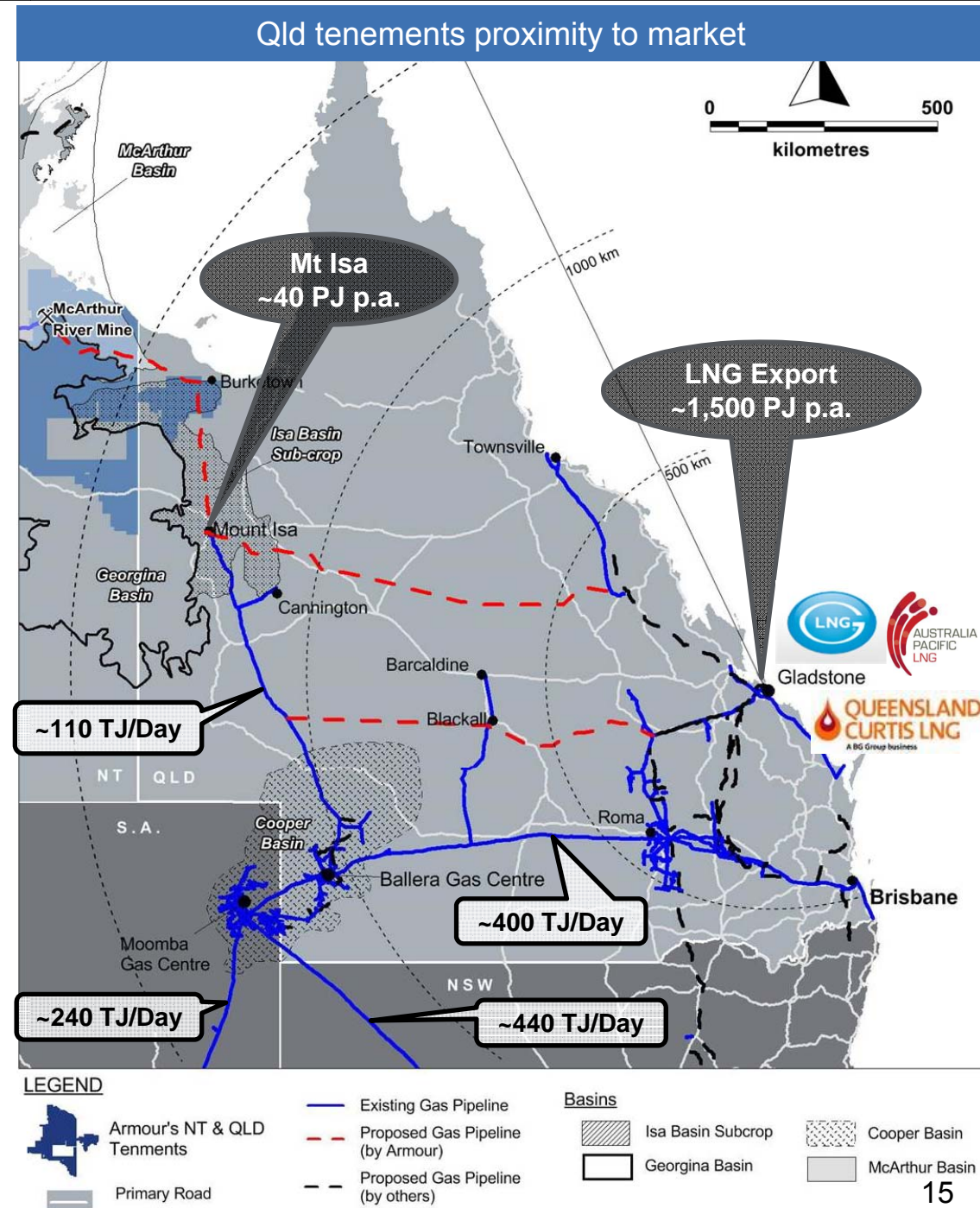


Source: QLD Department of Natural Resources and Mines



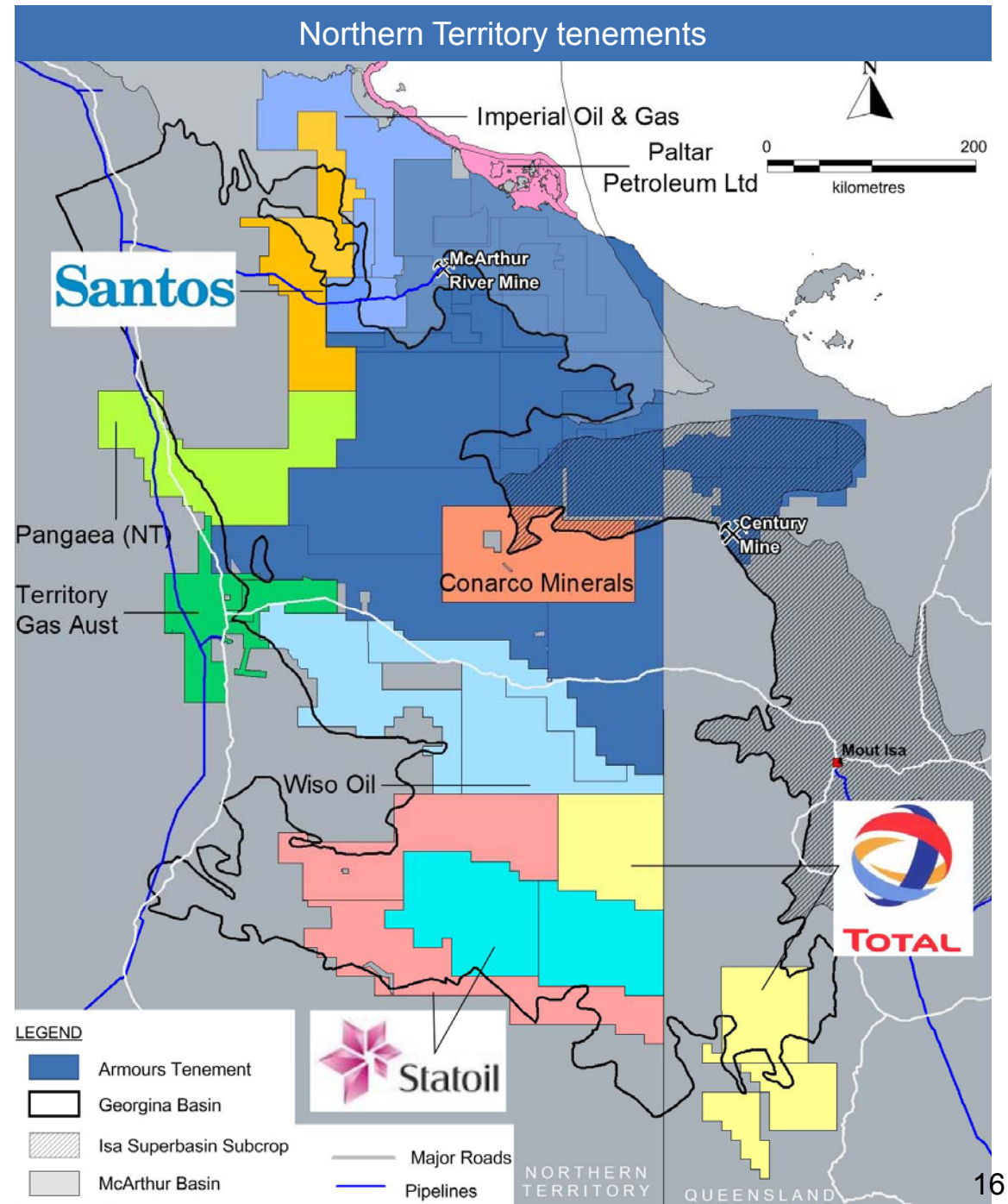
Armour's gas is deliverable to Mt Isa and Gladstone


- ▶ Mt Isa current regional demand is ~40 PJ p.a. and APA's Carpentaria gas pipeline capacity is ~110 TJ/Day
- ▶ ATP 1087 phase 1 field development involves gas supply of up to ~80PJ p.a. to meet Mt Isa's current regional demand and then export ~110 TJ/day via APA's Carpentaria pipeline
- ▶ ATP 1087 phase 2 field development involves an expansion to up to 330 PJ p.a. to meet Gladstone LNG export facility demand (~1,500 PJ p.a.)
- ▶ Armour has signed a Heads of Agreement with APA Group to develop a gas pipeline network using additional and upgraded APA infrastructure



Majors have entered the market around Armour's 100% owned NT portfolio

- ▶ NT tenements contain multiple stacked unconventional & conventional hydrocarbon targets
- ▶ Proven petroleum systems
- ▶ 29 million acres - 100% Armour Energy, 5 tenements already granted (a further 14 under application as preferred tenderer)
- ▶ Large resource play areas
- ▶ Discovered excellent gas quality
- ▶ Low social impact
- ▶ Proactive stakeholder engagement
- ▶ 23 conventional gas prospects in the brecciated Coxco Dolomite – 264 BCF mean prospective resource
- ▶ Close proximity to existing gas pipelines and customers



- 1) **Fully funded 2013 multi-well exploration drilling and well testing campaign** commenced across both Queensland and Northern Territory permits. Ongoing activity/results create news flow over the next 6 months with the potential for a resulting major value re-rating
- 2) **First mover advantage in multiple basins with proven working hydrocarbon systems.** Very large 100% held acreage position (>130,000 km²) successfully secured ahead of prominent oil and gas players. Surrounding permit holders have already partnered with several oil and gas majors

- 3) **Armour's acreage presents one of the very few real potential new sources of gas supply** capable of meeting the significant anticipated near term East Coast Australian gas shortfall. Armour's Queensland acreage currently boasts 22.5 Tcf gas Prospective Resource with the competitive economic advantage of being in close proximity to the Mt Isa regional infrastructure hub (airport, gas pipeline/customers (~110 TJ/day), rail, roads, etc)
- 4) **Experienced Board and management with proven track record** of delivering significant shareholder value



Thank you.

www.armourenergy.com.au

