

Armour Energy Limited

ASX Announcement

3 June 2019

Award of Petroleum Acreage near Chinchilla to Joint Venture between Armour Energy Limited and Australia Pacific LNG Pty Ltd

Armour Energy Limited (**Armour**, ASX:AQJ) is pleased to announce that the Queensland Department of Natural Resources, Mines and Energy (DNRME) has awarded PL2018-1B to a Joint Venture between Armour Energy Limited (10%) and Australia Pacific LNG Pty Ltd (**APLNG**) (90% and Operator) – see **Figure 1**. APLNG is a Joint venture between Origin, Conoco Philips & Sinopec.

PL2018-1B is an 18km² coal seam exploration tenure located 22km south-west of Chinchilla and adjoins APLNG's Talinga Project. The block was part of the first national tender where gas has been designated to be supplied exclusively to a manufacturer, an initiative by the Queensland Government.

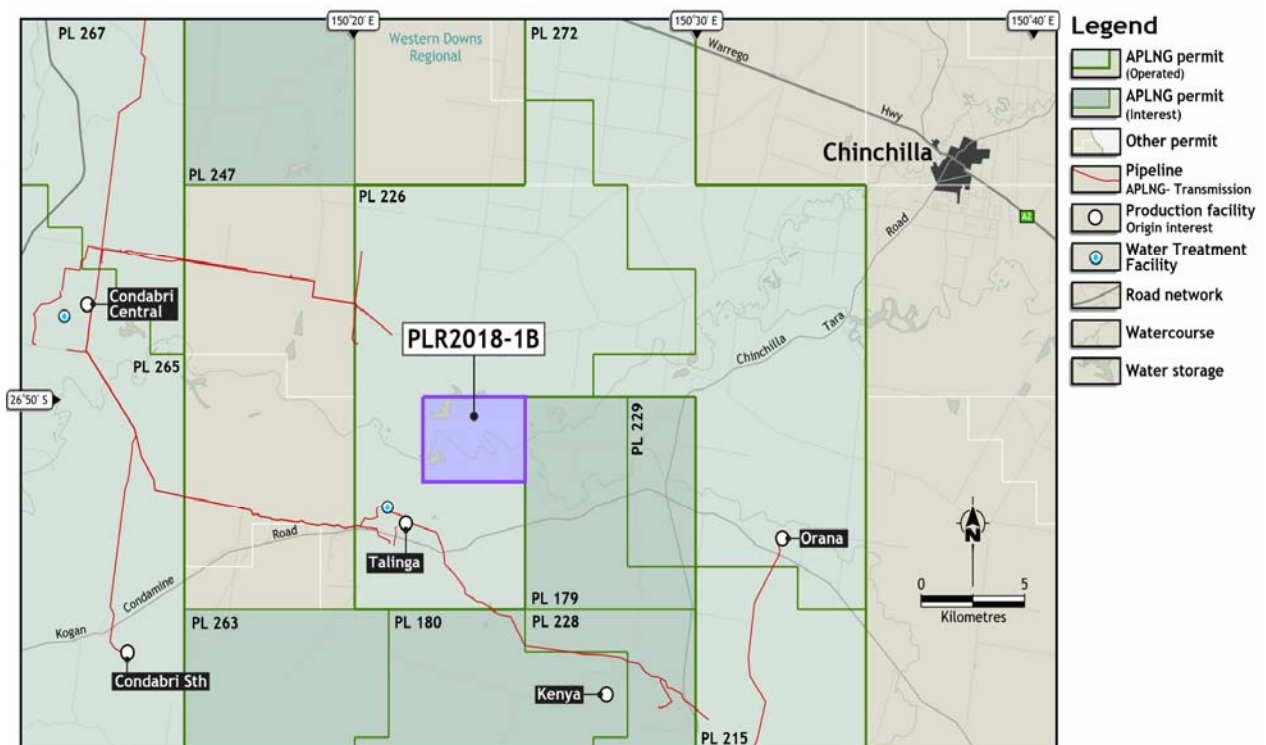


Figure 1 – Location of Exploration Tenure PLR2018-1B



Under the Joint Venture, Armour will have access to APLNG's extensive geological/sub-surface knowledge of the tender area (due to it being directly adjacent to the APLNG Talinga field) which will allow the Joint Venture to expedite development and deliver gas from the exploration block. Gas production will have direct access to the domestic gas market through APLNG's existing gas processing and water management facilities and infrastructure located immediately adjacent in the Talinga field.

Armour's Joint Venture partner, APLNG has developed a large-scale coal seam gas (CSG) to Liquefied Natural Gas (LNG) project, comprised of three key components – the development of APLNG's CSG resources in the Bowen and Surat basins in Queensland, the construction of a 530km gas transmission pipeline connecting these fields to a multi-train LNG facility on Curtis Island, with two LNG trains having the design capacity to process up to 9 million tonnes per annum (mtpa) of LNG.

Australia Pacific LNG is a large supplier of gas to the East Coast domestic market, providing approximately 30% of the total volume of gas sold into the domestic market in 2018 and has long term domestic contractual commitments until year 2042.

Armour has an established relationship with APLNG having implemented in 2016 a flexible Gas Sales Agreement (GSA) for the supply of up to 3.65PJ/a from Armour's Kincora Gas Project to APLNG. Up to 10TJ/day is currently being supplied by Armour to APLNG.

Following notification by DNRME, Armour Energy's CEO, Mr Roger Cressey stated ***"The Queensland Government continues to take positive steps to increase the supply of gas to the east coast gas market by facilitating the release of additional highly prospective acreage. This is a great opportunity for Armour, and the Company is pleased that the award of this block to the Joint Venture will contribute to the provision of more gas for energy and feedstock to Australian east coast manufacturing businesses. Armour is confident that this block will provide resources that will benefit the Company and gas supplies to the domestic market for the longer term."***

It is anticipated that first gas from this block will be delivered by mid-2021 and Armour looks forward to supplying the gas to local manufacturers as soon as possible with envisioned long-term secure GSA's.

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

On behalf of the Board
Karl Schlobohm
Company Secretary

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