



Armour Energy Limited

21 January 2019

Armour Commences Sales to the Queensland Spot Gas Market

Highlight:

- **Armour is currently selling 11 TJ/day of gas and is targeting sales of up to 15 TJ/day. 1 TJ/day of gas is currently being sold into the spot market at significantly higher prices than under the Company's existing contractual obligations.**

The Directors of Armour Energy Limited (**Armour**, ASX:AJQ) are pleased to announce that the Company has commenced the sale of gas from the Kincora Gas Project into the Queensland spot market. This is a result of the Company increasing production beyond the 10 TJ/day required to meet its obligations under its existing Gas Sales Agreement (GSA) with Australia Pacific LNG Pty Limited (APLNG).

Armour's CEO, Mr Roger Cressey stated: ***"This is a significant achievement for Armour for two reasons: the Company's production rates are now fully satisfying the agreement with APLNG, and the Company has commenced selling into the broader Queensland gas market. With this milestone Armour continues to demonstrate its commitment to increase production and gas supplies into the Eastern Australian Domestic Gas Market."***

The increase in production rate follows recent maintenance work at the Kincora Gas Plant which was carried in preparation for the 2019 summer period, a period which historically sees peak gas demand and prices in Queensland. Gas production is from existing wells plus some gas drawn from the Newstead Storage Facility. This will provide Armour with the opportunity to maximise returns during the summer peak period.

The Company's spot market sales volumes are subject to market pricing being acceptable to the Company and Armour's production capacity.

Ongoing Development

Armour is currently in Phase 3 of its Growth Strategy, which involves the drilling of new wells together with investigations into the workover and stimulation of existing wells. This, together with any necessary further work on the Kincora Gas Plant, is targeted to increase gas production to 20 TJ/day.

In achieving this milestone, the Board of Armour wishes to acknowledge and thank our shareholders for their support and the ongoing contributions made towards Armour Energy.

A handwritten signature in blue ink, appearing to read "K. Schlobohm".

On behalf of the board
Karl Schlobohm
Company Secretary



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