



Armour Energy Limited

2 November 2015

Regulatory Approval Received for Transfer of Roma Shelf Assets to Armour Energy

Highlights:

- **Indicative approval has been received from DNRM for the transfer of the Roma Shelf assets to Armour Energy.**
- **Sale and Purchase Agreement relating to 100% owned tenements and assets now unconditional.**

The Directors of Armour Energy Limited (**ASX: AJQ; Armour**) are pleased to advise that Origin Energy has received indicative approval from the Queensland Department of Natural Resources and Mines ("**DNRM**") to transfer the Roma Shelf assets to Armour as first announced by the Company on 2 September 2015. The Roma Shelf assets are shown in **Figure 1**.

Sale and Purchase Agreement 7 between the parties which relates to 100% Origin owned tenements and assets is now unconditional and completion will occur in 10 business days as set out in the timeline below. Following completion, a transition period will commence until title is registered.

The remaining Sale and Purchase Agreements which relate to interests involving third party joint ventures remain subject to further conditions precedent relating to transfer of joint venture arrangements. This process is well advanced and expected to be completed in the next few weeks.

Receiving indicative approval sets Armour on a firm path to registration of title to the tenements over the coming months. Planning and other preparation work is progressing well to enable Armour to re-commission the oil and gas assets safely and efficiently as well as ensuring that key operations staff from Origin Energy will be retained.

This acquisition sets Armour up to become a significant producer of oil, gas, LPG and condensate, strategically located near the Wallumbilla gas hub on the east coast of Australia. Furthermore the Newstead storage facility with a capacity of 7.5 PJs (including 2.3 PJs of contained sales gas) provides Armour with a significant business opportunity to manage this facility to maximise returns during periods of high gas demand. A summary of the resources and cash flow impact of the acquisition on Armour is set out in **Table 2**.

Over the coming year demand for gas on the east coast of Australia is expected to increase to more than 2,000 PJs per year, more than triple the level of demand existing prior to the LNG plants being commissioned at Gladstone, Queensland.



Armour expects to re-commence oil production well within 3 months from registration of title to the relevant tenements. Gas, and associated LPG and condensate production is expect to re-commence within 6 – 12 months from registration of title and detailed planning work for project re-commissioning has already commenced.

Armour expects initial oil production rates of approximately 50 barrels of oil per day and initial gas production rates of approximately 7 TJs per day. The Company intends to ramp up production quickly through a large number of cost effective production improvement opportunities identified from existing wells.

The expected completion timeline and associated payments under Sale and Purchase Agreement 7, which is now unconditional, is set out in **Table 1**:

Item	Date	Payments (\$m)
Indicative approval received	30 October 2015	N/A
Completion	13 November 2015	5.1
Lodgement of financial assurance amounts with DNRM	23 November 2015	10.7
Stamp duty	Within 60 days of Completion	0.25
Transition period payments to Origin	Per month from 13 November 2015	0.3
Registration of title, end of transition period	Approximately January 2016	N/A

Table 1 – Payment schedule – Sale and Purchase Agreement 7 (Roma Shelf assets)

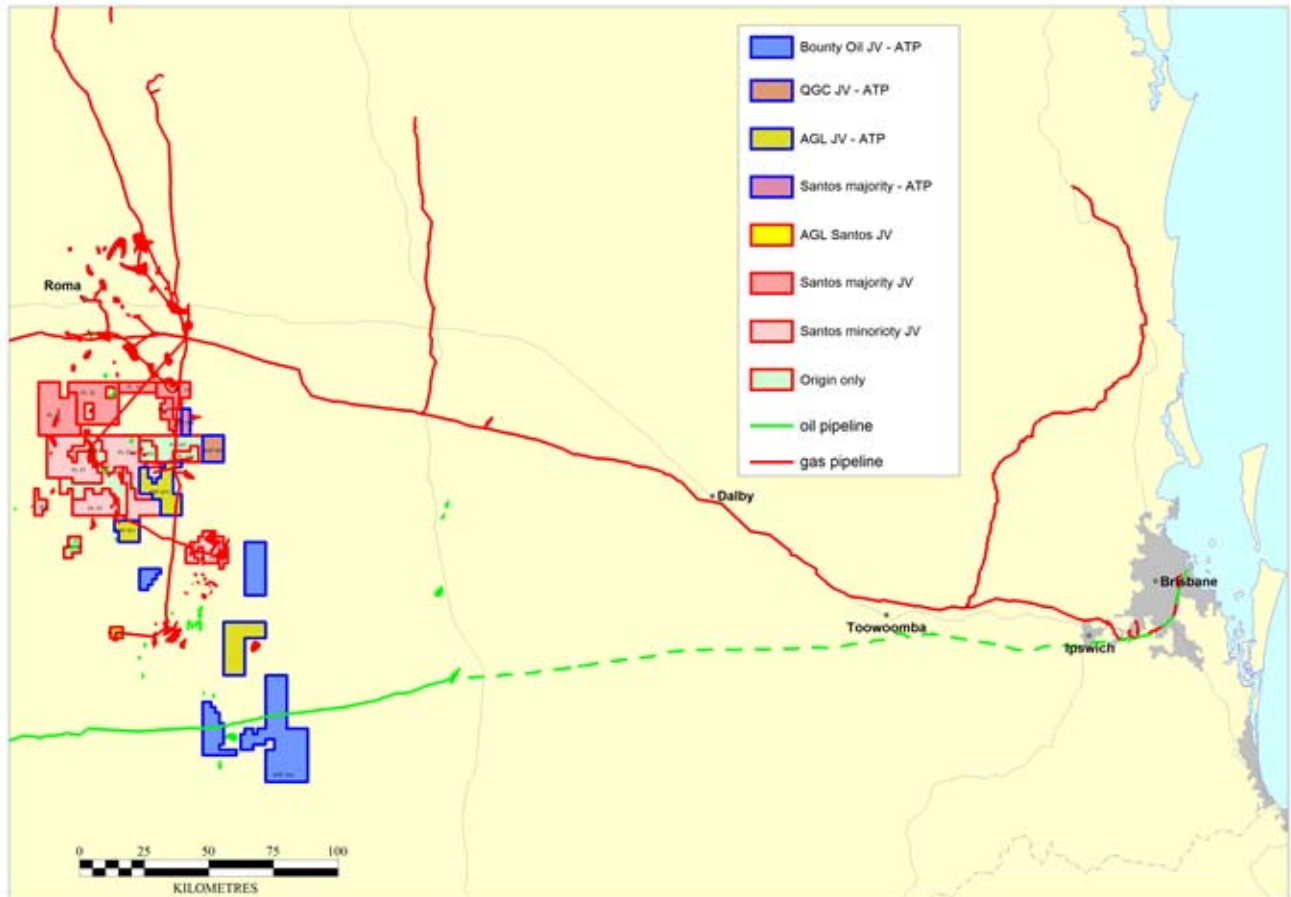


Figure 1 – Broader Roma Shelf Project Area and Infrastructure

Category	Estimate
Cash flow timing	<ul style="list-style-type: none"> Oil – shortly following completion Gas/liquids – 6 to 12 mths
Independently verified contingent resources (net) ⁽¹⁾ 2C	<ul style="list-style-type: none"> Gas – 28.3 PJ gas Condensate - 294,400 bbls LPG - 62,000 tonnes Oil - 152,800 barrels
Storage	<ul style="list-style-type: none"> Newstead facility - 7.5 PJ Contains 2.3 PJ sales gas Potential for a further 19 PJ capacity
Conventional unrisks prospective resources (best estimate, unrisks)	<ul style="list-style-type: none"> Gas - 115 bcf Condensate - 1.2 million barrels LPG - 200,000 tonnes Oil – 1.5 million barrels
Unrisks prospective resources exploration upside (best estimate, unrisks)	<ul style="list-style-type: none"> Unconventional gas and condensate in Permian reservoirs - in excess of 500 bcf Gas in Permian Coals and shallower Walloon Coal Measures - 3 Tcf

Table 2 – Resources and cash flow impact on Armour - Roma Shelf acquisition



On behalf of the Board
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 Company Secretary

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About Armour Energy

Armour Energy Limited (ASX:AJQ) is an ASX listed junior exploration and production company 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. Its exploration tenements in Northern Australia cover an area of approximately 139,000km² or 34 million acres.

Today's business environment with strong domestic and global demand for gas, gas prices trending towards LNG netback combined with proven shale extraction technologies and world class personnel, provides the Company with an extraordinary opportunity to define and ultimately develop a major new gas province.

Armour is focusing on the exploration of the McArthur, Isa Superbasin 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.

Since IPO in 2012, Armour has spent approximately \$60 million on a small proportion of its acreage in Northern Australia.

In September 2015 Armour agreed to acquire the Roma Self project in the Surat Basin, Queensland for \$13 million from Origin Energy. The assets are strategically located connected to the Wallumbilla gas hub including valuable gas storage capacity. On completion of the acquisition, the assets will offer Armour near-term production and cash flow opportunities through production of gas, oil and liquids, representing a potentially key source of funding for Armour Energy's overall growth strategy.

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



Competent Persons Statements

Information on the **contingent resources** in this release relating to Origin's southern Surat Basin PLs and ATP's is based on an independent review conducted by RISC Operations Pty Ltd (RISC) 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 Mr Bruce Gunn, Principal Advisor with RISC, a leading independent petroleum advisory firm. Mr Gunn is a member of the SPE and his qualifications include a Bachelor of Science (Hons.) in Earth Sciences from Flinders University in South Australia and a Master of Science from the University of Cape Town, he has more than 30 years of relevant experience. Mr Gunn 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 **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 the US and 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. The **evaluation date** for the estimates was 1 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:

"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.