



Armour Energy Limited

2 December 2015

Update on FIRB Approval under the Farmout Agreement with American Energy Partners

The Directors of Armour Energy are pleased to advise that American Energy Partners LLP (**AEP**) has received Foreign Investment Review Board (**FIRB**) approval for AEP's proposal to acquire a 75% interest in Armour's McArthur Basin oil and gas project in the Northern Territory (**Project**) and up to a 15.95% interest in Armour Energy. The proposal relates to AEP's investment of up to USD130m (currently approximately AUD185m) over a five year period in return for the 75% interest in the Project.

The FIRB approval received to date is a further step towards closing of the Agreements with AEP on the Project. Closing can take place at any time up to 9 January 2016 at which point AEP will pay Armour USD13million (approximately A\$18.43m).

Under related agreements, AEP will also subscribe a further \$3.75 million for Armour shares at 20 cents per share on the closing of the Farm in Agreements, adding to AEP's existing 5% investment in Armour at an initial price of \$3.75 million, completed on 4 November 2015, giving AEP a combined 10% interest in the Company. At that stage AEP will also be entitled to 24m options to subscribe for further shares in Armour. The allotment of these options has also received FIRB approval.

Under the proportional bid to be made by AEP for 13.62% of Armour at 25 cents per share, AEP will be entitled subject to the level of acceptances received to gain up to a 20% shareholding interest in the Company. AEP will then nominate a Non-Executive Director to the Board of Armour.

About AEP and Armour Energy

American Energy was created by Aubrey McClendon after the success of the US shale gas development and production pioneer Chesapeake Energy LC. AEP has raised over US\$15b for unconventional oil and gas development and has adopted a strategy of foreign endeavours to identify and explore new petroleum provinces on a massive scale. The McArthur Basin is highly rated as a comparable prospective basin with units similar to the Utica and Marcellus Shales in the north eastern USA. Application of AEP driven development and extractive technologies are expected to unlock a large and productive petroleum province on Armour's ground in the McArthur Basin.

Armour is the largest land holder in the Northern Territory with 29 million acres under permits. The Company also holds a 100% interest in a further 5 million acres over the South Nicholson Basin in Queensland. Armour's Proterozoic Basins are believed to have once formed part of a trans-global belt of oil prone basins that host oilfields in excess of 50 billion barrels of oil reserves in Siberia southern China and Oman.



Armour has recently acquired the Roma shelf project from Origin Energy and is engaged in the recommissioning of oil and gas production from this prolifically endowed oil and gas region. Armour also holds an 18% interest in ASX-listed Lakes Oil NL and joint venture interests with Lakes Oil over onshore licence areas over the Otway and Gippsland Basins in Victoria. While these areas are currently subject to an exploration moratorium, they are expected to ultimately become accessible

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

On behalf of the Board
Karl Schlobohm
Company Secretary

For further information contact:

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About Armour Energy

Armour Energy Limited (ASX:AJO) 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.

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