



Armour Energy Limited

2 June 2014

Significant Queensland Government Tenure Reforms Improve Armour's Tenement Value in Queensland

Highlights:

- **Statutory two year extension to exploration permits ATP1087 and ATP(a)1107.**
- **The extension will:**
 - **extend work programmes to six years from the current four;**
 - **defer mandatory relinquishment requirements for two years; and**
 - **retain other available extension provisions.**
- **More flexibility in relation to amending work programmes.**
- **Simplification of the process to apply for Petroleum Leases (PL).**

The Directors of Armour Energy Limited (ASX: AJQ; Armour) are pleased to advise of the effect of recently announced changes to the Petroleum and Gas (Production and Safety) Act 2004, as a result of the passing of the Land and Other Legislation Amendment Bill 2014 by the Queensland Government. These changes constitute a major reform and improve, by extension of Armour's tenures, the current strong foundation for Armour to further explore, appraise and develop its highly prospective tenements in Queensland - in a manner that benefits both the State of Queensland and the Company. Armour believes the changes demonstrate a strong commitment by the Queensland Government to ongoing growth in the State's petroleum exploration sector.

The changes are expected to significantly enhance Armour's plans to attract capital to its Queensland gas and oil exploration projects.

The two year extension to Armour's ATP1087 and ATP(a)1107 (see **Figure 1**) will allow the Company to optimise technical aspects of its exploration programme and allow more time for development planning, community consultation and environmental studies.

Under the amendments, mandatory relinquishment requirements applying to the tenements will be deferred by two years. In addition, Armour will be able to enjoy more flexible relinquishment arrangements and or work programme requirements across the tenures it holds in Queensland.

Work programme amendments will be assessed on a case by case basis at the Minister's discretion. This will allow Armour to seek approval for an amended work programme proposal, on the basis that it meets the State's objective with regards to optimisation of the State's petroleum resources.



Following the amendments, in order to apply for a Petroleum Production Licence, Armour will now simply need to submit, with the application, a statement from a suitably qualified person confirming the presence of commercial quantities of oil and gas in combination with a development plan. These arrangements replace the previous requirement to demonstrate that at least 20% of the discovered resources were a proved or probable reserve. These amendments will allow production and development more rapidly and with less capital investment than under the previous regime.

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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About Armour Energy

Armour Energy is 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. This region has only recently had its shale potential identified by Armour Energy. The domestic and global demand for gas, combined with the new shale extractive technologies and experienced personnel, provides Armour with an extraordinary opportunity to define and ultimately develop a new liquids rich gas province.

Armour Energy's permit areas are characterised by low population densities, cooperative stakeholders and aspects of the natural environment suited to the exploration and development of a future gas and liquids province. Armour places considerable importance on close liaison with traditional owners and all stakeholders. Armour Energy is focusing on the exploration of the McArthur, South Nicholson 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.

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

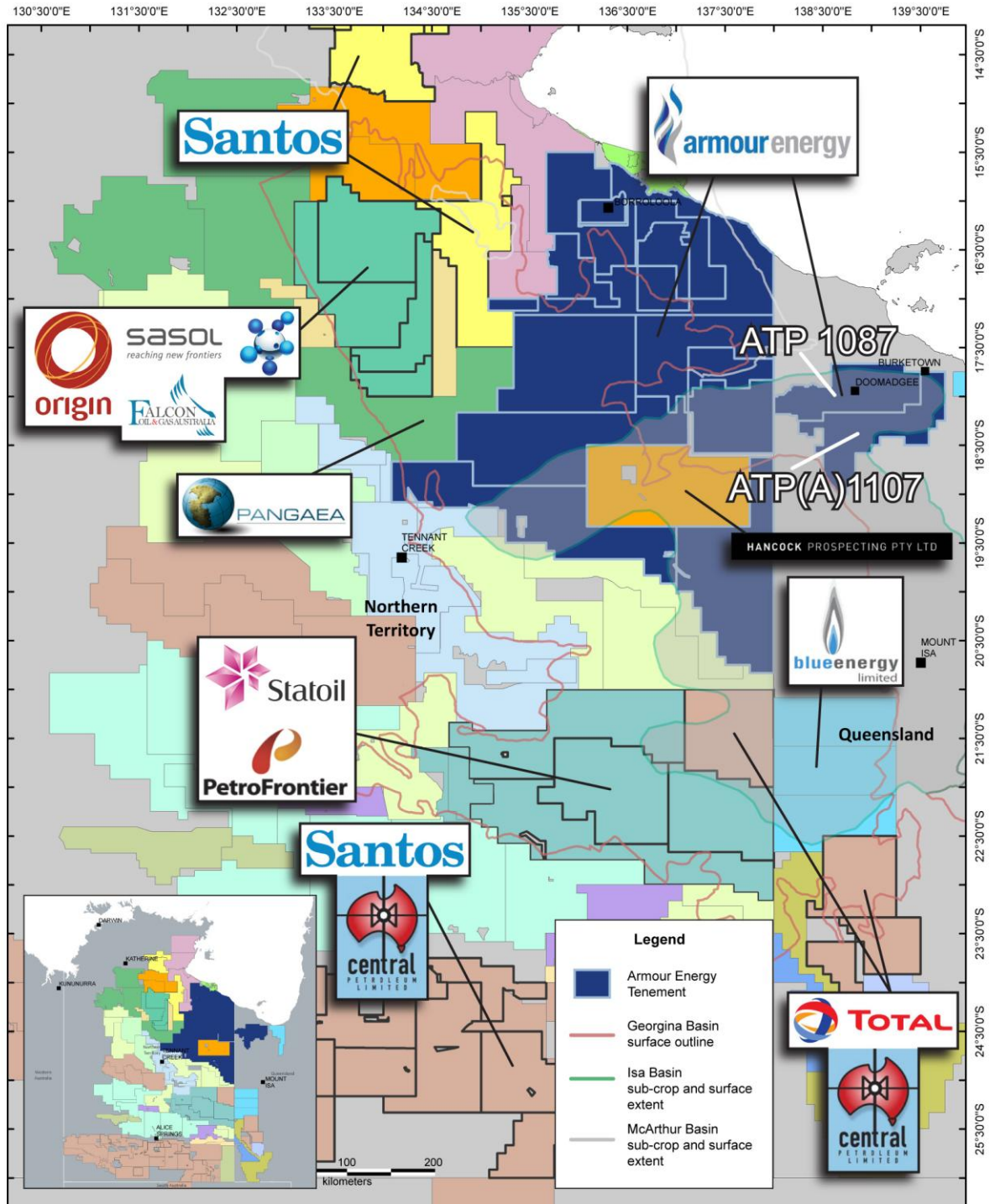


Figure 1: Map showing Armour tenements and regional tenement holder