



QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2015

ASX CODE: AJQ

SHARES ON ISSUE
303,445,436

MARKET CAPITALISATION
\$19.7m (at AUD\$0.065)

DIRECTORS

Nicholas Mather (Chairman)
William Stubbs
Roland Sleeman
Stephen Bizzell

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Robbert de Weijer

COMPANY SECRETARY
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HIGHLIGHTS

- **Armour received a cash rebate of \$9.4 million following processing of the Company's 2014 financial year tax return. The Company's cash balance as at 31 March 2015 was \$10.4million.**
- **The Northern Territory Government announced a short list of four proponents for the proposed North East Gas Interconnector, a major gas transportation pipeline connecting the Northern Territory and East Coast gas networks. If adopted, the northern pipeline route is likely to traverse Armour's tenement position.**
- **The Queensland Department of Natural Resources and Mines ("DNRM") approved a variation to the minimum work program requirements for Armour's 100% owned ATP1087 North Queensland gas project. Several completed and ongoing initiatives have substantially reduced Armour's future work commitments across the portfolio.**
- **Armour's strategy remains to fund the next major stage of its exploration program through partnering. Discussions with a number of potential joint venture partners are ongoing.**
- **The emerging Tawallah Group source rock play located beneath the MacArthur Group in the Northern Territory is currently being evaluated and is attracting increasing interest within the industry.**
- **As previously reported, Armour was successful in its tender for Queensland Petroleum Land Releases (PLR) 2014-1-2 and 2014-1-3, which are located to the southwest of the Company's existing Queensland tenement position ATP 1087 and ATP(A)1107.**



Armour received a cash rebate of \$9.4 million following processing of the Company’s 2014 financial year tax return. The Company’s cash balance as at 31 March 2015 was \$10.4 million.

Armour’s application to Ausindustry for an Advance Finding under the Industry Research and Development Act 1986 (“the Act”) was approved by Ausindustry. As a result of the Advance Finding, Armour is also entitled to make further claims under the Act for spending on eligible activities in respect of the 30 June 2015 and 2016 financial years.

The Northern Territory Government announced a short list of four proponents for the proposed North East Gas Interconnector, a major gas transportation pipeline connecting the Northern Territory and East Coast gas networks (see Figure 1). If adopted, the northern pipeline route is likely to traverse Armour’s tenement position.



Figure 1: North East Gas Interconnector location (Source: Northern Territory Government website <http://www.nt.gov.au/ntg/gaspipeline>)

The Northern Territory Government is “working to facilitate the development of a gas pipeline connection from the Territory to meet energy demands on the eastern Seaboard and to contribute to national energy security.”

A competitive bid process is underway to identify proponents to build, own and operate the pipeline. During the quarter four proponents were selected to progress to a Final Request for Proposals stage which will close in September 2015 with a successful proponent to be announced shortly thereafter. The four companies short-listed are APA Group, DUET, Merlin Energy Australia and Jemena.

Armour understands that strong proposals have been received indicating high probability that the pipeline will proceed to development and first gas by around 2018. This new infrastructure will provide strong support for investment in petroleum exploration activity in the Northern Territory regardless of the route chosen. In the event that the “Northern Route” is adopted, it is likely to traverse Armour’s tenement position (see Figure 2) which is likely to increase interest in these areas for future investment.

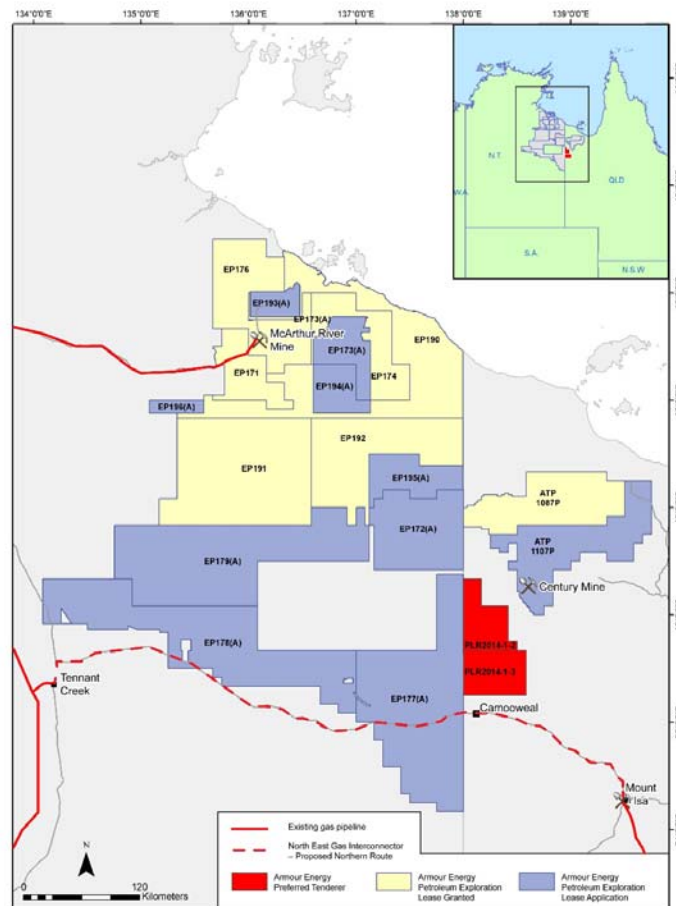


Figure 2: North East Gas Interconnector – location of proposed northern route, and Armour’s new Queensland tenements

The Queensland Department of Natural Resources and Mines (“DNRM”) approved a variation to the minimum work program requirements for Armour’s 100% owned ATP1087 North Queensland gas project. Several completed and ongoing initiatives have substantially reduced Armour’s future work commitments across the portfolio.

Based on the significant investment in work undertaken by Armour in ATP1087 and the very positive results achieved to date, the DNRM recognised that a modification to the remaining work program is appropriate. The revised program will incorporate a greater emphasis on the trialling of gas extraction techniques and sweet spot delineation instead of drilling large numbers of expensive exploration wells.

The revised and significantly more manageable program demands a considerably lower level of operational activity than previously scheduled over the remaining licence term, while maintaining the objectives of achieving commercial gas flow rates, reserves definition and project development sooner and more efficiently.

As announced on 2 June 2014, Armour also previously received a 2 year extension to ATP1087 extending the time available to undertake the ATP1087 work program and deferring mandatory relinquishment requirements for 2 years to 31 December 2018.

As a result of the significant investments made to date by Armour in its tenements, and several completed and ongoing initiatives to reduce future work commitments (such as the establishment of “project areas” across multiple tenements), the Company is confident it will keep all of its tenements in good standing over the next 1 - 2 years without the need to spend significant capital.

Armour’s strategy remains to fund the next major stage of its exploration program through partnering. Discussions with a number of potential joint venture partners are ongoing.

It is the Company’s strategy to fund the next major stage of its exploration program through partnering. Despite a challenging environment for attracting investment in petroleum exploration, Armour continues to progress a dialogue with several potential partners towards this objective and remains encouraged by the interest expressed in its projects in Northern Australia by major industry players in Australia and overseas.

The emerging Tawallah Group source rock play located beneath the MacArthur Group in the Northern Territory is currently being evaluated and is attracting increasing interest within the industry.

The Tawallah group source rock play is newly recognised, and could potentially add very significant oil and gas resources to Armour’s portfolio, beyond those previously identified by the Company.

The Tawallah Group source rocks are believed to underlie the McArthur Group (which includes the prospective Barney Creek Formation) throughout EP176, extending east to the

Queensland border and south across EP191 (see Figure 3). The extent of this newly recognised exploration play in Armour’s permits is currently estimated to be 52,000 km².

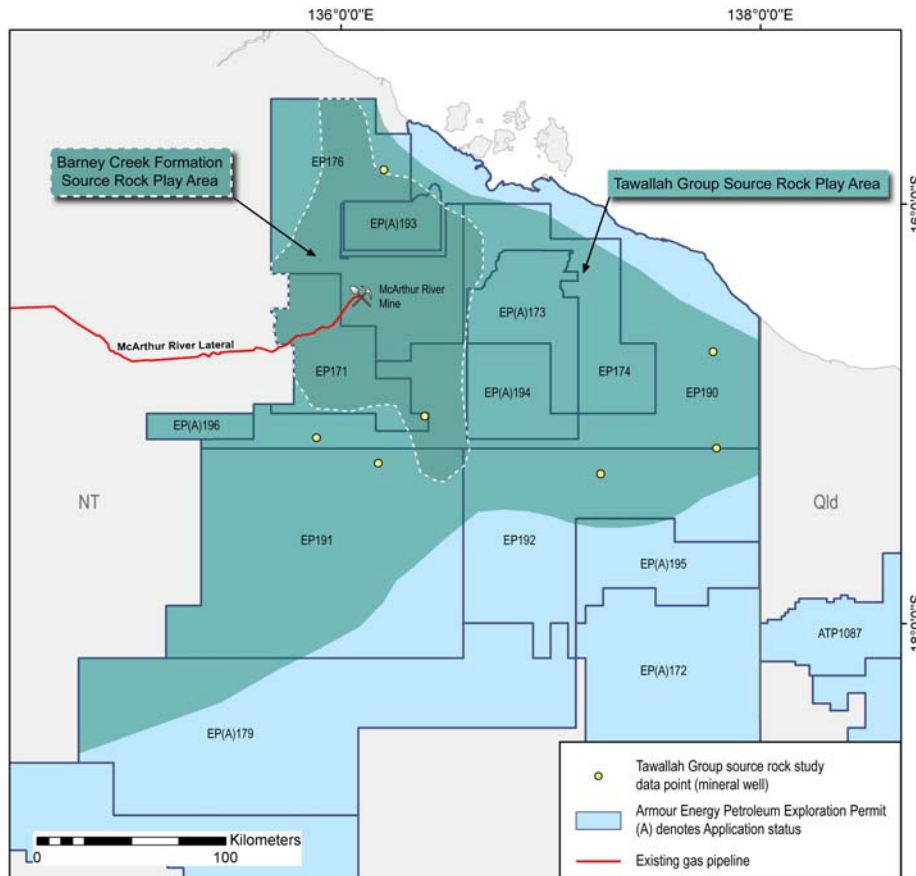


Figure 3 – Tawallah Group and overlying Barney Creek Formation source rock play areas within Armour Energy’s permits in the Northern Territory

A recent CSIRO study commissioned by Armour has confirmed oil and gas generative potential in two Tawallah Group shale horizons: the Wollgorang and McDermott Formations. Cores from a number of historic mineral wells, drilled within Armour’s permit areas were sampled and analysed. The results from this analysis have shown these formations contain good source rock in the oil to wet gas generative window, based on total organic carbon (TOC) measurements (up to 7.7%) and organic geochemical markers. Another phase of sampling and analysis is underway which is expected to increase the understanding of these prospective horizons, and inform future exploration activities to appraise the potential.

Armour plans to obtain a prospective resource estimate following the completion of the above mentioned sampling and analysis work.

As previously reported, Armour was successful in its tender for Queensland Petroleum Land Releases (PLR) 2014-1-2 and 2014-1-3, which are located to the southwest of the Company's existing Queensland tenement position ATP 1087 and ATP(A) 1107 (see Figure 2).

Being awarded preferred tenderer status for these new tenements increases the Company's exposure to the South Nicholson Basin and in particular the highly prospective Lawn and Riversleigh Shale Formations. The two tenements increase Armour Energy's acreage position by approximately 5,400 km² (1.3 million acres).

From work done to date in its existing permits, Armour believes that prospective Isa Super-Basin sediments continue to the southwest, underlie both PLR 2014-1-2 and PLR 2014-1-3 and continue westward into the Company's Northern Territory tenements. Both the Lawn Shale and Riversleigh Shales are believed to be present. There are various synergies that exist in developing gas resources in ATP 1087 and ATP(A) 1107 and potential resources within PLR 2014-1-2 and PLR 2014-1-3.

Native Title Agreements and relevant environmental clearances will be required before Armour Energy can be granted an exploration permit over the preferred tender areas.

Other matters

- Desktop analysis and site clearances continued during the quarter to enable work to commence promptly in the field.
- Several tenements under application are progressing towards grant.
- Lakes Oil completed a capital raising through an issue of converting notes raising \$4.12 million. Given Armour's capital management focus, the Company did not participate in the raising. Hancock Prospecting Pty Ltd, which has a 18.89% shareholding interest, subscribed for its full entitlement under the offer (representing a total commitment of \$2.125 million), according to Lakes Oil.

HEALTH, SAFETY AND ENVIRONMENT

No accidents or incidents to report.



On behalf of the Board
Karl Schlobohm
Company Secretary

ABOUT AMOUR ENERGY

Armour is focused on the discovery and development of world class gas and associated liquids resources in an extensive hydrocarbon province in northern Australia which was first discovered in the early 1990s. This region has only recently had its shale potential identified by Armour 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's permit areas in northern Australia, which are all 100% owned, are characterised by low population densities, cooperative stakeholders and a natural environment suited to the exploration and development of a major future hydrocarbon province. Armour 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.

See www.armourenergy.com.au for more information.

The resources information in this public report is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Dr Bruce McConachie. Dr McConachie is a Principal Consultant of SRK Consulting (Australasia) Pty Ltd and has a PhD (Geology) from QUT and is a member of AusIMM, AAPG, PESA and SPE. The resources information in this public report was issued with the prior written consent of Dr McConachie in the form and context in which it appears. Resource estimations were prepared by SRK Consulting in accordance with the definitions and guidelines of the 2007 Petroleum Resources Management System (SPE, 2007). Additionally, the PMRS Guidelines 2011 were used to distinguish the Contingent Resources from quantities that should be classified as Unrecoverable. Further details are contained within the Company's announcement of 16 July 2014.

INTERESTS IN TENEMENTS FOR THIS QUARTER

TYPE	LOCATION	NAME	OWNER	INTEREST
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Acquired During Quarter

Held at Beginning of Quarter

EPP 171	Northern Territory	Abner Range	Armour Energy	100%
EPP 174	Northern Territory	Robinson River 2	Armour Energy	100%
EPP 176	Northern Territory	Ryans Bend	Armour Energy	100%
EPP 190	Northern Territory	Calvert	Armour Energy	100%
EPP 191	Northern Territory	Wallhollow	Armour Energy	100%
EPP 192	Northern Territory	Wollogorang	Armour Energy	100%
EPM 19833	Queensland	Bowthorn	Ripple Resources	100%
EPM 19835	Queensland	Shadforth East	Ripple Resources	100%
EPM 19836	Queensland	Shadforth	Ripple Resources	100%
EPM 19795	Queensland	Egilabria North	Ripple Resources P/L	100%
EPM 19797	Queensland	Egilabria South	Ripple Resources P/L	100%
EPM 25410	Queensland	Bowthorn - extended	Ripple Resources P/L	100%
EPM 25411	Queensland	Buffalo Creek	Ripple Resources P/L	100%
EPM 25412	Queensland	Brookdale	Ripple Resources P/L	100%
EPM 25413	Queensland	Punjaub	Ripple Resources P/L	100%
EPM 25414	Queensland	Bluebush Northwest	Ripple Resources P/L	100%
EPM 25415	Queensland	Buffalo Creek North	Ripple Resources P/L	100%
EL 30076	Northern Territory		Ripple Resources P/L	100%
EL 30077	Northern Territory		Ripple Resources P/L	100%
EL 30078	Northern Territory		Ripple Resources P/L	100%
EL 30079	Northern Territory		Ripple Resources P/L	100%
EL 30080	Northern Territory		Ripple Resources P/L	100%
EL 29837	Northern Territory	Catfish Hole	Ripple Resources	100%
EL 29951	Northern Territory		Ripple Resources	100%
EL 29952	Northern Territory		Ripple Resources	100%
EL 29953	Northern Territory		Ripple Resources	100%
EL 29954	Northern Territory		Ripple Resources	100%
EL 29955	Northern Territory		Ripple Resources	100%
ATP 1087	Queensland	South Nicholson	Armour Energy	100%
PEP 169	Victoria	Moreys	Lakes Oil	51%
PEP 166	Victoria	Holdgate	Lakes Oil	25%
PRL2	Victoria		Lakes Oil	15%



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EPM Exploration Permit - Minerals
EL Exploration Licence
EPP Exploration Permit - Petroleum
ATP Authority to Prospect
PEP Petroleum Exploration Permit
PRL Petroleum Retention Lease