



## Armour Energy Limited

21 February 2014

### Company Update

The Directors of Armour Energy Limited (ASX: AJQ) ('Armour' or 'the Company') wish to advise that Armour is undertaking a number of strategic initiatives to successfully position the business for the next stage of its planned exploration and future growth.

These initiatives include arrangements to most effectively fund the next stage of its planned field activities and a rigorous review of organisational requirements and associated costs to ensure the Company's cash resources are managed in a most effective manner. The Company intends to continue to explore and develop its highly prospective assets in 2014 in both northern Australia and Victoria.

Further details on these initiatives are set out below.

#### **Organisational Review**

Following the end of the 2013 dry season drilling campaign, a number of organisational adjustments have been implemented resulting in a smaller, more flexible employee group within the Company. Importantly however, a number of consultancy agreements have been put in place to ensure the Company's access to key capabilities is maintained, and organisational capacity can be quickly ramped up when activity levels are increased.

The Company's Directors have agreed to a 33% reduction of their Board Fees, and the Company's Management have agreed for 20% of their base remuneration to be paid by way of shares in the Company. As a vote of confidence, Armour CEO Robbert de Weijer will acquire 325,000 shares at 20 cents in the Company whilst also agreeing for 20% of his base remuneration to be paid by way of shares.

The aim of these various measures has been to reduce the Company's cash expenditure in relation to general and administrative costs by approximately \$1.2 million per annum in order to ensure the maximisation of cash available for in-ground expenditure.

#### **Resignation of Mr Jeremy Barlow**

The Company wishes to advise of the resignation of Non-Executive Director Mr Jeremy Barlow with immediate effect. Mr Barlow was appointed as a Non-Executive Director in February 2012 as part of the Company's preparations for its ASX debut in April 2012. Mr Barlow's support of the float and the Company's early developments were invaluable. The Company's Board and Management would like to sincerely thank and acknowledge the role Mr Barlow has played in the Company's development to date, and wish him all the best for his future endeavours.



## Cash Outlook

As reported in the Company's most recent Quarterly Cashflow Report, Armour's cash position at the end of 2013 was approximately \$ 11.3m. Based on its experience from the previous financial year, and in accordance with the current legislative framework, the Company expects to receive a substantial Research and Development tax incentive refund in the second half of 2014 based on the exploration program undertaken in Queensland and the Northern Territory during the 2013 financial year.

## Future Work Program and Funding Options

Detailed preparation work including well site selection, land access arrangements and cultural heritage clearances is progressing well to ensure the Company is positioned to execute a number of field activities in both Queensland and the Northern Territory during the 2014 dry season (which runs from approximately May to November). The Company intends that its projects in Queensland and the Northern Territory continue to be explored including the restart of the production test on Egilabria-2, the first well in Australia to flow gas from a horizontal, hydraulically stimulated shale formation. The production test was suspended in November last year in view of the onset of the wet season.

In Victoria, work scheduled for 2014 includes the drilling of the Otway-1 well (\$1.35m, Armour share), subject to receipt of final Victorian government approval. The Otway-1 well is located in very close proximity to the Ioana gas processing plant and, if successful, could provide a short term monetization route.

Details of additional field activities to be undertaken during 2014 will be formulated with regard to initial field results and available funding avenues. The Company has been encouraged by approaches received from other industry participants, and is accordingly investigating opportunities for involvement of other parties in its northern Australian acreage. The Company confirms it is in discussions with a number of parties which, if successfully concluded, would result in further funds being available to support future exploration and development activities.

Armour's very large, prospective and 100% owned tenement position in northern Australia makes it ideally placed to introduce partners at the asset level whilst maintaining sufficient ownership interests to create substantial value for shareholders in the longer term. The exploration carried out by Armour during 2012 and 2013, together with information from historical activity within the Company's tenements, continues to provide strong support during these discussions.

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



## **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 the Company's website at [www.armourenergy.com.au](http://www.armourenergy.com.au)

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