

2 July 2015

Mr Ivan Tatkovich
Adviser, Listings Compliance
Australian Securities Exchange Ltd
20 Bridge Street
Sydney NSW 2000

Sent Via Email: ivan.tatkovich@asx.com.au

Dear Ivan

Response to Price Query

Reference is made to your Price Query correspondence of 1 July 2015. We duly respond as follows, using the same referencing system:

1. No.
2. N-A.
3. Armour notes the following factors may be influencing trading in the Company's shares:

Change of Financial Year

From early May 2015, the Company's shares have declined from 6 cents to a low of 4.5 cents which coincided with the end of the financial year on 30 June 2015. During this time, no adverse announcements were released by the Company.

Accordingly, a possible explanation in this decrease could be "tax loss" selling, with the price effectively rebounding to its previous level as investors reacquire holdings.

Proposed North East Gas Interconnector pipeline

The Northern Territory government is well progressed with a tender process for the proposed North East Gas Interconnector, a new pipeline connecting the Northern Territory gas network with the east coast gas network.

According to the Northern Territory Government's website, four proponents have now been invited to progress to a Final Request for Proposals stage which will close in September 2015 with a successful proponent being announced shortly thereafter. The four companies invited to participate in the Request for Final Proposals stage are APA Group, DUET, China National Petroleum Corporation and Jemena.

A number of options for the pipeline route are being considered, all of which will provide access to new substantial gas markets for gas exploration companies in the Northern Territory, including Armour Energy which holds over 34 million acres of petroleum exploration tenements in Northern Australia.

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In particular, the northern route, which is understood to be favourable from a cost, environmental and timing point of view, traverses Armour Energy's exploration tenements in the Northern Territory, as previously disclosed to the market.

Possible American investment in McArthur basin

The Company notes recent press speculation regarding interest shown by Aubrey McClendon (co-founder and former CEO of US oil and gas company Chesapeake Energy), in a possible investment in tenements held by Pangaea Resources in the McArthur Basin, Northern Territory. Armour Energy holds one of the largest exploration tenement positions in the McArthur Basin, with very encouraging exploration results to date. No discussions have taken place between Armour Energy and Mr McClendon.

Victorian Parliamentary Enquiry

A parliamentary enquiry is underway in the State of Victoria in relation to the current moratorium on on-shore oil and gas drilling activity. A favourable outcome may provide the opportunity for the drilling of a further exploration well within Armour Energy's 51% owned PEP169.

Any of the above three events, if they progress further, could be expected to result in a significant re-rating of Armour Energy.

4. Yes, the Company is in compliance with its disclosure commitments.

Yours faithfully



Karl Schlobohm
Company Secretary

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1 July 2015

Mr Karl Schlobohm
Company Secretary
Armour Energy Limited
Level 13
145 Eagle Street
Brisbane QLD 4000

Dear Mr Schlobohm

Armour Energy Limited (the "Entity"): ASX price query

We have noted a change in the price of the Entity's securities from a low of \$0.046 to a high of \$0.064 today, Wednesday, 1 July 2015.

In light of the price increase, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes":
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Entity's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEST on Thursday, 2 July 2015). If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Ivan Tatkovich
Adviser, Listings Compliance