

Ref: COR-CORO-268RC/rf

16 March 2018

The Honourable John Mansfield AM QC
Aboriginal Land Commissioner
39-41 Woods Street
Darwin NT 0800

C/o Ms Elena Zola
Associated to the Commissioner
By email: Elena.ZOLA@network.pmc.gov.au

Copy to:

Victoria Jackson
Executive Director, Energy
Department of Primary Industry and Resources
By email: Victoria.Jackson@nt.gov.au

Detriment Statement – Armour Energy Limited

McArthur River Region Land Claim No. 184
Manangoora Region Land Claim No. 185
Seven Emu Region Land Claim No. 186

Dear Commissioner,

Armour Energy Limited (**Armour**) provides this statement to the Aboriginal Land Commissioner to detail the detriment that could result to Armour if the McArthur River Region Land Claim No. 184 (Report No. 62), Manangoora Region Land Claim No. 185 (Report Nos. 62 and 66) or Seven Emu Region Land Claim No. 186 (Report No. 66) are acceded to either in whole or in part.

Armour's operations

Armour is the holder of petroleum exploration permits EP 171, EP 174, EP 176, EP 190, EP 191 and EP 192 (**Armour EPs**), granted under the *Petroleum Act* (NT). Armour is also the applicant for petroleum exploration permits EP 172, EP 173, EP 177, EP 178, EP 179, EP 193, EP 194, EP 195 and EP 196.

Armour commenced operations for the Armour EPs in 2012. Since that time, Armour has invested \$32 million on studies and field work programs and has spent considerable time identifying, qualifying and generating prospective resources in the Barney Creek and Tawallah source rock packages within the Armour EPs. Armour has also undertaken 2D seismic, a large aeromagnetic-gravity survey and ground based DPI surveys across the Armour EPs and participated in studies with CSIRO, the University of Queensland and the Australian School of Petroleum.

Further information about Armour and Armour's operations is available at www.armouenergy.com.au.

Impact of land claims

The Aboriginal Land Commissioner is required to undertake a review of detriment into Aboriginal land claims under the *Aboriginal Land Rights (Northern Territory) Act 1976* (Cth) (**ALR Act**) for identified land claims recommended for grant but not yet finalised.

These land claims impact on the Armour EPs as follows:

1. Parts of the Manangoora Region Land Claim No. 185 are over EP 174.
2. Parts of the McArthur River Region Land Claim No. 184, Manangoora Region Land Claim No. 185 and Seven Emu Region Land Claim No. 186 are over EP 190.

EP 174 and EP 190 were granted on 11 December 2012.

EP 174 and EP 190 are located on land which is subject to native title. Armour has entered into agreements for the purpose of section 31(1)(b) of the *Native Title Act 1993* (Cth) with the Northern Land Council, the then registered native title claimants and the Northern Territory of Australia to provide for the grant of EP 174 and EP 190. As part of this process, Armour has also entered into co-existence and exploration deeds with the Northern Land Council and the native title parties.

There was no requirement for an agreement or consent under the ALR Act for the grant of EP 174 or EP 190. Armour has not entered into any agreement with the Northern Land Council under the ALR Act in relation to EP 174 and EP 190.

If the McArthur River Region, Manangoora Region and Seven Emu Region land claims are acceded to, areas within EP 174 and EP 190 will become "Aboriginal land" under the ALR Act. This will cause detriment to Armour, as there will be restrictions, and potential uncertainty, around Armour's ability to access these areas within Armour's granted permits. Armour has had only a limited opportunity to consider these detriments, but notes the following:

1. It is unclear if EP 174 and EP 190 will be treated as an "estate or interest" in land for the purposes of section 67A of the ALR Act. If this provision applies, then the grant of EP 174 or EP 190, insofar as it relates to the areas of the land claims, may be of no force or effect. Armour submits that there is uncertainty surrounding this issue and requests clarification from the Commissioner as part of the detriments review. If these areas no longer form part of EP 174 or EP 190, this will impact Armour's ability to exercise its full rights under the granted exploration permit.
2. There will be uncertainty surrounding Armour's rights to access the areas of Aboriginal land within EP 174 and EP 190, if these areas are found to remain as part of EP 174 and EP 190. It is an offence under section 70(1) of the ALR Act for a person to enter or remain on Aboriginal land. It is arguable that Armour has a defence available under section 70(2A)(h), for entering the land in accordance with a law of the Northern Territory, given section 29(2)(a) of the *Petroleum Act* gives Armour the right to, at any time, enter and remain in the exploration permit area with such vehicles, vessels, machinery and equipment as are necessary or convenient for carrying out the technical works programme or other exploration of the permit area. In the absence of any agreement with the Northern Land Council, this uncertainty will create significant legal and commercial risks for Armour.
3. If these land claims become areas of Aboriginal land, this may also have impacts if Armour applies for a production licence over these areas, given Armour will then need to comply with the process in section 46 of the ALR Act.

If you require any further information, please contact myself on 07 3303 0620 or at rcressey@armourenergy.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read "Roger Cressey".

Roger Cressey
Chief Executive Officer