



Armour Energy Limited

23 September 2014

2014 Field Program Update

Highlights:

- **Egilabria 2 clean up progressing well.**
- **Seismic survey work in Northern Territory to be deferred.**

Egilabria 2 well clean up

The Board of Directors of Armour Energy (Armour or the Company) is pleased to advise that operations to further test the Egilabria 2 well in ATP1087 continue to progress favourably. The well is flowing back stimulation fluids via the recently installed PCP pump faster than initially projected, indicating stronger than expected permeability in the successfully hydraulically stimulated zone of the Lawn Shale Formation. A total of just over 50% of the stimulation fluid has now been recovered and, at current flow-back rates, 60% recovery will be reached by the end of the month.

Following removal of the majority of stimulation fluids the well is expected to start flowing dry gas from the successfully hydraulically stimulated zone. It is encouraging to note that pressure is starting to build up on the gas side (the annulus) of the well completion. Prior to commencement of recent pumping activities, the gas pressure at surface was up to 160 psi. The removal of fluid and reduction in hydrostatic pressure on the reservoir as a result of the pumping activities is expected to facilitate gas flows.

Results from this test are aimed to further support the concept that gas can be produced at commercial rates from the Lawn Shale Formation. So far ATP1087 results have included world class Total Organic Carbon of up to 11%, high methane, helium and very low CO₂ contents, and seismically defined deep shale fairways in both the Lawn Shale and Riversleigh Shale. Maiden shale gas contingent resources have been certified within ATP1087 of 364 BCF (3C); 154 BCF (2C); 33 BCF (1C), as reported as at 16 July 2014.

Deferral of Northern Territory survey work program

The Board has decided to defer the Company's regional 2D seismic survey in the MacArthur Basin to mid-2015. The advantages of deferring the survey include an ability to expand the program to include EP193, assuming its grant in the meantime, and elimination of any risk that seismic activities need to be curtailed due to onset of the wet season. Geological analysis of the basin has indicated that the seismic target area, including EP193, potentially contains a number of large depo-centres highly prospective for oil and gas.



On behalf of the board
Karl Schlobohm
Company Secretary

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Competent Person’s Statement

The resources information in this ASX release is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Dr Bruce McConachie as at 16 July 2014. 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 ASX announcement was issued with the prior written consent of Dr McConachie in the form and context in which it appears.

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

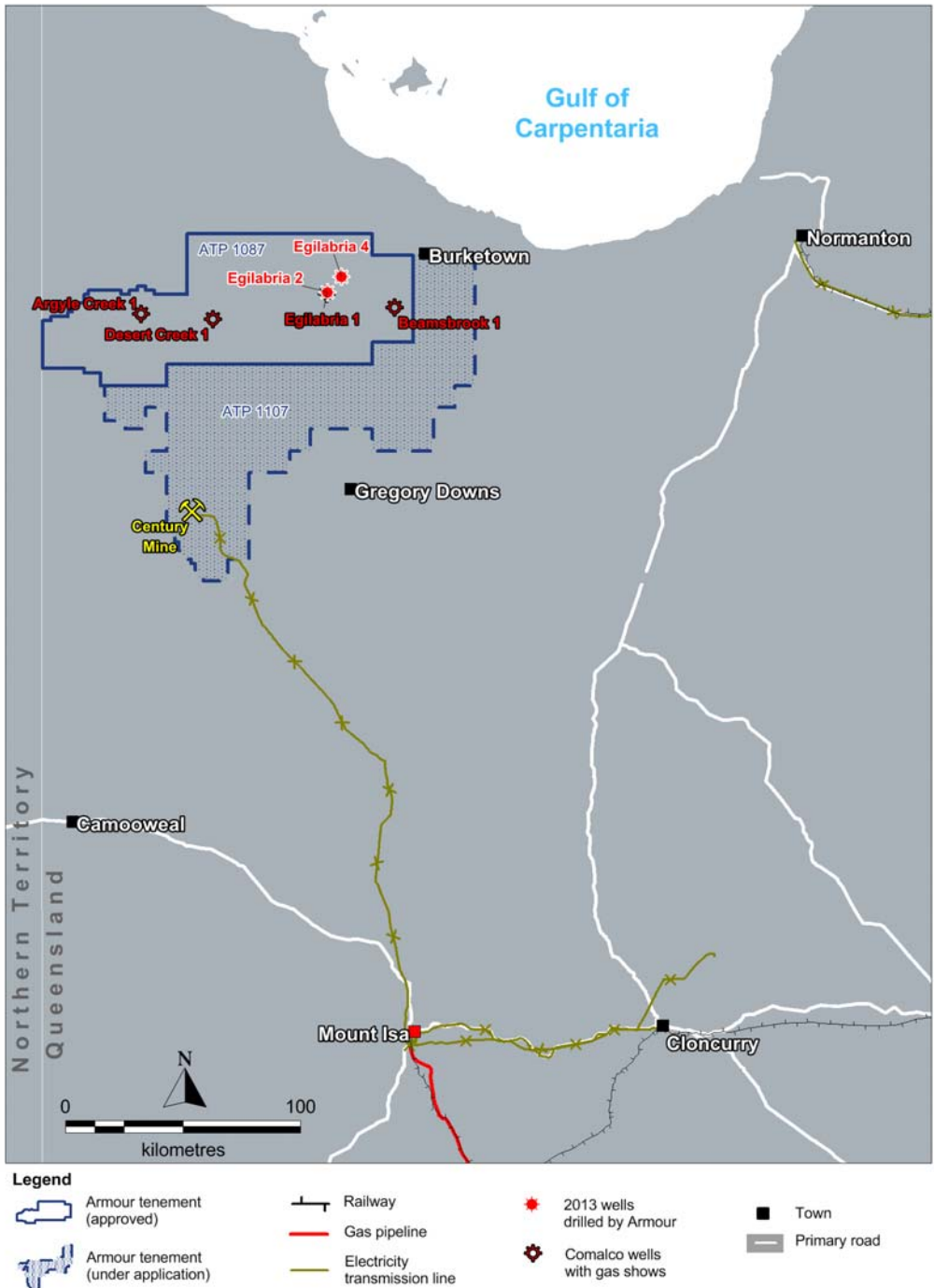


Figure 2: Location of MMG Century Mine and Armour’s Queensland ATPs