

Armour Energy Limited

5 June 2012

Cow Lagoon 1 Well to be Deepened

Highlights:

- **Current Depth 1300 metres.**
- **Gas shows from 342 metres to current depth.**
- **Approval to drill to 1800 metres.**
- **Seismic interpretation indicates deeper targets.**

The Directors of Armour Energy Ltd (**ASX: AJQ**) are pleased to report that approval has been obtained to extend the Company's first MacArthur Basin well on EP 176 in the Northern Territory to 1800 metres depth. Numerous gas shows have been encountered through the section from 342 to 1300 metres, including the previously announced flare of gas shows between 342 and 540 metres depth. A further significant gas show lasting 3 minutes was also encountered at approximately 1000 metres during drill pipe connection activities.

The well has now encountered the softer and more organic-rich material that the Company is targeting for maturity and organic carbon content analysis and is exhibiting faster drilling rates.

Armour Energy has conducted vertical seismic profiling in order to correlate the encountered stratigraphy in Cow Lagoon 1 with existing seismic data collected in 2002 by the Northern Territory Department of Mines and Energy. The well has to date encountered difficult drilling conditions in hard formations. This has now been rectified with the application of alternative drilling techniques. The Company expects to be engaged in drilling and coring activities at Cow Lagoon 1 for up to a week before making a decision on the future status of the well.

Additional data collected on the regional stratigraphy and structure, drilling and testing strategies are expected to improve the speed and efficiency of future drilling activities, and the accuracy of prognosed stratigraphy for future wells in the Batten Trough of the MacArthur Basin (EPs 171 and 176, Armour Energy 100%).



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 and this approach has led to speedy grant of its key tenements in the Northern Territory. The Company intends to continue to invest this effort.

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.

The Board of the Company includes four past Directors of Arrow Energy, and the same expansive approach to exploration and development that drove Arrow's evolution is planned for Armour Energy. The CEO Mr Philip McNamara has been involved in the development of large coal projects, including most recently as managing Director of Waratah Coal, where he was instrumental in securing \$5.5 billion of financing for the proposed development of the Galilee Basin coal projects. The Company's technical team includes a range of industry experts and seasoned professionals who have been selected to support the Board and the CEO in our goal to build Armour Energy into a significant gas exploration and development company.

Further information regarding Armour Energy Limited, its projects, management team and a copy of its Prospectus are available on the Company's website at www.armourenergy.com.au

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