

Armour Energy Limited

23 May 2012

Holdgate-1 Wildcat Well Spudded

Armour Energy Ltd (AJQ) wishes to provide an update in relation to the Holdgate-1 well in PEP166, located onshore in the Gippsland Basin, Victoria.

Lakes Oil NL (LKO), as operator, advises that Holdgate-1 was spudded today.

The objective of this well is to search for oil and gas plays on the massive Baragwanath Anticline in PEP166 (part of a large surface anticline stretching 60km long across PEP166 and PRL 2).

Holdgate-1 has two targets; the primary objective is the Strzelecki Group, in which Lakes Oil encountered "tight gas" in wells drilled so far in the onshore Gippsland Basin, and the secondary objective is the Rintouls Creek Sandstone/Tyers Conglomerate, which Lakes Oil believes lies beneath the Strzelecki.

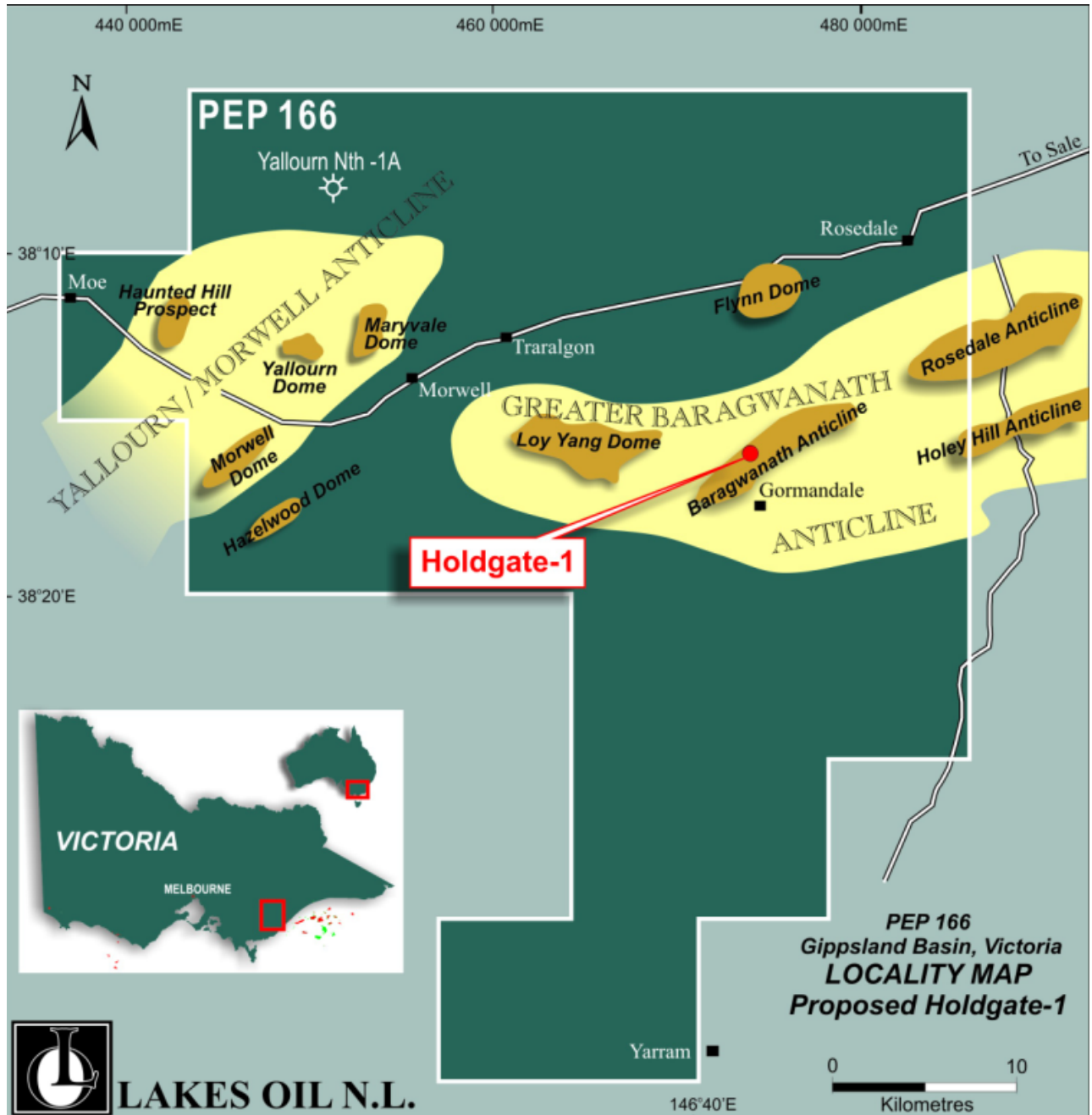
The Rintouls Creek Sandstone/Tyers Conglomerate was encountered when Lakes Oil drilled Yallourn North-1A 12 months ago. This well was the first well ever drilled through a condensed section to basement in the Gippsland Basin. Oil shows were encountered in cores cut in this well. This oil bearing section may thicken to the south and may also be present in Holdgate-1. Holdgate-1 is approximately 28km south east of Yallourn North-1A (see map below.)

At Holdgate-1, Lakes Oil and Armour Energy have the added advantage of drilling a large surface anticline which could provide a potential trap for liquid hydrocarbons.

Armour Energy is funding this well as part of its program to earn a 51% interest in Lakes Oil's PEP166.



On behalf of the board
Karl Schlobohm
Company Secretary



Locality Map – Holdgate-1



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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