



## Armour Energy Limited

25 October 2012

### Native Title Agreements Entered Over Key Gas Targets in the South Nicholson and Isa Super Basins, North Queensland

The Directors of Armour Energy Limited (ASX: AJQ) (the **Company**) are pleased to advise that the Company has been successful in finalising negotiations and subsequently executing Native Title agreements with the Waanyi People and the Garawa and Gangalidda Peoples in relation to ATP 1087 in the Carpentaria Basin region of North Queensland.

Armour Energy is the preferred tenderer for ATP 1087 and the completion of the required Native Title agreements marks a significant milestone in the process of completing the granting of this key exploration tenement for the Company.

Following the grant of the tenement, Armour Energy is planning to commence the ATP 1087 exploration program in April 2013 to coincide with the North Queensland dry season, or earlier if weather permits. The exploration program is being designed to commence the delineation of substantial gas resources across a 3000km<sup>2</sup> fairway within the tenement area.

Previous assessment of the tenement's resource potential carried out for Armour Energy by independent consultants (MBA Petroleum Consultants) determined a mean technically recoverable Prospective Resource estimate for ATP 1087 of 22.5 TCF of gas and 242 Million barrels of associated liquids. The P90 (90% Probable Case) prospective resource estimate for the area was 9.4 TCF of gas and 59 Million Barrels of associated condensate.

The main evidence for prospectivity in the Basin is the very strong and consistent gas shows in the drilling mud across a 125 metre section of the Lawn 4 formation in the Egilabria 1 well, which was drilled by Comalco in the 1990s in what is now ATP 1087. The Lawn 4 formation is interpreted to contain up to 8% Total Organic Carbon and a gas charged brittle shale suitable for lateral drilling and hydraulic fracturing to stimulate gas production. This result was supported by similar results in the Beamesbrook, Desert Creek and Argyle Creek wells across the tenement.

The Lawn 4 formation is of a similar geological age and characteristic as the Barney Creek Shale in the Northern Territory Exploration Permits held by Armour Energy. The Barney Creek Shale has been proven to be the source rock of the Glyde River gas discovery made by Armour Energy in August 2012. The Glyde 1 lateral well flowed gas at a rate of 3.33 million standard cubic feet per day equivalent (mmscf/d) at 125 psi pressure after 10 minutes on a 1 inch choke.

Armour Energy is also the preferred tenderer for ATP 1107 which is located immediately south of and adjacent to ATP 1087. ATP 1087 and ATP 1107 cover the south Nicholson Basin and underlying Mt Isa Super Basin which extends westward into the Company's Northern Territory applications.

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Armour Energy will complete modelling of the gas resource potential in the area based on existing exploration data and the exploration program across the next 3 years will be based around the rapid and efficient delineation of proven and probable reserves. The Company is also investigating local market opportunities in excess of 65PJ of gas fired energy per annum along with the potential for export LNG opportunities.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is positioned above the text.

On behalf of the Board  
Karl Schlobohm - Company Secretary

*The resource estimates used in this announcement were, where indicated, compiled by MBA Petroleum Consultants, and detailed in the Independent Expert's Report, Replacement Prospectus dated 20 March 2012 for Armour Energy (Chapter 9). Raymond L Johnson Jr., General Manager Exploration and Production for Armour Energy, is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the resource figures in the form and context in which they appear in this announcement.*

### 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.

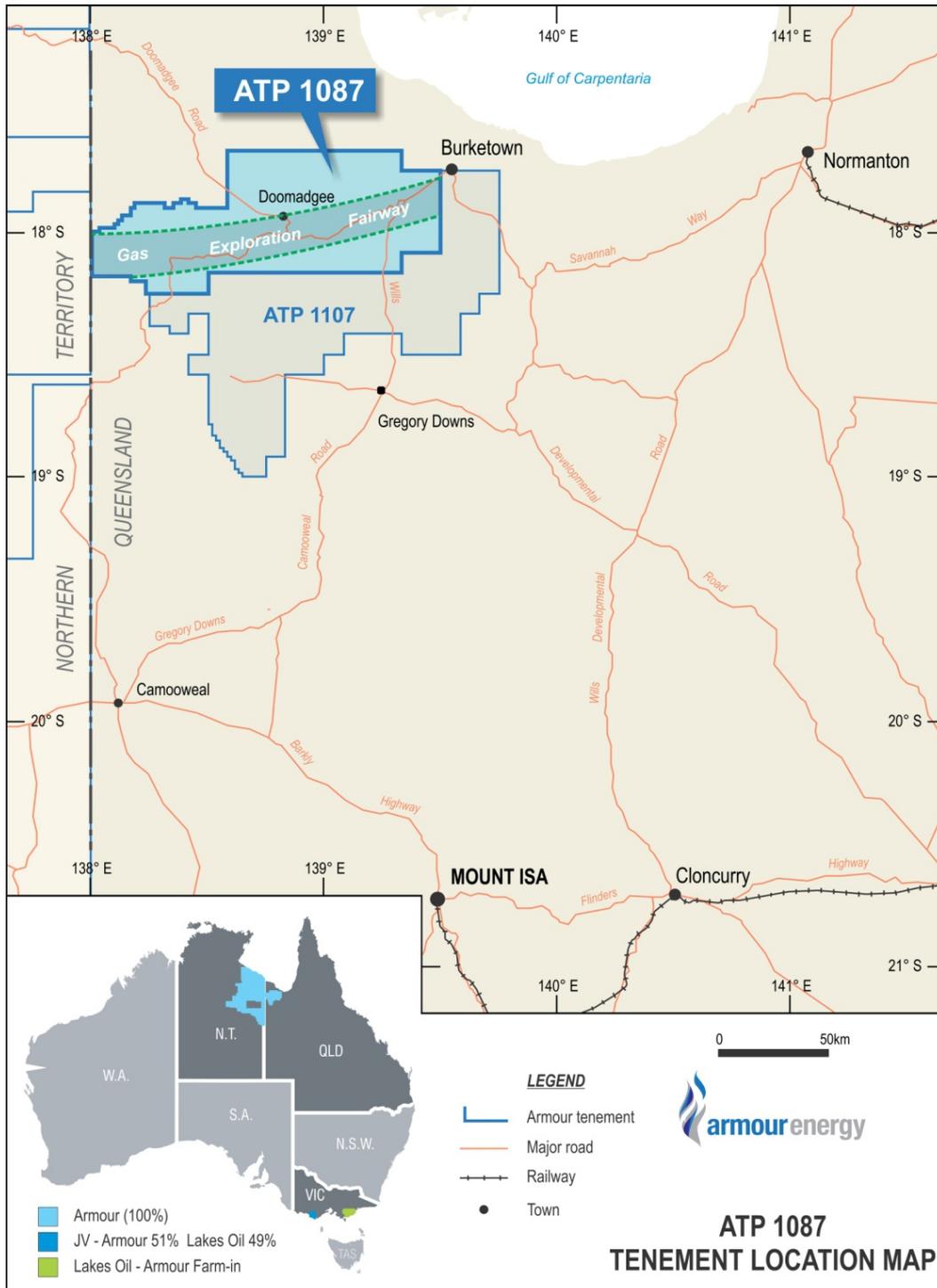
The Board of the Company includes four past Directors of Arrow Energy, and the same expansive approach to exploration and development that drove Arrow's evolution is planned for Armour Energy. The CEO Mr Philip McNamara has been involved in the development of large coal projects, including most recently 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](http://www.armourenergy.com.au)

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Location Map – ATP 1087 and ATP 1107 in Queensland

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