



Armour Energy Limited

30 October 2012

Conventional Gas Resource in the Glyde Sub-Basin of EP 171, Northern Territory, increases from 10.2BCF to 130.7BCF

Highlights:

- **Initial Assessment of the Coxco Formation in the Glyde 1 lateral well delivers a substantial increase in conventional gas resources in addition to the 11.2TCF unconventional prospective shale gas resource.**
- **The Greater Glyde River Field in EP 171 is estimated to hold a Mean Prospective Conventional Gas Resource of 130.7BCF, well above the 10.2BCF Mean Prospective Conventional Resource Estimate previously reported for the Glyde River area.**
- **The Glyde 1 vertical well data further substantiates the Barney Creek Formation as a source rock for Coxco Formation gas accumulations and as a sizable prospective unconventional gas resource.**
- **Several additional exploration targets have been identified in and adjacent to the Glyde Sub-Basin.**
- **Geophysical surveys being planned and prepared to assess these targets.**

The Directors of Armour Energy Ltd (**ASX: AJQ**) are pleased to report that a resource assessment of the Glyde 1 lateral well has been completed and the gas resource potential of the Coxco Formation in the EP 171 portion of the Glyde Sub-Basin estimated at 130.7BCF. The well is located approximately 61kms south of McArthur River Zinc Mine in the Batten Trough of the McArthur Basin (see Figure 1).

Armour Energy has reported the discovery and gas accumulation around the Glyde 1 lateral well to the Northern Territory Department of Resources (NT DOR) as required by the Northern Territory of Australia Petroleum Act, 1994.

Evaluation of drilling and flow testing data from the Glyde lateral well and Glyde 1 vertical well, along with mineral hole data collected by Amoco during the late-1970s to early-1980's, indicates the Glyde 1 lateral well penetrated part of a covered fault bounded structural high (see Figure 2). Armour Energy estimates that the Greater Coxco Field in the EP 171 portion of the Glyde Sub-Basin contains a Mean Prospective Gas Resource of 130.7 billion standard cubic feet (BCF), in accordance with the Society of Petroleum Engineers, Petroleum Resources Management System (SPE-PRMS).



The presence of a 132 metre thick zone of highly carbonaceous, naturally-fractured, gas-charged, Barney Creek Shale, as intersected by the Glyde 1 vertical well provides further substantiation of the estimated Mean Prospective Resource of 11.2 TCF for the Barney Creek Formation in EP 171, as prepared by MBA Petroleum Consultants effective 20th March 2012 (Armour Energy, Replacement Prospectus, Independent Expert's Report, 20th March 2012, pg. 109-146).

The Glyde 1 vertical well was drilled to a total depth of 700m and had gas shows, flows and flares from the Barney Creek and Coxco Formations during underbalanced, air-mist drilling operations. The subsequent Glyde 1 lateral well was side-tracked from the Glyde 1 vertical well to measured depth of 840m (510m true vertical depth) with a 220m lateral (see Figure 3).

As previously reported, the Glyde 1 lateral well flowed 606 thousand standard cubic feet per day equivalent (mscf/d) at 412 psi pressure after 45 minutes of testing on a 16/64 inch choke. A 30 minute surface shut in pressure of 554 psi was observed after flowing on a 16/64 inch choke. After a further 10 minutes flowing with a full open choke of 64/64 inch the Glyde 1 lateral well flowed at 3.33 million standard cubic feet per day equivalent (mmscf/d) at a pressure of 125 psi.

The gas constituents from this interval were 77% Methane (C1), 11% Ethane (C2), 11% Propane (C3), 0.6% n-Butanes (C4), 0.2% n-Pentanes (C5) with negligible Carbon Dioxide. This analysis is based on gas chromatography during drilling of the interval.

As previously reported the Glyde 1 lateral well has been cased and cemented in a configuration that will allow Armour Energy to perform further cased hole testing and stimulation in the well. The Company intends to production test the well in conjunction with future rig mobilisations to drill and test additional Glyde Basin conventional targets as discussed below.

Additional Targets Identified

After further review of existing mineral well drilling data and detailed geological interpretation, Armour Energy has identified several additional conventional exploration targets in or adjacent to the Glyde Sub-Basin. The targets extend along the Emu Fault and related structures in EP 171, 176 & 190 (see Figure 4). Armour Energy has made application to the NT DOR for approval to conduct an 830km² airborne gravity and aeromagnetic survey of the Glyde Sub-Basin. The survey will be carried out as soon as practical.

The Company is also reviewing high-resolution imagery to identify structures similar to Glyde and is planning a localised resistivity survey across the Glyde well area to gain further understanding of this gas bearing structure and provide orientation data for investigation of additional targets.



Armour Energy considers that positive results from the resistivity survey could provide a strategic tool for further confirmation of additional targets as they are identified and defined by the airborne gravity and aeromagnetic survey. The Company is liaising with prospective service providers with a view to completing the campaign early in 2013.

The proposed detailed surveys, backed by sophisticated data processing, will allow the Basin structure to be further defined and assist with identifying potential for additional gas targets. These will be identified and prioritized as a basis for seismic and drilling campaigns in 2013 and beyond.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is written over a horizontal line.

On behalf of the board
Karl Schlobohm
Company Secretary

The resource estimates used in this announcement for the Greater Coxco Field in EP 171 have been compiled by Raymond L Johnson, Jr., General Manager Exploration and Production for Armour Energy, who 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.

The resource estimates detailed in the Independent Expert's Report, Replacement Prospectus dated 20 March 2012 for Armour Energy were compiled by MBA Petroleum Consultants who are qualified in accordance with the requirements of ASX listing rule 5.11 and have consented to the use of the resource figures in the form and context in which they appear in this announcement.

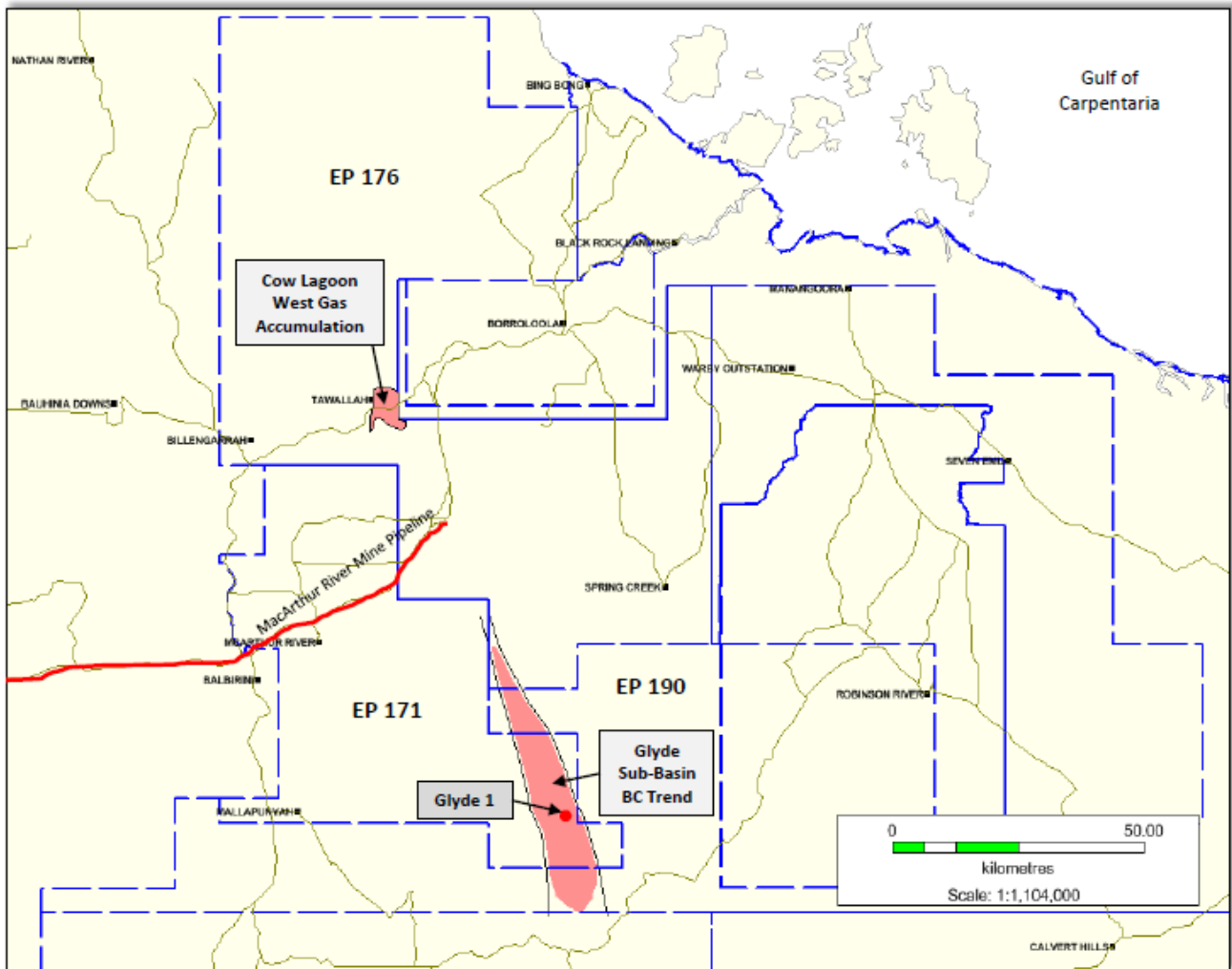


Figure 1: Glyde Sub-Basin and Glyde 1 lateral well location

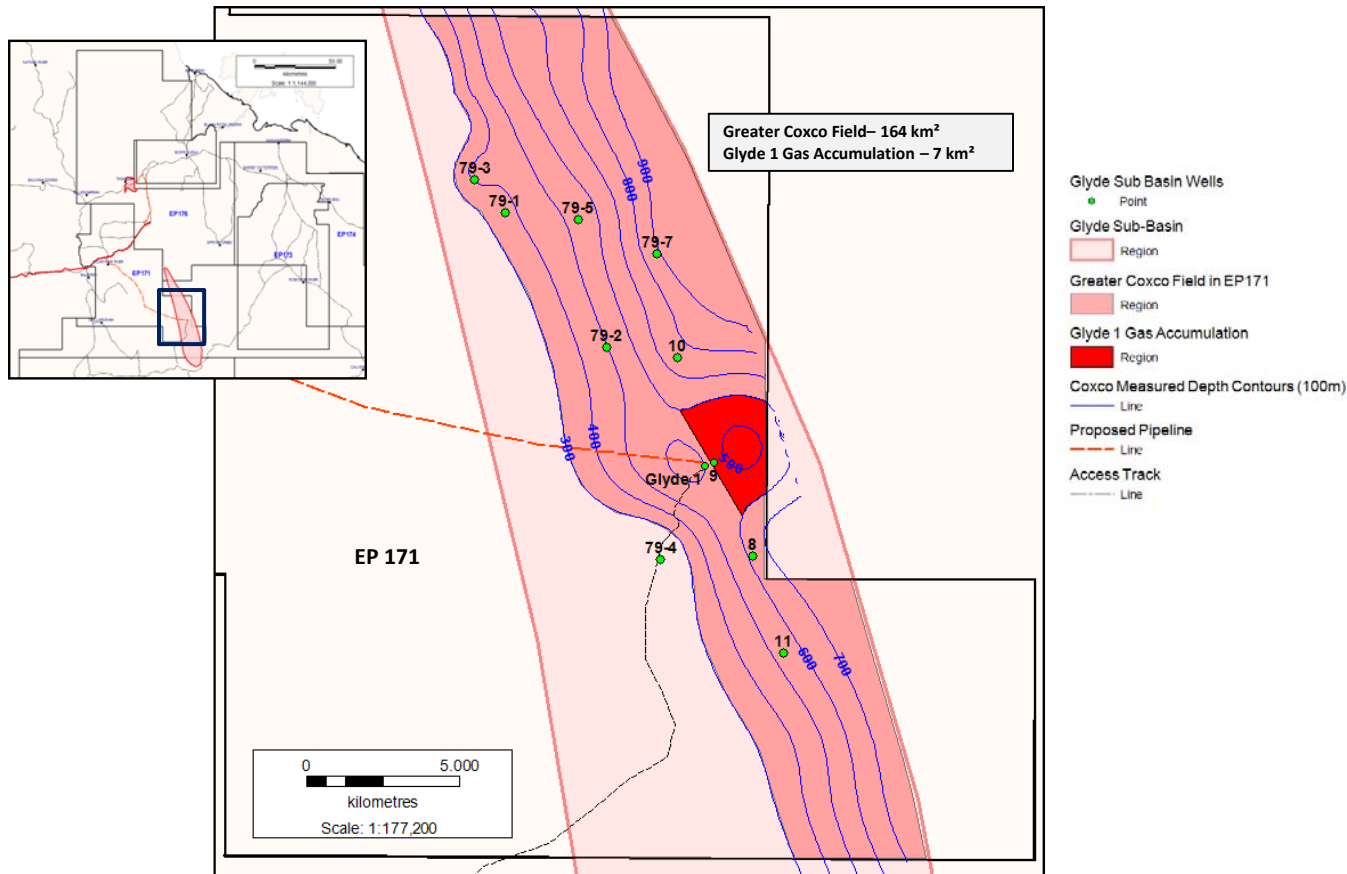


Figure 2: Greater Coxco Field and Glyde 1 lateral well gas accumulation in EP 171, Glyde Sub-Basin

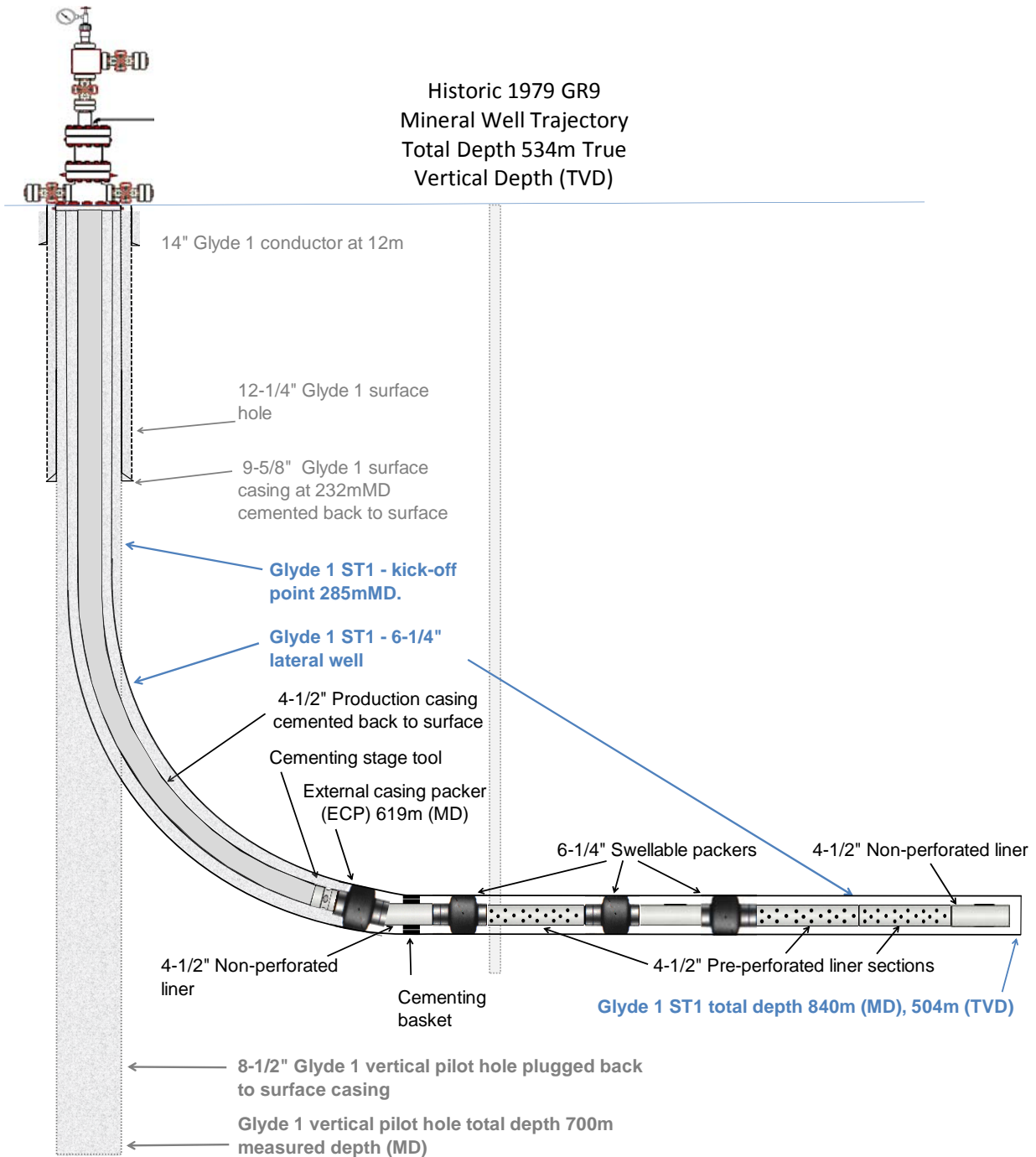


Figure 3: Configuration of the Glyde 1 lateral well after casing and cementing awaiting completion and production testing

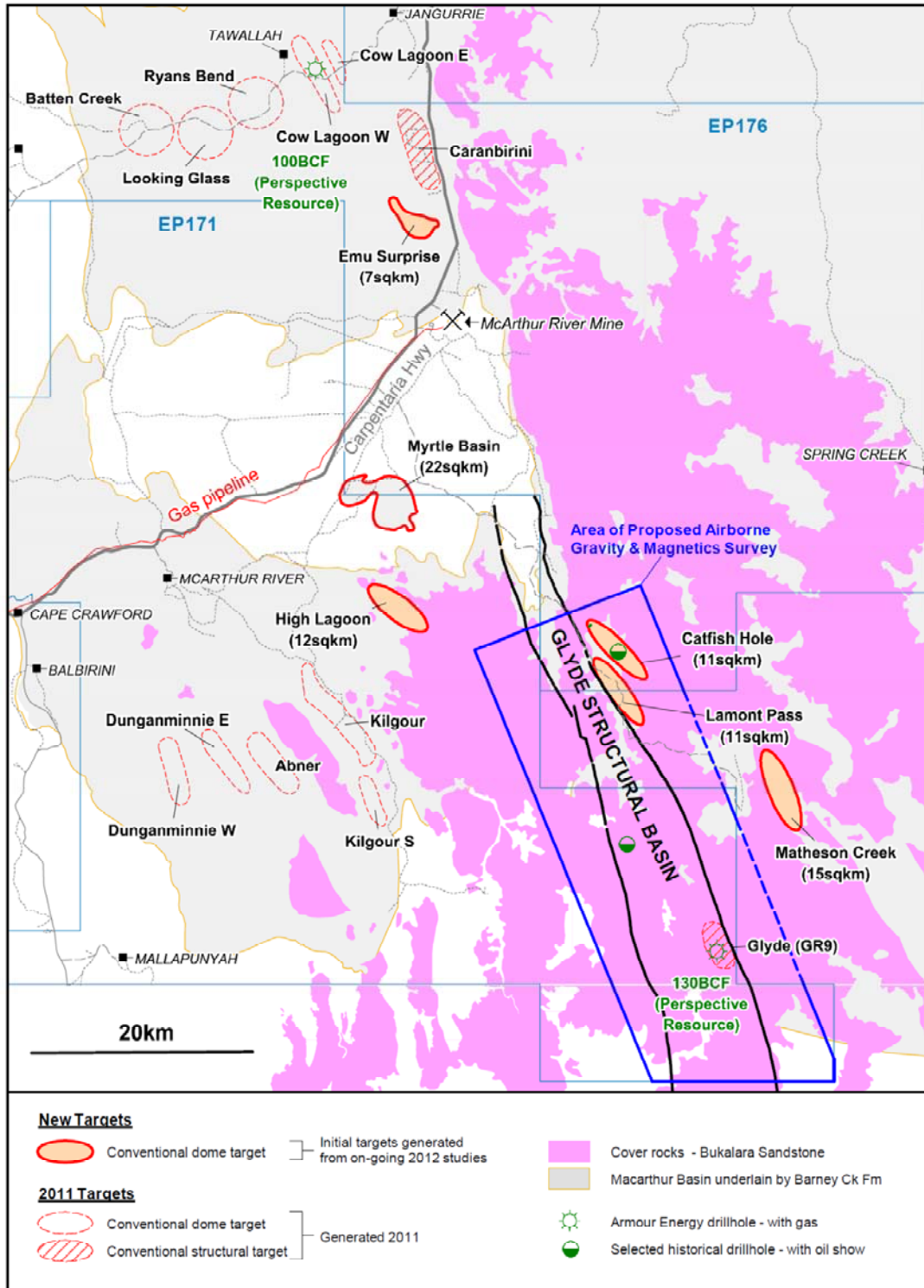


Figure 4: Location of new exploration targets in EP 171, 176 & 190



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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