

Armour Energy Limited

6 December 2013

2013 NT and QLD Exploration Campaigns Conclude with NT Discovery

Highlights:

- **An oil and gas discovery at Lamont Pass 3 has been reported to the NT Department of Mines and Energy (NTDME) in accordance with NT Petroleum Act, 1994 (the Act).**
- **The well has been logged, plugged and abandoned.**
- **A long term pressure build up at Egilabria 2 has commenced, with clean up and testing operations to re-commence in 2014.**
- **Evaluation of core and log data from the highly encouraging Egilabria 4 Lawn and Riversleigh Shale Formations is progressing.**
- **Equipment from both areas has been fully demobilised ahead of the rainy season.**

The Directors of Armour Energy Limited (ASX: AJQ) (the Company) are pleased to provide the following update on the 2013 Northern Territory and Queensland Drilling Campaigns which are concluding with equipment being demobilised ahead of the rainy season.

Northern Territory Operations Update

Due to the multiple oil shows observed throughout the Barney Creek Shale while drilling the Lamont Pass 3 vertical well (Figures 1 and 2), Armour Energy has reported an oil and gas discovery to the NTDME for this interval in accordance with the Act based on:

- (a) observing connection gases of up to 100 units by gas chromatography;
- (b) encountering 520m of oil bearing Barney Creek Shale substantiating liquids potential noted previously by MBA Petroleum Consultants; and
- (c) reaching a total depth of 1,275m collecting 970 m of core samples to characterise the geology of the Glyde Sub-Basin.

The well has now been logged, plugged and abandoned in line with the program.

Queensland Operations Update

Following historic gas flows from Australia's first lateral, multi-stage hydraulically stimulated well, Egilabria 2, the Company has ceased flowback operations, collected water and gas samples from the well separator and commenced a pressure buildup test which is expected to continue into the new year. Armour recovered 45% of stimulation fluids injected into the well and following shut-in the well continued to build up surface pressure. This buildup is encouraging and indicates a connection to the reservoir was created through the hydraulic stimulation operations in the highly prospective Lawn Hill Shale.

Armour looks forward to retrieving the downhole gauges when operations resume in 2014. This downhole pressure data will provide valuable reservoir information that Armour will use to progress development strategies and hydraulic stimulation designs in ATP 1087.

Armour is evaluating the core and log data from the Lawn and Riversleigh Formations in Egilabria 4 and finds the data highly encouraging towards a future delineation of the Riversleigh Shale prospective resources based on historical seismic, the Company's recent airborne geophysical survey, and gas shows at Argyle Creek 1, Desert Creek 1, and Egilabria 4 (Figure 3).

Planning and Clearances Required for 2014 Exploration Programs Underway

Armour is currently preparing documentation for the commencement of cultural heritage clearance for drilling sites within EPs 171, 176 and 190 in the Northern Territory prior to commencement of the 2014 exploration drilling program. The goal of this program is to delineate Contingent Resources, evaluating both conventional and unconventional accumulations towards further upgrades in the Company's gas resource outlook in the Northern Territory.

When operations resume in Queensland, Armour will re-commence flow testing at Egilabria 2 using artificial lift techniques (e.g., siphon string installation, Nitrogen lifting) to clean up recoverable stimulation fluids towards obtaining an unencumbered gas flow rate. At Egilabria 4, the Company is evaluating the Riversleigh Shale data towards a potential hydraulic stimulation in the vertical well. Successful gas rates following both of these operations would lead to delineation of Contingent Resources for both the Lawn Hill and Riversleigh Shales.

Armour has identified a number of stacked play targets for the 2014 exploration drilling program in Queensland (Figure 3). The goal of the program is to further delineate conventional Prospective and Contingent Resources whilst evaluating the stacked underlying unconventional accumulations towards further upgrades in the Company's gas resources.



On behalf of the board

Karl Schlobohm
Company Secretary

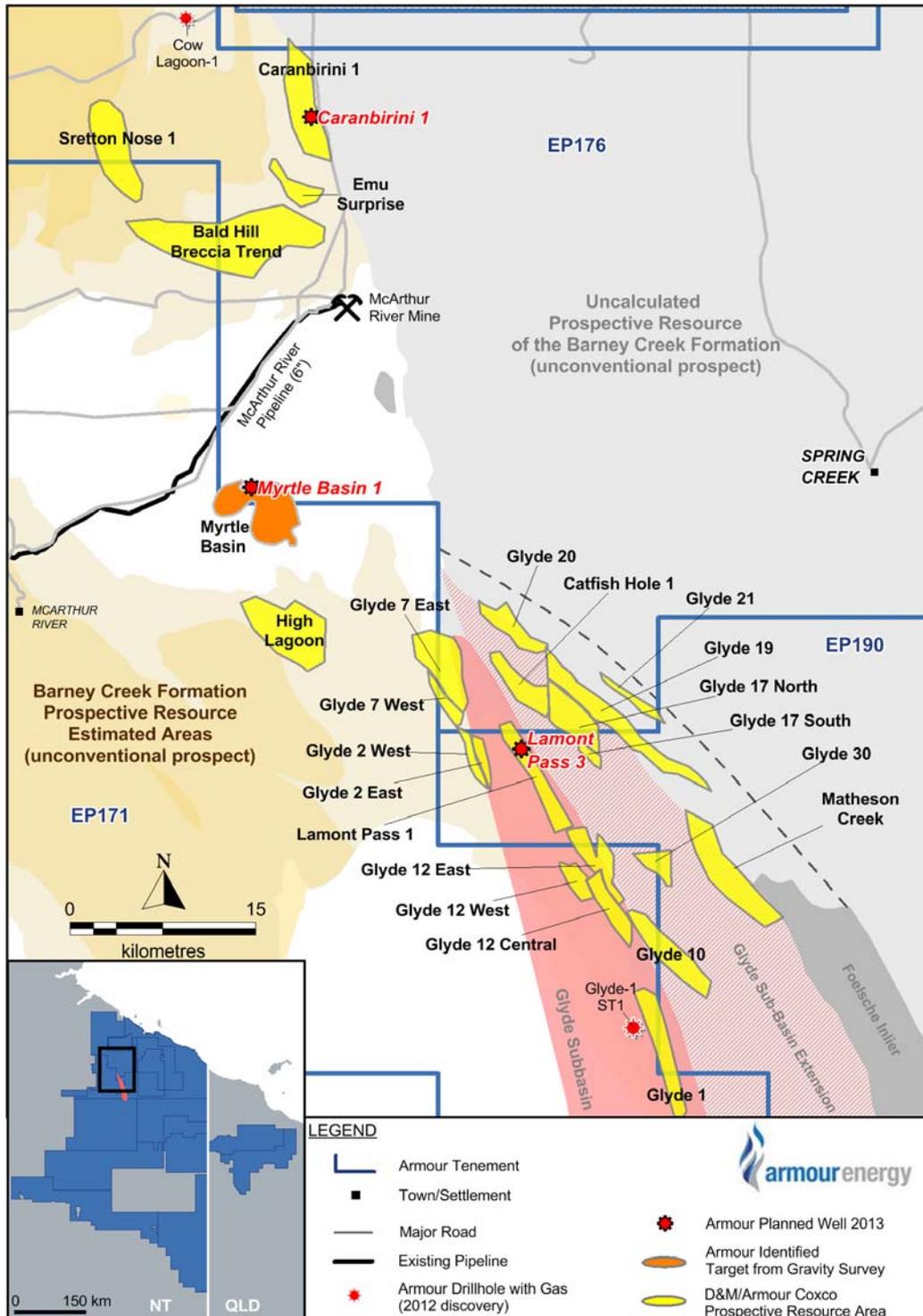


Figure 1 – Myrtle Sub-basin and Glyde Sub-basin location map.

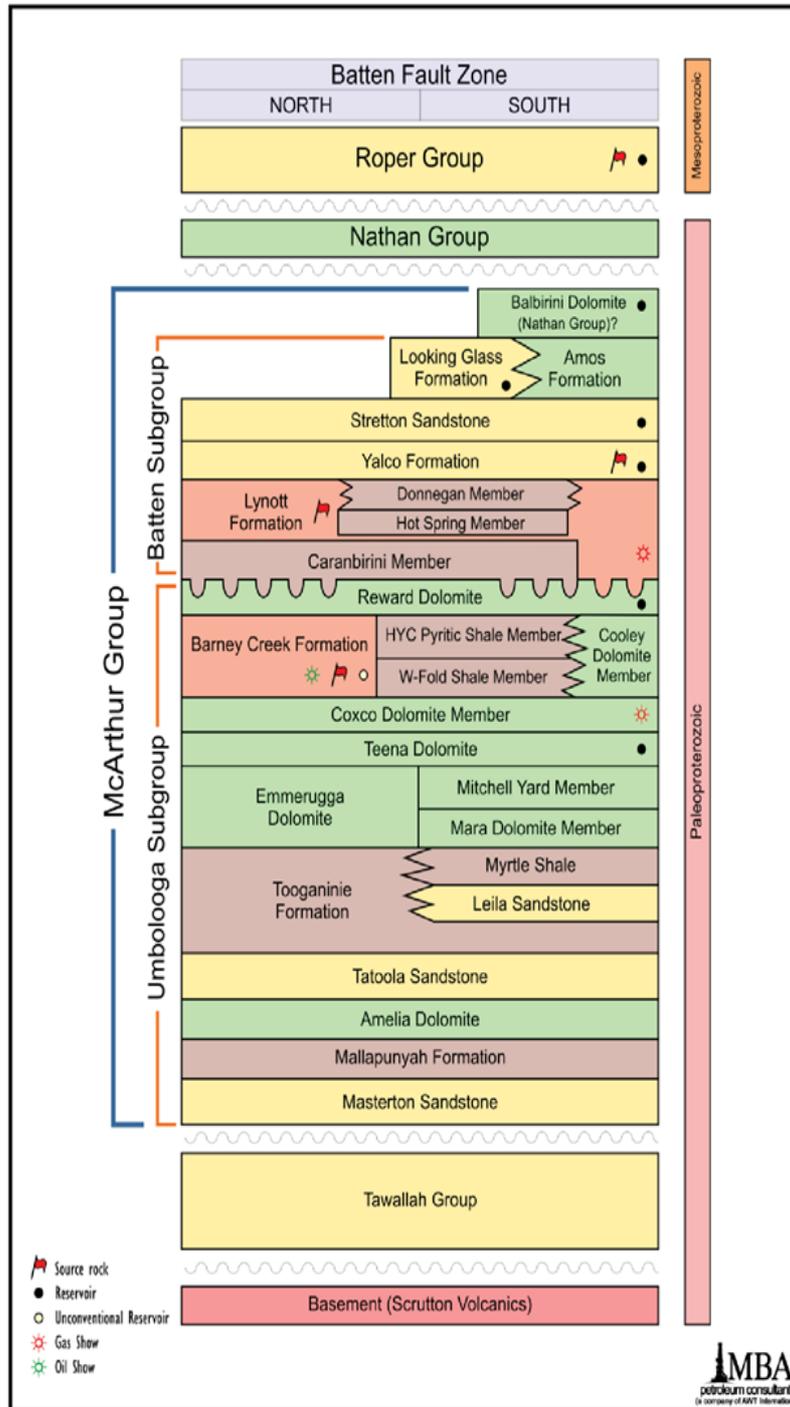
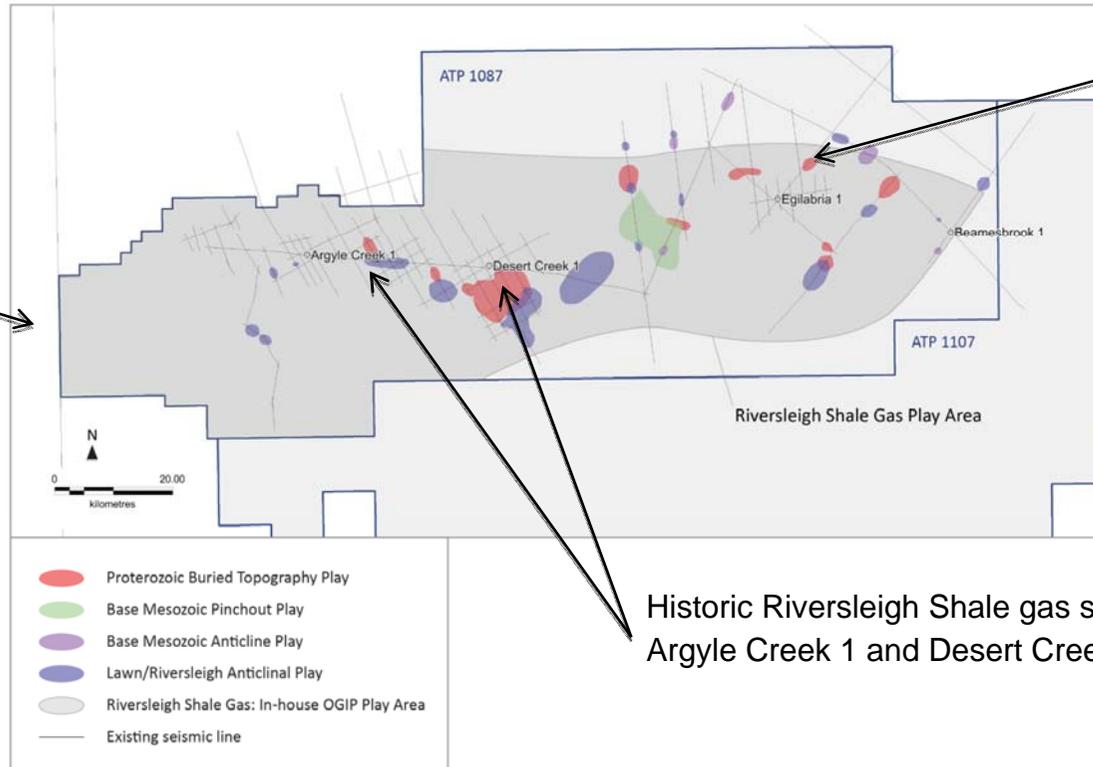


Figure 2: Stratigraphic Column for the Batten Trough with oil and gas shows.

Prospective area in ATP 1087 delineated by historic seismic and Armour 2013 airborne geophysical survey



Egilabria 4 with Riversleigh Shale gas shows

Historic Riversleigh Shale gas shows in 1990's Argyle Creek 1 and Desert Creek 1 wells

Figure 3: Highly prospective Riversleigh Shale area with overlying conventional targets



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.

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 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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