

Armour Energy Limited

11 July 2013

Well Update

Egilabria 2 Reaches Total Depth and Encounters Further Gas Shows Below the Lawn Shale

HIGHLIGHTS

- **Vertical well deepened to 1900 metres, uncovering gas charged sediments below Lawn Shale.**
- **Extensive and technically advanced suite of logging data successfully acquired on Egilabria 2.**
- **Well logs confirm thicker (137m) Lawn Shale “hot spot” as compared to the 125 metres expected based on Egilabria 1 well.**
- **Awaiting log analyses to optimise well direction, declination and frac placement for Egilabria 2 DW1 lateral well.**

The Directors of Armour Energy are pleased to advise that the Egilabria 2 gas exploration well has reached a total depth at 1900 metres. The well penetrated the bottom of the target Lawn Shale at 1810 metres, 65 metres lower than forecast, confirming a highly prospective Lawn Shale target interval on logs of 137 metres, approximately 12 metres thicker than the 125 metres expected (refer Figure 1). Gas has been detected over a length in excess of 800 metres from the approximate interval of 1091 metres to 1900 metres.

When deepening the hole toward 1900 metres, a flare up to 5 metres long and with a methane peak of 27% (C1 – 204,993ppm, based on on-site chromatography) was observed at 1870 metres for 5 minutes after the well was re-opened (refer Figure 2) following a brief shut in to change a rig component. Continuing background readings continued at depth below the Lawn Shale, consistent with observations on Egilabria 1 indicating an extensive gas column.

Armour considers the results to be very encouraging, and support the case for the lateral and fracture stimulation planned for the next stage of the well. Drilling of the lateral is expected to start within the coming days. Meanwhile Armour is continuing to analyse the extensive suite of logging data successfully acquired which will help with the detailed design for fracture stimulation to optimise productivity from the Egilabria 2 DW1 lateral. While analysing this data, Armour will be plugging back the vertical section of the well in order to ‘kick off’ the lateral well from the mid section of the Egilabria 2 vertical well.

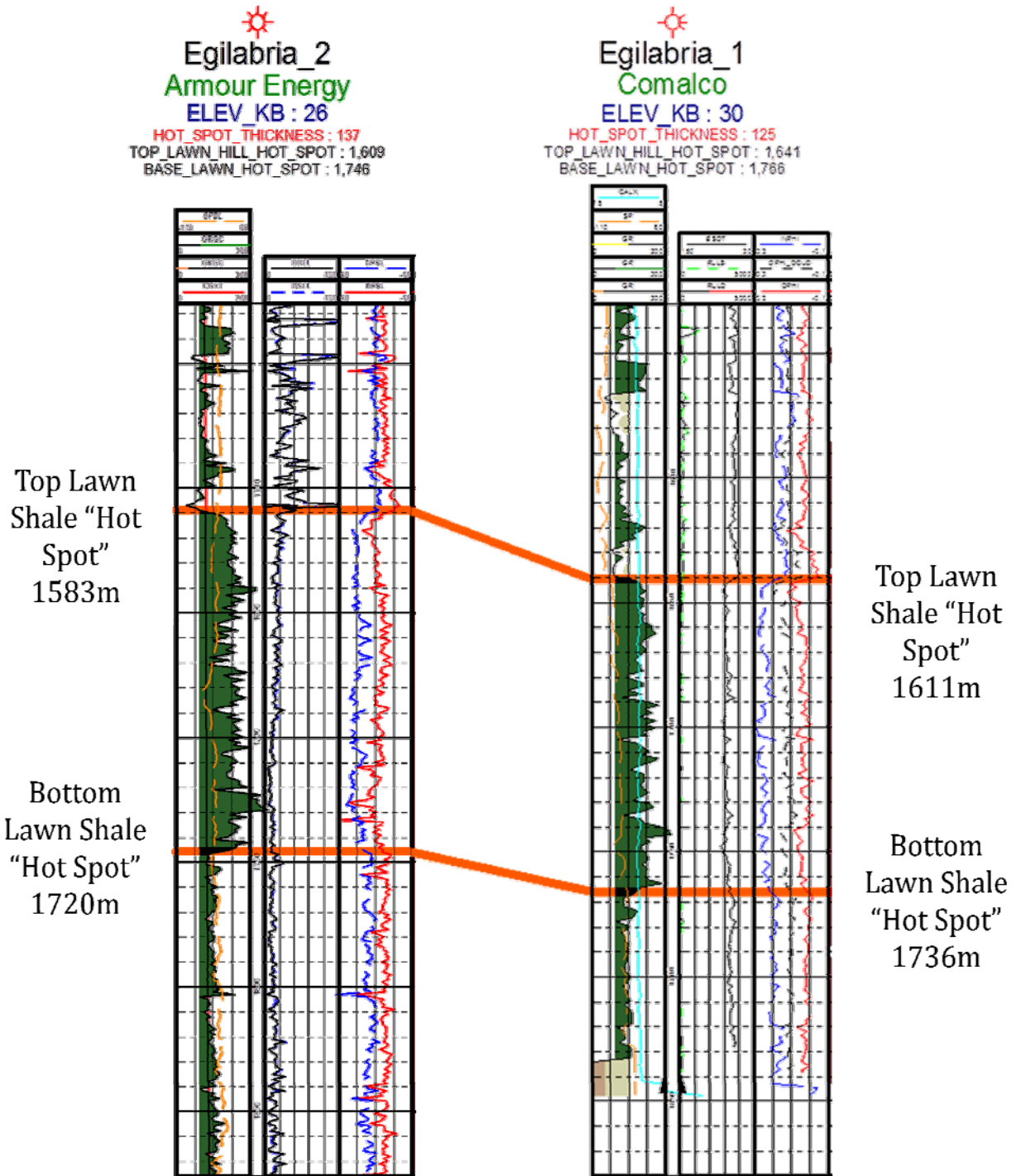


Figure 1 – Comparison of Log Sections between Egilabria 2 and Egilabria 1. The green shaded reading indicates the gamma ray count in each well.



Figure 2 - Flare observed upon reopening the Egiliabria 2 vertical well after brief shut in

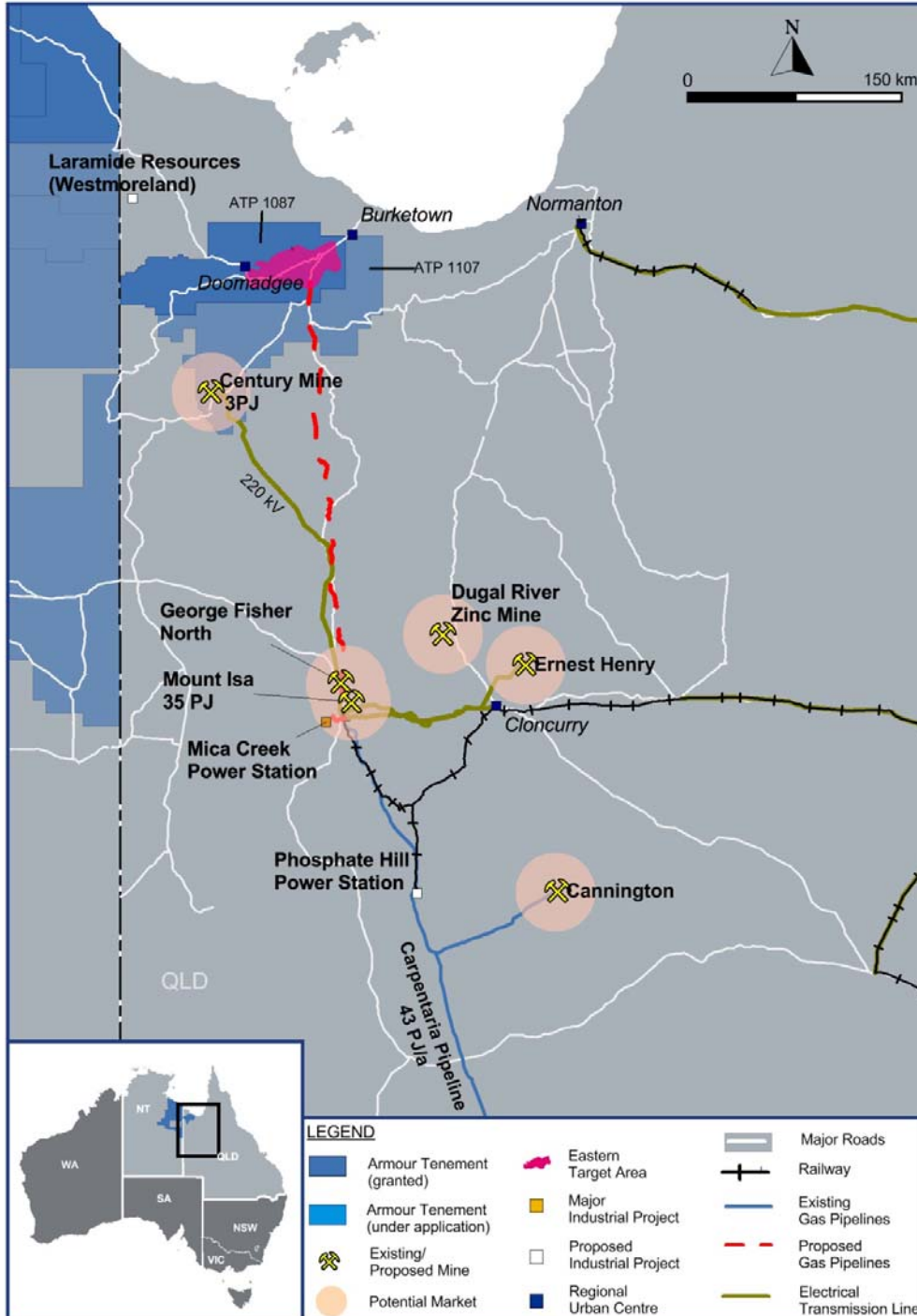


Figure 3 - Location map and pipeline / market infrastructure, ATP 1087 North Queensland

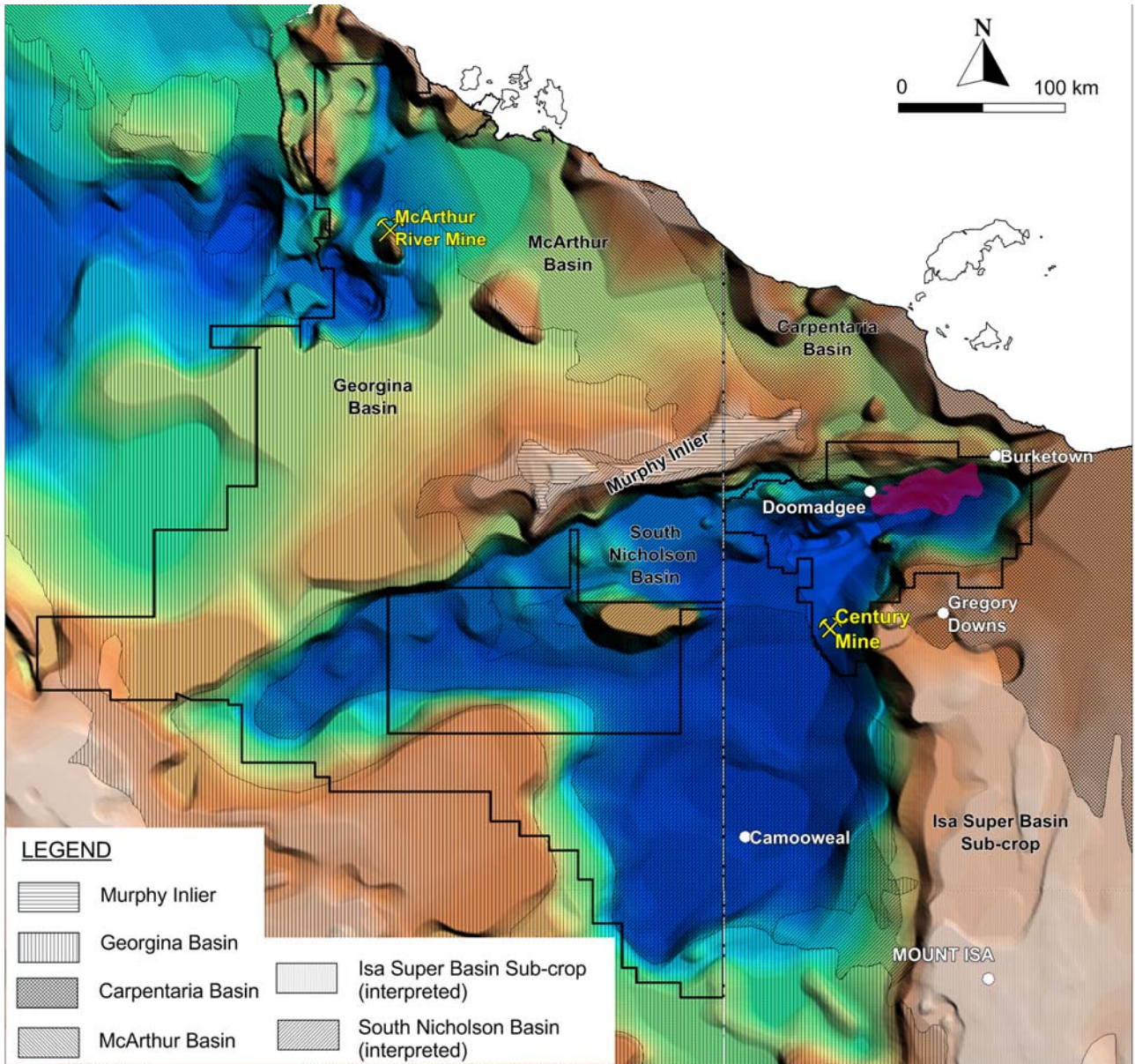


Figure 4 - Basin Schematic



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.

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