

Armour Energy Limited

28 November 2013

Northern Territory Conventional Gas Resources Increase Ten-Fold

- **Armour’s NT conventional gas Mean Prospective Resources increase from 322PJ to 3,496PJ.**
- **An addition to Armour’s 18.8 Tcf of unconventional gas Mean Prospective Resources in NT.**

The Directors of Armour Energy Limited (ASX: AJQ) (the Company) are pleased to advise that third-party resource estimates have been updated following the Company’s 2013 Northern Territory exploration program. These updated estimates are compared to estimates previously announced in Figure 1 below.

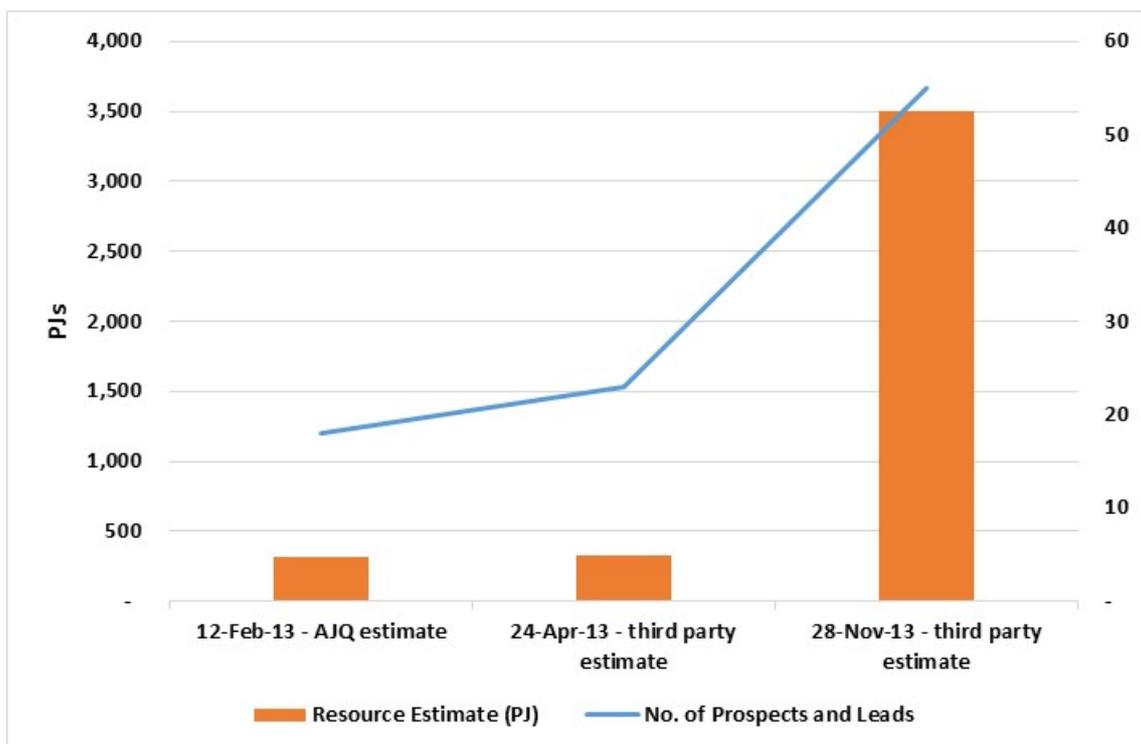


Figure 1 – Comparison of Coxco, conventional gas, Mean Prospective Resource estimates – EP171, 176, and 190 in the Northern Territory

SRK Consulting (Australasia) Pty Ltd. has based its estimate of 2,870 Bscf (3,496 PJ) Mean Prospective Resources, unrisked, on fifty-five (55) of Armour’s targeted prospects and leads. These estimates were made in accordance with the Society of Petroleum Engineers (SPE) Petroleum Resource Management System (PRMS) guidelines, and as of 26 November, 2013. A summary of SRK’s estimates are set out in the Appendix - Table 1.

These estimates include and compare to the previous twenty-three (23) targets assessed by DeGolyer and MacNaughton containing 264.4 Bscf of Mean Prospective Resources, unrisked, in accordance with SPE PRMS guidelines and as of 1 April 2013 (Table 1).

This type of conventional gas accumulation was discovered by Armour in the Coxco Dolomite of the Teena Formation, a conventional, free-flowing reservoir in the Batten Trough, McArthur Basin. The Glyde 1 ST1 lateral well was tested in August 2012 and flowed at 3.3 million standard cubic feet per day equivalent (MMscf/d) at a pressure of 125 psi during 45 minutes of testing on a 16/64 inch choke. This discovery also substantiates the previously announced Contingent Resources, unrisked, assessed by DeGolyer and MacNaughton in accordance with SPE PRMS guidelines and as of 1 April 2013 (Table 2).

The Coxco prospects and leads were defined by SRK based on extensive studies of surface geology, well data, regional geophysical data, and integration of the extensive airborne gravity and magnetic surveys completed by the Company. The location of EP171, 176 and 190 within Armour’s broader Northern Australian portfolio is illustrated in Figure 2.

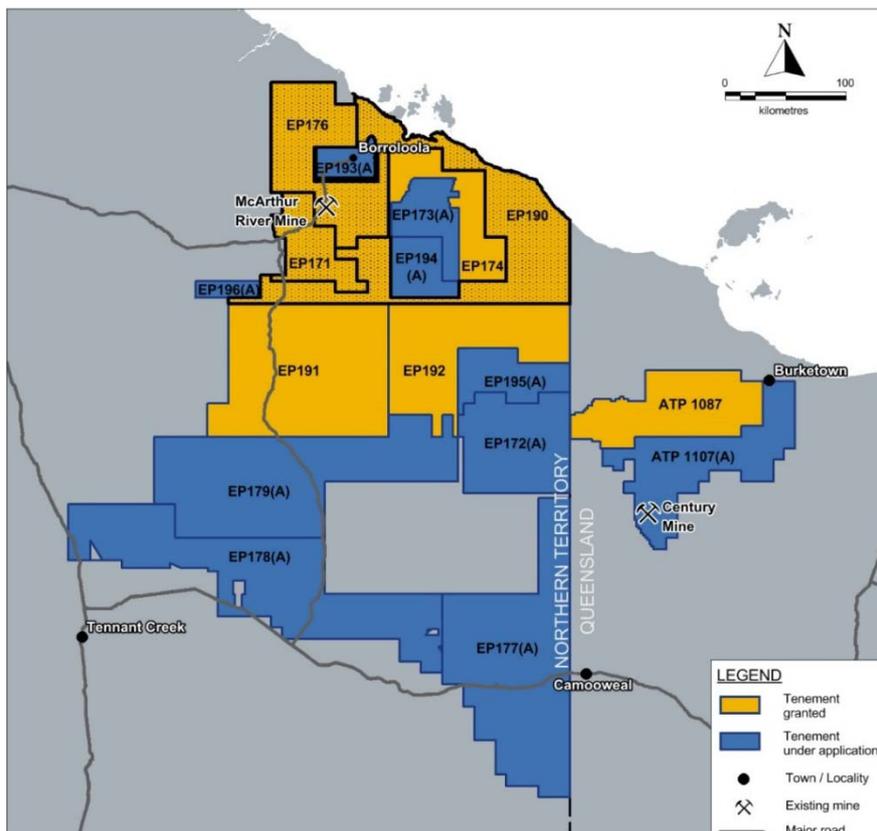


Figure 2 – Locations of EP171, 176, and 190 in the Northern Territory

Continuing Focus on Extensive Unconventional Gas Resources

Armour continues to investigate its extensive unconventional naturally-fractured and shale gas accumulations in the Batten Trough with current Mean Prospective Resources of 18.8 Tscf within the Barney Creek Shale, Lynott and Reward Formations. These were previously announced based on estimates by the Company and MBA Petroleum Consultants.

Several studies are underway on Barney Creek Formation samples and log data from Cow Lagoon 1, Glyde 1, Glyde 1 ST1, and Lamont Pass 3 wells to aid future targeting of a lateral well with fracture stimulation in the most prospective section of the Barney Creek Shale. As with the Glyde 1 and Glyde 1 ST1 wells, this lateral drilling prospect will likely be performed in conjunction with a vertical well exploring the underlying Coxco Dolomite.

Oil Prospects in Barney Creek Formation

Armour has defined several areas in the Batten Trough in the Barney Creek Formation where oil has been discovered bleeding from cores from zinc exploration wells. Lamont Pass 3 encountered bitumen, blooming, milky and streaming oil cuts and live oil from Barney Creek Shale source rock from 260m to 780m substantiating the oil potential of the Barney Creek Formation. The Company is currently evaluating the Lamont Pass 3 oil discovery towards defining potential shale oil exploration targets in the Batten Trough.

2014 Exploration Program Underway

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



On behalf of the Board
Karl Schlobohm
Company Secretary

The MBA Petroleum Consultant' resource estimates used in this announcement, where indicated, were compiled by MBA Petroleum Consultants and detailed in the Independent Expert's Report, Replacement Prospectus dated 20 March 2012 for Armour Energy (Chapter 9).

Dr. Bruce McConachie is a full-time employee of SRK Consulting (Australasia) Pty Ltd and is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the SRK Consulting (Australasia) Pty Ltd resource figures in the form and context in which they appear in this announcement.

DeGolyer and MacNaughton is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the DeGolyer and MacNaughton resource figures in the form and context in which they appear in this announcement.

Raymond L Johnson Jr., General Manager Reservoir Development for Armour Energy, is qualified in accordance with the requirements of ASX listing rule 5.11 and has consented to the use of the Armour Energy 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 in 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

For further information contact:

Robbert de Weijer – CEO
07 – 3303 0620

Karl Schlobohm – Company Secretary
07-3303 0661

Table 1: Estimates of Conventional Gas Prospective Resources, unrisks, in Coxco Dolomite, EPs 171, 176 and 190 within the Batten Trough

Assessor	Low Estimate (Bscf)	Most Likely Estimate (Bscf)	High Estimate (Bscf)	Mean Estimate (Bscf)	Low Estimate (PJ)*	Most Likely Estimate (PJ)*	High Estimate (PJ)*	Mean Estimate (PJ)*
Degolyer and MacNaughton (as of 1 April 2013)	191.5	255.6	345.9	264.4	233.2	311.3	421.3	322.0
SRK Consulting (as of 26 November 2013)	890	2,254	5,708	2,870	1,084	2,745	6,952	3,496

*Based on Glyde 1 ST1 gas chromatography data or a conversion of 1.218 GJ/Mscf

Table 2: Estimates of Conventional Gas Contingent Resources, unrisks, of Coxco Dolomite, Glyde 1 Target Area (based on Glyde 1 ST1) within EP 171 within the Batten Trough

Assessor	Area (km ²)	1C (Bscf)	2C (Bscf)	3C (Bscf)	1C (PJ)*	2C (PJ)*	3C (PJ)*
Degolyer and MacNaughton (as of 1 April 2013)	5.83	2.4	6.0	10.3	2.9	7.4	12.5

*Based on Glyde 1 ST1 gas chromatography data or a conversion of 1.218 GJ/Mscf

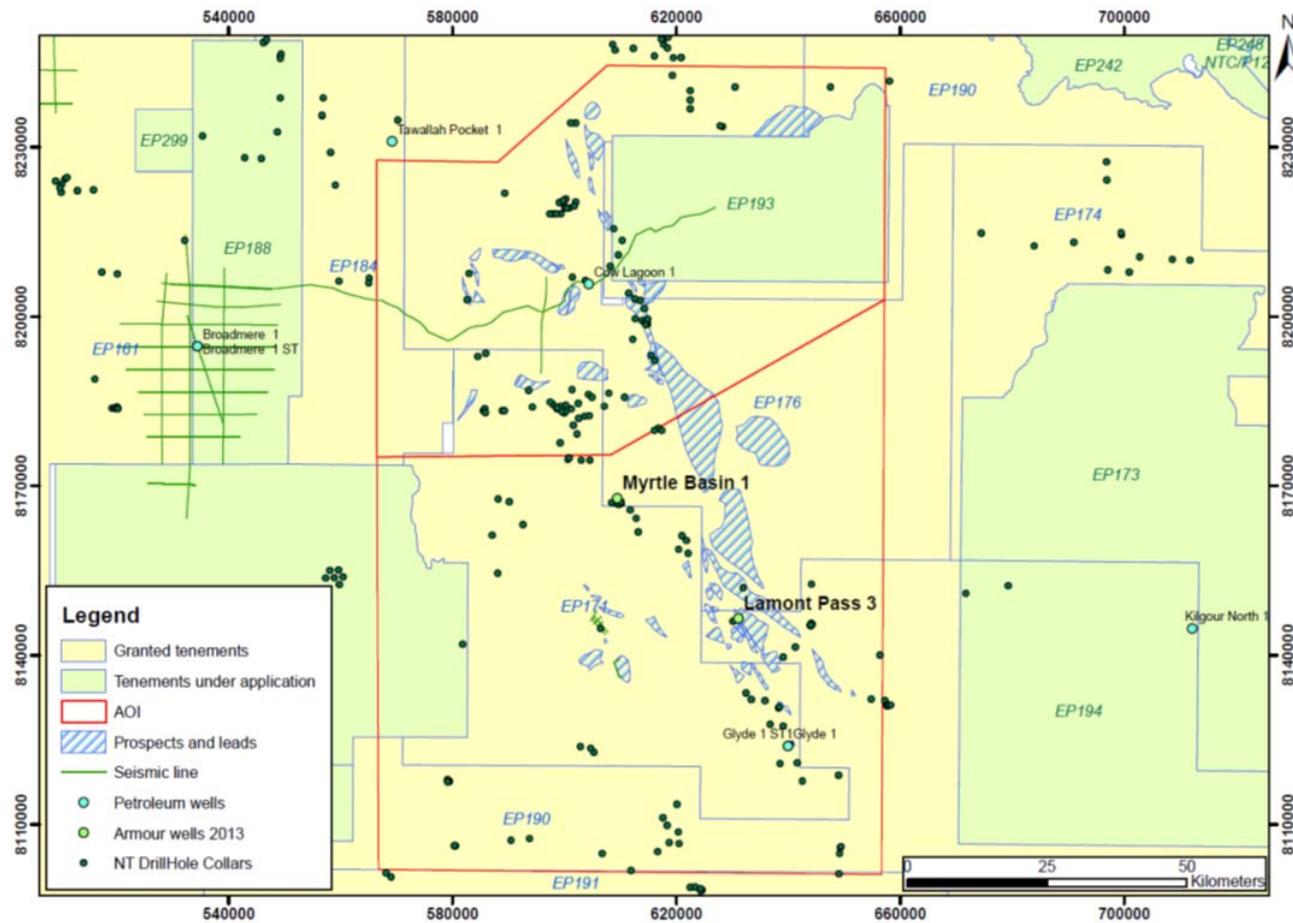


Figure 3: Fifty-Five (55) Prospect and Leads (blue shaded areas) in the Coxco Formation in EPs 171, 176 and 190

Head Office
 Level 27
 111 Eagle Street
 Brisbane

GPO Box 5261
 Brisbane QLD 4001
 Facsimile: +61 7 3303 0681
 Phone: +61 7 3303 0680

ASX CODE: AJQ
 ACN: 141 198 414
 Email: info@armouenergy.com.au
 www.armouenergy.com.au