

## Armour Energy Limited

13 November 2013

### Well Update – Lamont Pass 3, Northern Territory

### Oil Bearing Barney Creek Shale Intersected Over 500 Metres

#### HIGHLIGHTS

- **Well has penetrated a continuous section of oil-bearing Barney Creek Shale source rock.**
- **Oil bearing Barney Creek Shale intersected from 260 metres to 780 metres.**
- **Results indicate oil window exists to a depth of 780 meters which is deeper than previously assessed.**

The Directors of Armour Energy are pleased to provide the following update on the Lamont Pass 3 vertical exploration well being drilled in the Company's 100% owned EP 190 in the Northern Territory. The well is the second site testing for hydrocarbon accumulations located in the Glyde Sub-basin of the McArthur Basin in 2013. Lamont Pass 3 is located 50km south of the Myrtle Sub-basin and is 25km north of the Glyde 1 (ST1) gas discovery made by Armour Energy in 2012, which flowed up to 3.3 mmcf/d (Figure 2). The well is at a depth of 922 metres progressing towards a planned total depth of approximately 1,200 metres.

#### Update on oil and gas shows

The well continues to encounter bitumen, blooming, milky and streaming oil cuts and live oil in the Barney Creek Shale source rock. First gas and minor golden yellow oil fluorescence have been encountered at 260 meters with significant connection gases also reported. Chips from core samples placed into nipple dishes from various depths and treated with with chloroethane (which draws out oil) clearly display the existence of hydrocarbons under fluorescence. Refer to Figures 3 to 7 below.

The well has penetrated a continuous section of oil-bearing Barney Creek Shale from 260 meters to 780 meters. Core barrels with hydrocarbon odour have been retrieved, connection and background gases have been observed with associated live oil in fractures, interbedded dolomites and consistent oil cuts from the Barney Creek Shale source rock.

#### Oil window is more extensive than previously assessed

The common occurrence of live oil and cut substantiates extending the oil window previously assessed by MBA Petroleum Consultants ("MBA") (Figure 1).

Lamont Pass 3 is located in the recently granted EP 190 tenement which was not part of MBA's assessment and covers an area of 12,818 km<sup>2</sup>.

		<b>Total area (km<sup>2</sup>)</b>	<b>Depth of oil window (metres)</b>
Previous assessment by MBA	EP171 and EP176 only	11,525	0 to 350
Revised oil window post Lamont Pass 3 results	EP171, 176 and 190	24,343	0 to 780

**Figure 1 – Comparison of previously assessed MBA oil window and updated information from Lamont Pass 3.**

Parts of the Batten Trough and Glyde Sub-basin underlie EP 190 and the associated oil-bearing Barney Creek Shale source rock in addition to the recently identified Wollogorang and McDermott Shale source rocks of the Tawallah Group that underlie EP 191 and EP 192 (Figure 8).

The Lamont Pass 3 well is testing multiple targets from a single vertical well. The Lamont Pass structure is one of twenty-three (23) of Armour's targeted areas holding 264 Bscf Mean Prospective Resources, unrisked, as assessed by DeGolyer and MacNaughton (D&M) within the Coxco Dolomite of the Teena Formation. These 23 target areas are associated with a wider zone of potential Coxco Dolomite target areas extending along the Emu Fault trend and likely sourced from the Barney Creek Shale. These Coxco conventional Prospective Resources are an addition to MBA Petroleum Consultants' Mean Prospective Resource estimate of 18.8 Tscf unconventional resources assessed for the Barney Creek Shale within the Batten Trough of the McArthur Basin.

Just as a series of wells drilled by Amoco in 1979 discovered gas in the Glyde Sub-basin leading to the successful Glyde ST1 well (drilled by Armour in August 2012), an offset 1982 Amoco 82-6 core well, drilled 5km northwest of Lamont Pass 3, reached a total depth of 300 metres. The Amoco 82-6 well reported up to 7% total organic content (TOC) with bitumen lined vugs and residual oil shows, reaching total depth above the Barney Creek Shale.

Lamont Pass 3 is prognosed to pass through these prospective intervals in the Caranbarini Member as well as the Reward Dolomite, Barney Creek Shale and the Coxco Dolomite to a total depth of approximately 1,200 metres. Both the Caranbarini Member and Reward Dolomite also had gas flows and shows in the Cow Lagoon 1 discovery well drilled by Armour Energy in 2012 (Figures 2 and 8).

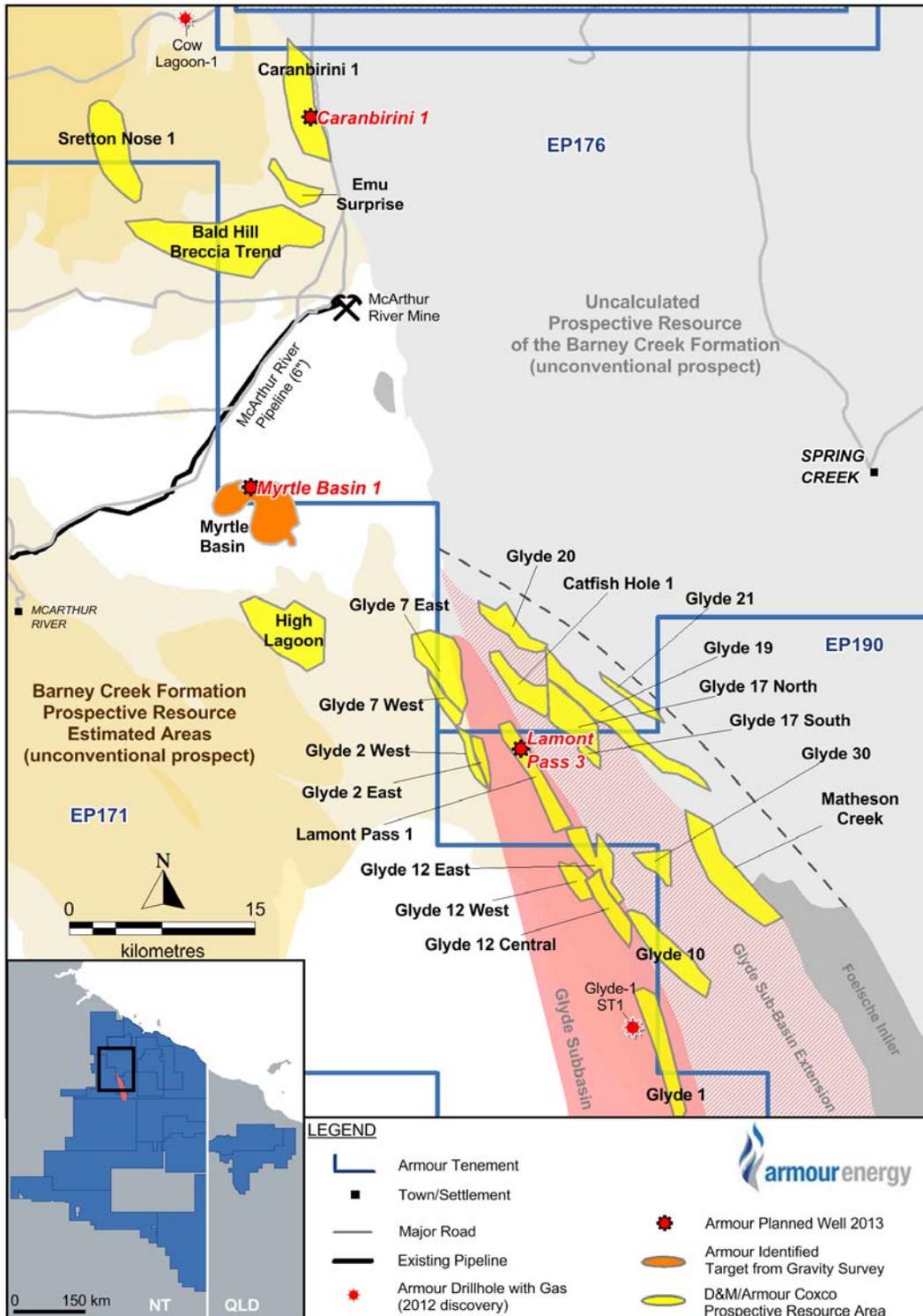
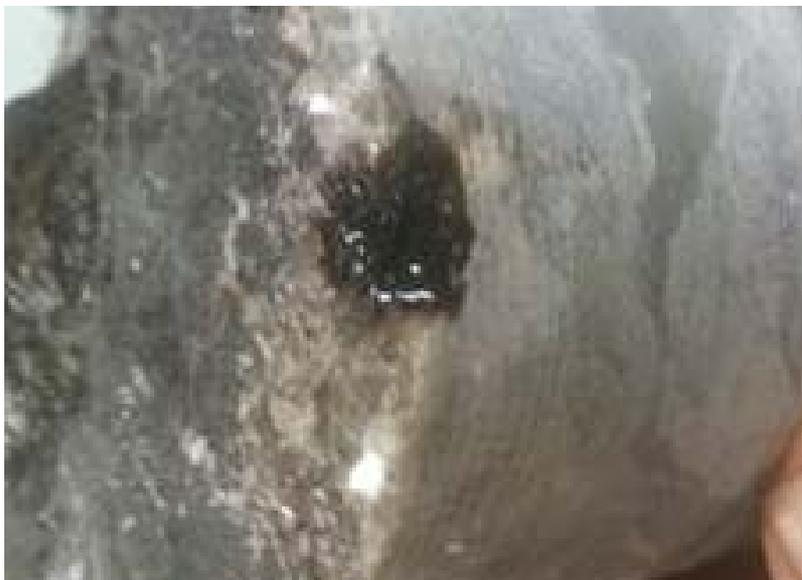


Figure 2 – Myrtle Sub-basin and Glyde Sub-basin location map.



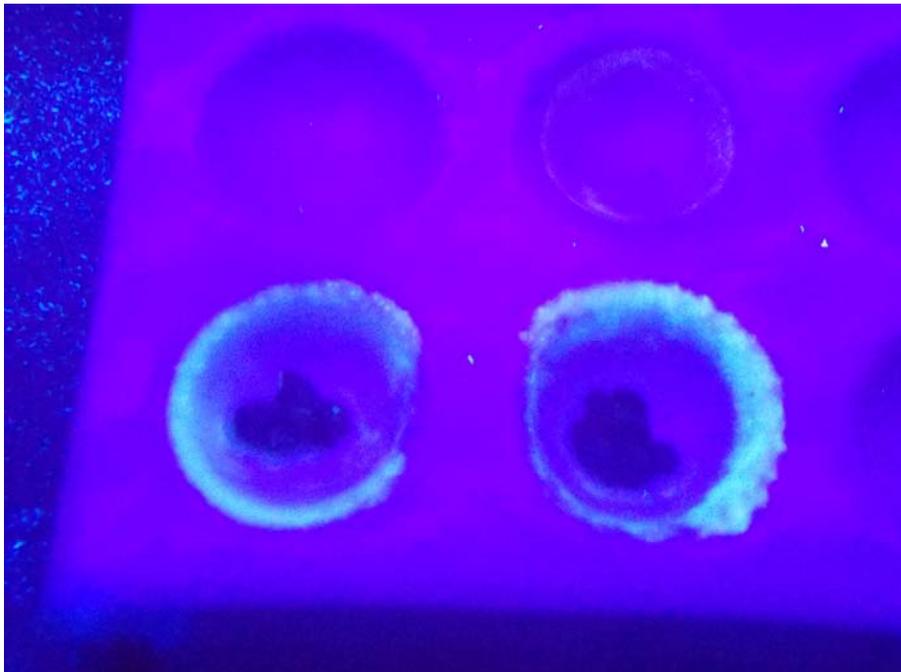
**Figure 3 – Photo of blooming, milky and streaming cuts from the oil bearing Barney Creek Shale, 434 m.**



**Figure 4 – Photo of 2-1/2" core sample with live oil shows at 535 m.**



**Figure 5 – Photo of dull-to-bright golden yellow oil florescence in Barney Creek Shale source rock, 643m.**



**Figure 6 – Photo of residual ring cuts from oil-bearing Barney Creek Shale source rock, 696m.**



**Figure 7 – Core photo of organic rich oil-bearing Barney Creek Shale source rock, 710m.**

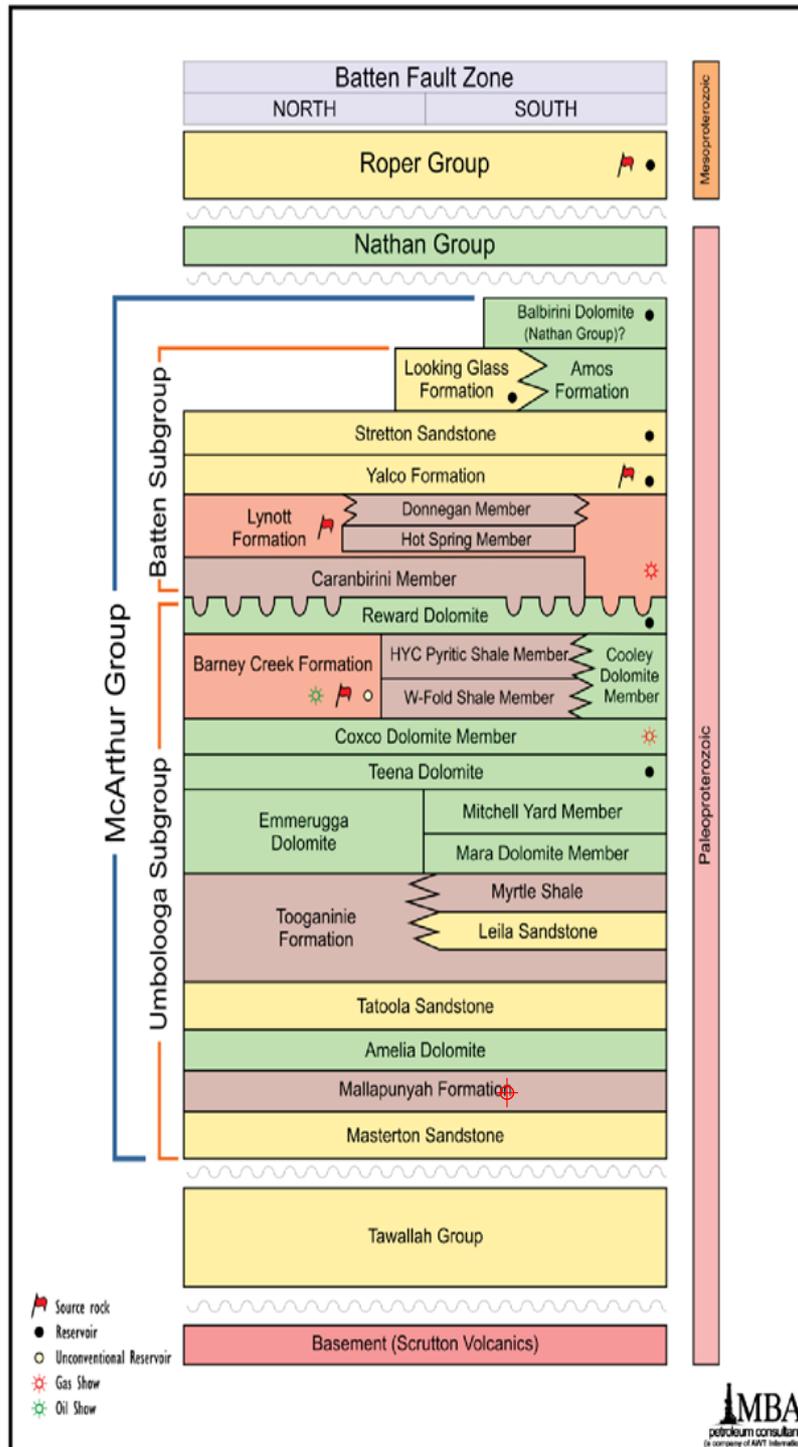


Figure 8 – Stratigraphic Column for the Batten Trough with oil and gas prone formations.



On behalf of the board  
Karl Schlobohm  
Company Secretary

*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. The 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).*

### **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](http://www.armourenergy.com.au)