

Armour Energy Limited

23 October 2013

Well Update – Oil and Gas Shows in Lamont Pass 3, Northern Territory

HIGHLIGHTS

- **Lamont Pass 3 has encountered oil shows and background and connection gases at various intervals.**
- **Live oil has been penetrated in fractures at a depth of 535 metres.**

The Directors of Armour Energy are pleased to provide the following update on the Lamont Pass 3 vertical exploration well. The well is testing multiple targets from a single vertical well in the Glyde Sub-basin of the McArthur Basin. 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 1).

While drilling on air at 260 metres, the Company first noted gas and associated oil indications with minor fluorescence and hydrocarbon cut. Prior to setting casing at 304 meters, significant connection gases were reported, up to 25 times the background gas levels.

Core drilling then proceeded through the Lower Lynott formation. Hydrocarbon cut and fluorescence continued to be observed between 391 and 534 metres with a number of core sections taken and preserved for further analyses.

At a depth of 535 metres the well penetrated live oil in fractures (Figure 2) and continued to encounter minor shows of background gas. Core samples of the oil zone were taken for further lab analysis. The well is currently at a depth of 550 metres and continuing to core towards further targets.

The Lamont Pass structure is one of twenty-three (23) targeted areas holding 264 Bscf Mean Prospective Resources (unrisked) within the Coxco Dolomit Formation, as assessed by DeGolyer and MacNaughton (D&M). In addition, MBA Petroleum Consultants has made a Mean Prospective Resource estimate of 18.8 Tscf of gas and 2.2 billion barrels (Bbbl) of liquids in the Barney Creek Shale in EP171 and EP176.

In 1982 Amoco drilled the 82-6 core well, 5km northwest of Lamont Pass 3, and reached a total depth of 300 metres not penetrating the Barney Creek Shale. This well reported up to 7% total organic content (TOC) with bitumen lined vugs and residual oil shows. 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. 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 (Figure 3).



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 for Ep 171 and EP 176 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).

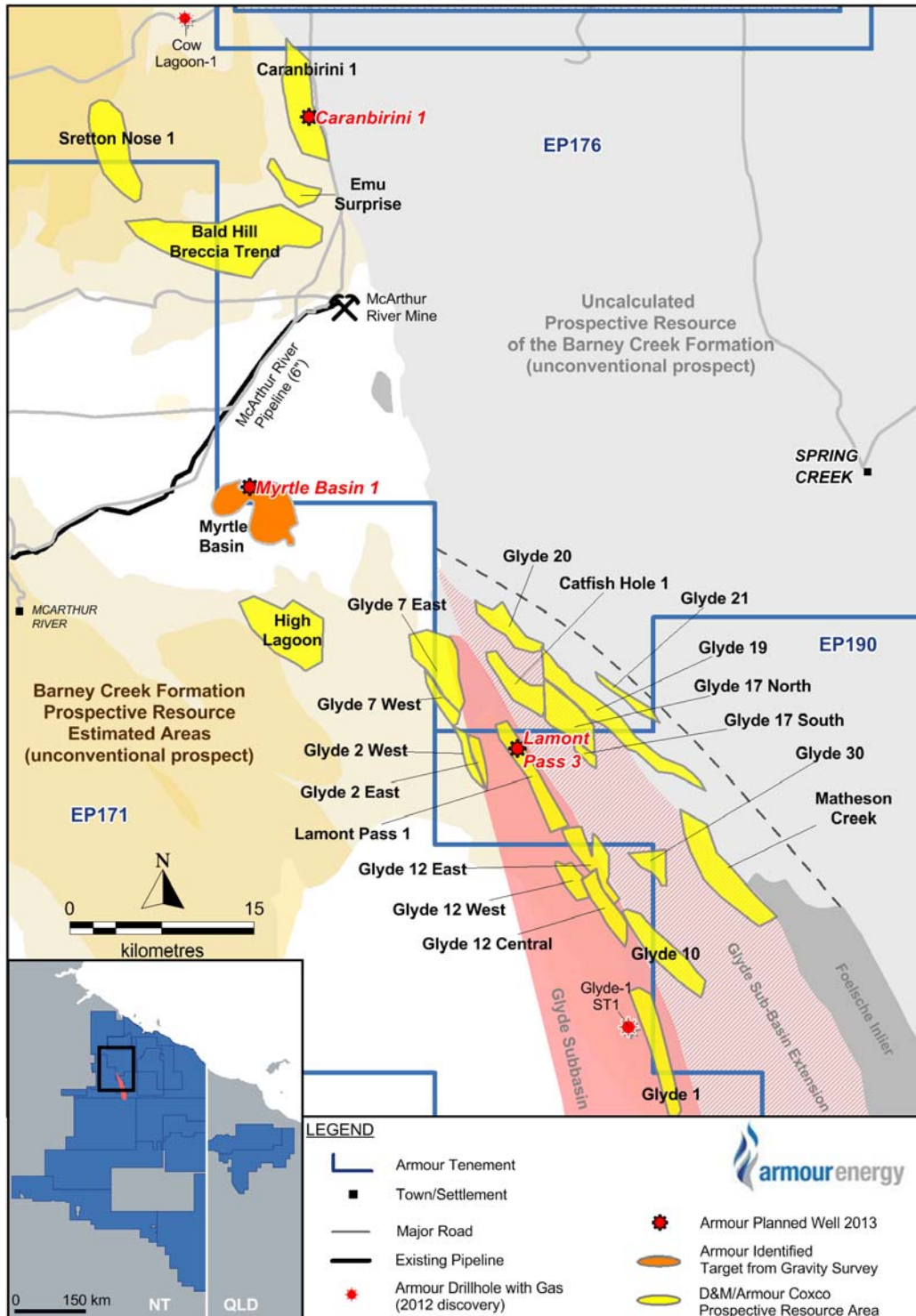


Figure 1 – Myrtle Sub-basin and Glyde Sub-basin location map.



Figure 2 – Photos of 2-1/2” core sample taken from Lamont Pass 3 with live oil shows.

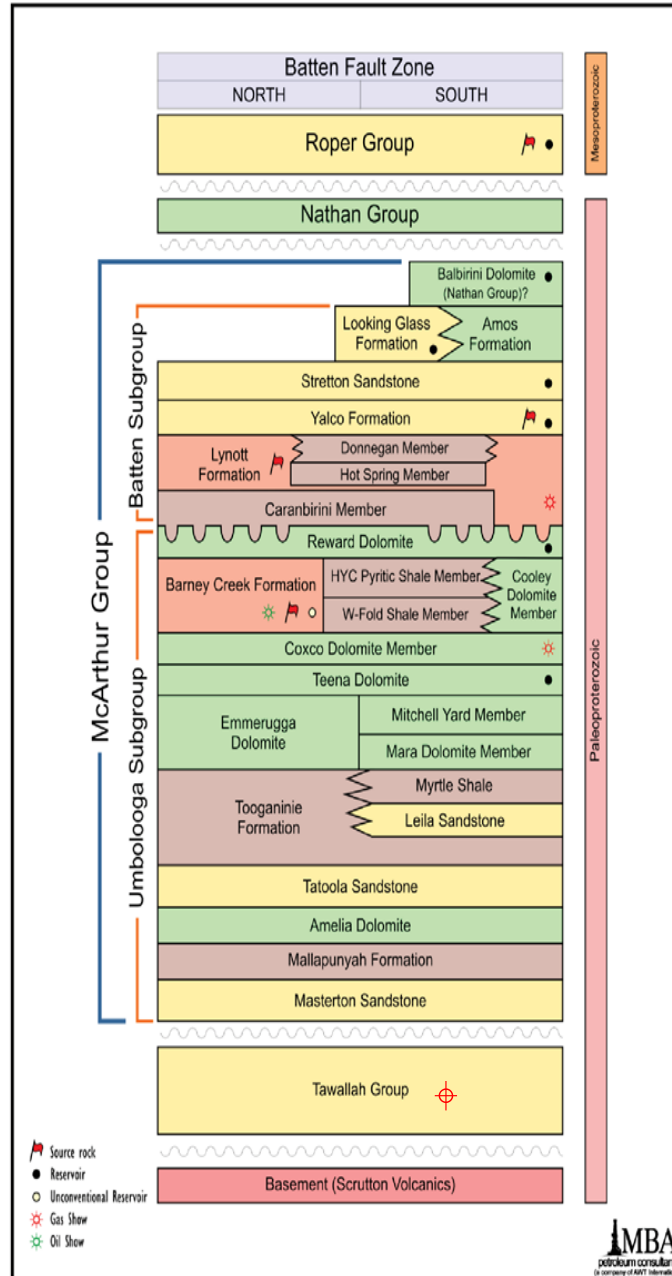


Figure 3 – Stratigraphic Column for the Batten Trough with oil and gas shows.



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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