



## Armour Energy Limited

29 September 2014

### Gas Flow from Egilabria 2 Shale Gas Well (ATP1087)

#### Highlights:

- **Egilabria 2 has now started to continuously flow gas through the test separator with intermittent flaring.**
- **Gas pressure in the annulus has increased to 630psi over a 7 day period.**
- **57% of stimulation fluids from the well have now been recovered.**

The Board of Armour Energy Ltd (Armour, ASX:AJQ) is pleased to advise that the Egilabria 2 well has started to continuously flow gas through the test separator during the flowback recovery process. Continuous flow is being observed with intermittent flaring. However, Armour has not yet measured the flow rate. The Company expects to begin flowing annulus gas through the separator in order to measure a stabilized flowrate by the end of the coming week, which is then expected to further increase as more stimulation fluids are recovered.

The Egilabria 2 well is located in ATP1087 in North-West Queensland, 300km north of Mt Isa and is 100% owned and operated by Armour.

The well is currently flowing back a mixture of stimulation fluids and gas via a downhole PCP pump through the tubing. The annulus is accessible for pressure and fluid level measurements but has been shut in. The annulus pressure at surface has increased to 630psi over a 7 day period whilst the Company is pumping fluid through the tubing. The pressure in the annulus is building at rate of 4 -7 psi per hour.

The start of continuous gas flow followed 8 days of fluid pumping of up to 122 barrels per day. To date 57% of the original 11,400 bbls stimulation fluids that were originally pumped into the well have been flowed back. This is an increase of 12% since the flowback was recommenced earlier this month. Flowback fluid samples have been taken and are currently being analysed.

The Lawn Shale is present in Egilabria 2 between depths of 1,583 and 1,720 metres, at 137m thick, and hosts up to 8% Total Organic Content (TOC). During the drilling of the well, significant gas shows and flares were encountered between 425 and 1,870 metres vertical depth. Analysis of the hydraulic stimulation undertaken in the lateral well, drilled from 1,300m depth during 2013, shows that a single zone accepted the highest volumes of larger sized proppant (used to create and hold open a conductive hydraulic fracture). It is therefore expected that the majority of the returning fluid and gas flow will be coming from this single zone.



Armour's drilling activities in 2013 included the drilling of the Egilabria 4 well, approximately 7.5kms to the north which also tested both the Lawn and the deeper, larger Riversleigh Shale Formation 250m thick. TOC contents in the Riversleigh shale were up to 11%. Gas shows were registered against both the Lawn and Riversleigh Shales in Egilabria 4.

The flow test results to date from Egilabria 2 are considered to be very encouraging and substantiate the potential for economic gas flows from successfully stimulated gas wells in the Lawn Shale in the forthcoming programs. The Company will continue to provide further updates as the testing program continues.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", is positioned above the typed name.

On behalf of the board  
Karl Schlobohm  
Company Secretary

**For further information contact:**

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**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.

Further information regarding Armour Energy Limited is available on Armour's website at [www.armourenergy.com.au](http://www.armourenergy.com.au)