



Armour Energy Limited

15 January 2015

Armour Energy Increases Queensland Tenement Position

The Directors of Armour Energy Limited (ASX: AJQ) (the **Company**) are pleased to advise that the Company has been successful in its tender for Queensland Petroleum Land Releases (PLR) 2014-1-2 and 2014-1-3, which are located to the southwest of the Company's existing Queensland tenement position ATP 1087 and ATP(A)1107 (see Figure 1 location map).

Armour Energy CEO Mr Robbert de Weijer said "being awarded preferred tenderer status for these new tenements is an exciting development for the Company as it increases the Company's exposure to the South Nicholson Basin and in particular the highly prospective Lawn and Riversleigh Shale Formations. The two tenements increase Armour Energy's acreage position by about 5,400 km² (1.3 million acres)".

From work done to date in its existing permits, Armour believes that prospective Isa Super-Basin sediments continue to the southwest, underlie both PLR 2014-1-2 and PLR 2014-1-3 and continue westward into the Company's Northern Territory tenements. Both the Lawn Shale and Riversleigh Shales are believed to be present. There are various synergies that exist in developing gas resources in ATP 1087 and ATP(A) 1107 and potential resources within PLR 2014-1-2 and PLR 2014-1-3.

Third party independent certifier SRK Consulting estimates Contingent Resources relating to the Lawn Hill Shale Formation in the Egilabria 2 well of 364BCF 3C; 154BCF 2C; 33BCF 1C. This relates to an area of just 64km² around Egilabria 2 (SRK Consulting, July 2014). The Lawn Shale fairway is estimated to be at least 1,500km².

Native Title Agreements and relevant environmental clearances will be required before Armour Energy can be granted an exploration permit over the preferred tender areas.

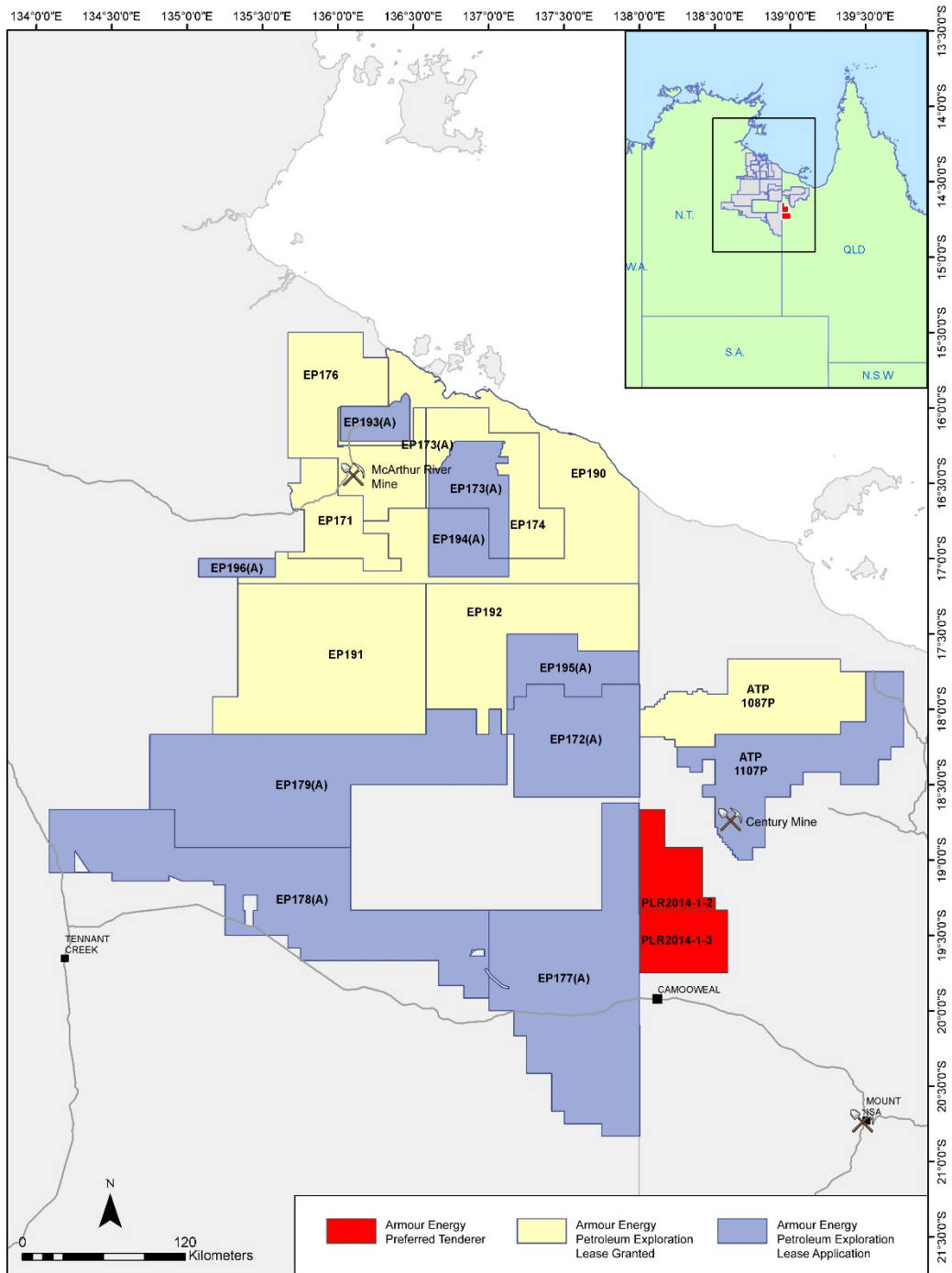


Figure 1: Location Map – PLR 2014-1-2 and 2014-1-3 in Queensland



On behalf of the Board
Karl Schlobohm - Company Secretary

Competent Person's Statement

The resources information in this ASX release is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Dr Bruce McConachie. Dr McConachie is a Principal Consultant of SRK Consulting (Australasia) Pty Ltd and has a PhD (Geology) from QUT and is a member of AusIMM, AAPG, PESA and SPE. The resources information in this ASX announcement was issued with the prior written consent of Dr McConachie in the form and context in which it appears. Resource estimations were prepared by SRK Consulting in accordance with the definitions and guidelines of the 2007 Petroleum Resources Management System (SPE, 2007). Additionally, the PMRS Guidelines 2011 were used to distinguish the Contingent Resources from quantities that should be classified as Unrecoverable. The SRK Consulting report documents the probabilistic methodology used to estimate the Contingent Resources.

It should be noted that the estimated quantities of petroleum that may potentially be recovered by the application of a future development project relates to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

All contingent and prospective resources are 100% to Armour Energy Limited.

For further information contact:

Robbert de Weijer – CEO
07 – 3303 0620

Karl Schlobohm – Company Secretary
07-3303 0661



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