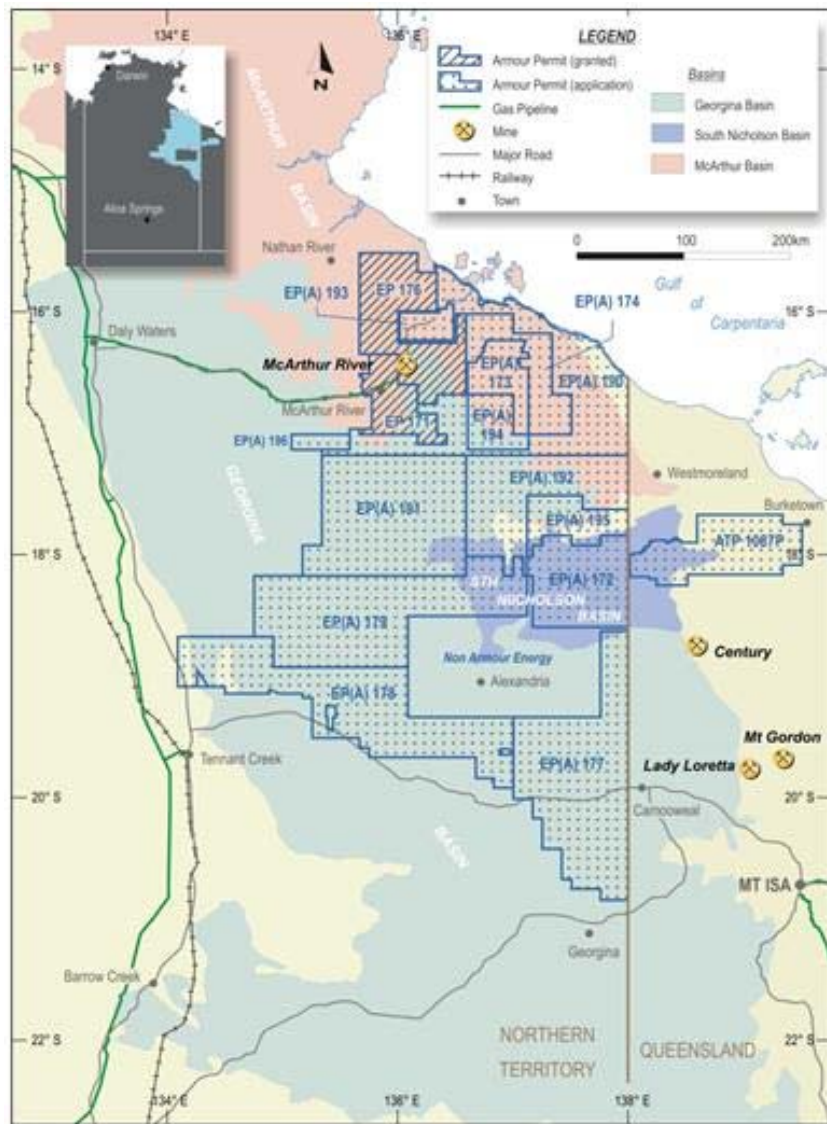


**Armour Energy Limited**  
**Northern Territory Operations Update**  
**8 May 2012**

The Directors of Armour Energy Limited (ASX: AJQ) (the **Company**) wish to advise an update on the Company's exploration activities on EP 171 and EP176 in the Northern Territory (Figures 1 and 2).



**Figure 1: Armour Permits in Northern Australia**

### Drilling – Cow Lagoon #1 Well to spud Wednesday 9th May

All equipment is now on site and being assembled in preparation for the drilling of the Cow Lagoon #1 well (Figure 3). It is expected this well will spud on Wednesday 9<sup>th</sup> May.

The Cow Lagoon #1 well is located on a four way closure anticline defined by surface mapping. The site is also traversed by an existing 2D seismic line (Figure 2). The well with a planned depth of approximately 850m will target the Barney Creek Shale as an unconventional source of hydrocarbons. The well will also test the hydrocarbon bearing potential of the overlying Reward and underlying Coxco Dolomites (Figure 4). The program will include coring to test gas and liquids content and provide a comprehensive analysis of the Barney Creek Shale in this depth range.

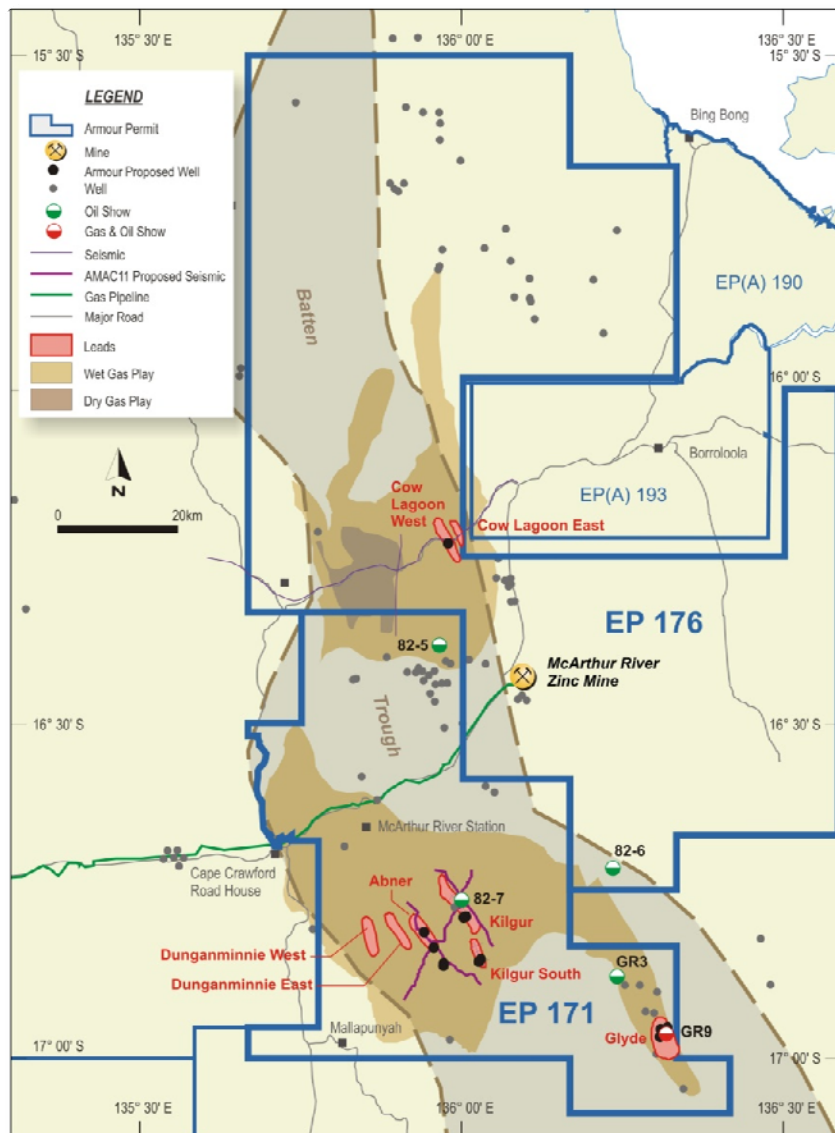


Figure 2: Identified leads in EP 171 and EP 176, Northern Territory



**Figure 3: Drilling Rig on Cow Lagoon #1 Well**

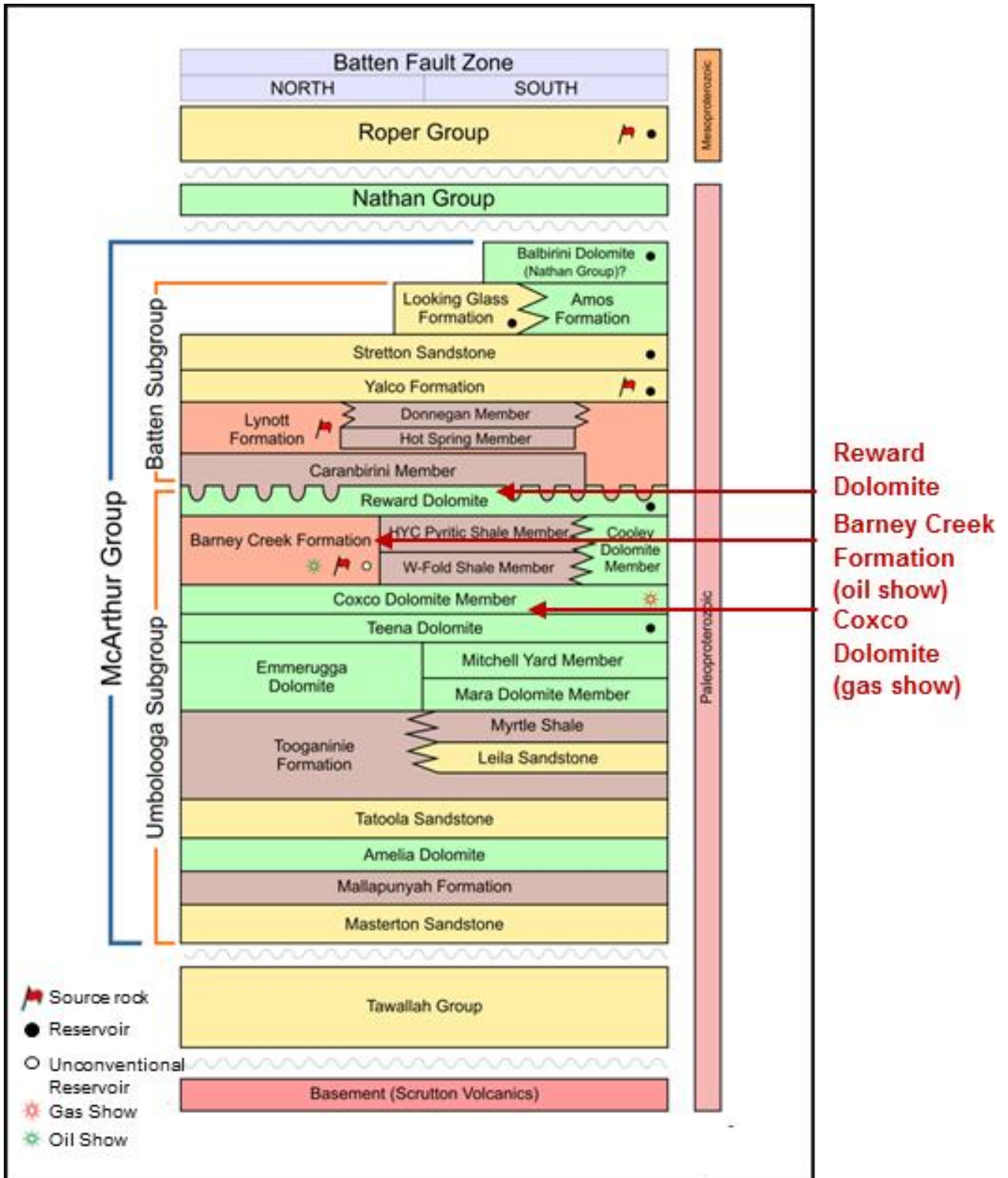


Figure 4: Stratigraphic table of the McArthur Basin

### Seismic Update

The Seismic acquisition program planned around the Abner Range area in EP171 has now been completed by Geokinetics (Australasia) Pty Ltd who have demobilised from site. Initial field interpretations show good data integrity to sufficient depth and access any structural closures in the prospective sedimentary packages. Further seismic processing and interpretation is now being progressed.

A total of 56km of 2D seismic acquisition was completed across 12 days of acquisition (Figure 5). The completed work provides the required coverage of the area including the Kilgour North, Kilgour South and Abner anticlines. These anticlines are surface defined and indicate four-way closure on either side of the Abner Range. The seismic interpretations will further define these highly prospective targets.

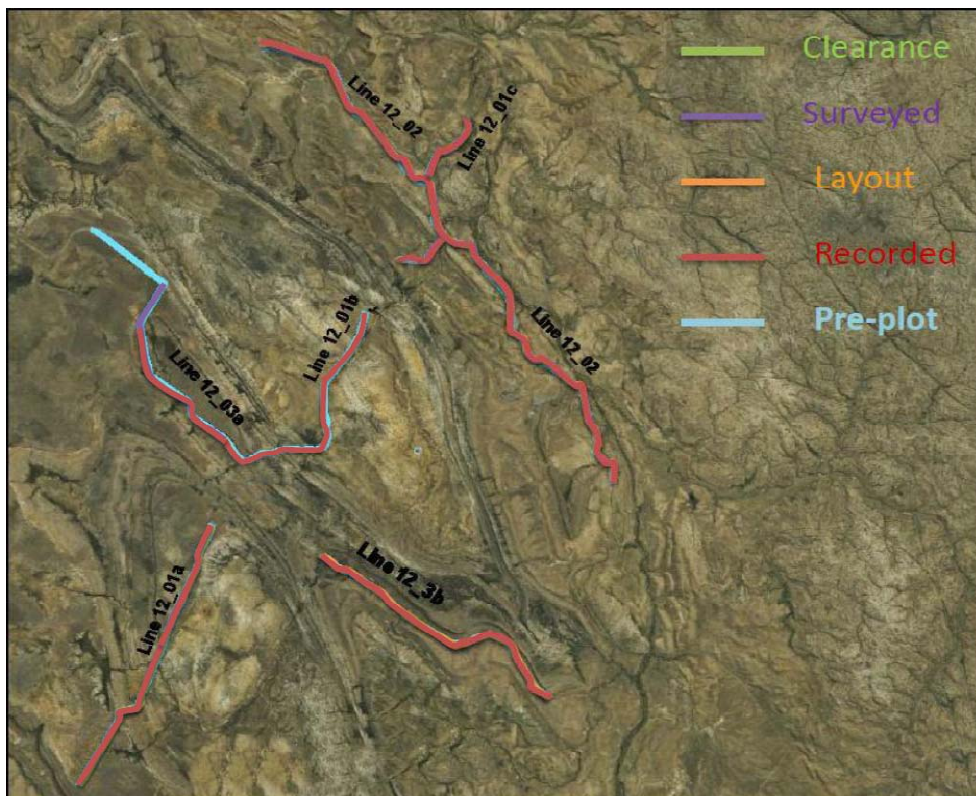


Figure 5: Seismic acquisition lines around Abner Range – completed lines shown in red

### Site Preparation – Kilgour North #1 Well

Approximately 70km to the south of Cow Lagoon #1, site preparation has commenced for the Kilgour North #1 well located to the east of the Abner Range in EP171 on the prospective Kilgour North Anticline (Figure 2).

This well is expected to spud in the 4<sup>th</sup> week of May with a planned depth of approximately 1800m. The well will target the Reward Dolomite, Barney Creek Shale and Coxco Dolomite to provide evaluation of both the conventional and unconventional hydrocarbon potential of these formations at this depth range. The Yalco and Lynott formations have also previously reported petroleum shown in the licence area and constitute a secondary target (Figure 4).

### Site Preparation – Glyde #1 Well

Approximately 40km to the southeast of the Kilgour North #1 well site roadwork is progressing to establish access to the planned Glyde #1 well (Figure 2). This well will be drilled within close proximity of the Amoco Minerals Glyde River well that sustained a free flow of gas from the Coxco Dolomite (Figure 4) from a depth of 500m, during a 1979 zinc exploration program.

It is expected that the Glyde #1 well will spud in the 3<sup>rd</sup> week of June.

### Further Planned Wells

Planning is also being progressed for the preparation of the Abner #1, Batten Creek #1 and McArthur River #1 wells that will progress in sequence after drilling of the Glyde #1 well (Figure 2). These three wells are planned at approximately 2000m depth will all target the Reward Dolomite, Barney Creek Formation and Coxco Dolomite; and the secondary targets in the Yalco and Lynott formations (Figure 4). They are scheduled to be drilled during July, August and early September.

These wells will provide sufficient spatial distribution of wells across the exploration area within EP171 and EP176 to provide a regional understanding of the conventional and unconventional hydrocarbon resource potential, and progress towards resource definition statements.



On behalf of the board  
Karl Schlobohm  
Company Secretary

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