

## Armour Energy Limited

26 August 2013

### ATP 1087 Well Update

#### Highlights:

- **Egilabria 4 vertical well spudded on Saturday 22nd August to target multiple plays.**
- **Egilabria 2 Readied for Hydraulic Stimulation.**

The Directors of Armour Energy Ltd (ASX: AJQ) wish to advise that the drilling rig has moved from Egilabria 2 to its new location. The Egilabria 4 well, in the Company's 100% owned ATP 1087 in Queensland, was spudded on Saturday, 22 August 2013. The well is located as shown in **Figure 1**.

The Egilabria 4 vertical well will be drilled to a planned depth of 1,800m targeting multiple plays— the Lawn and Riversleigh Shales as well as the basal Jurassic sands of the Carpentaria Basin (**Figure 2**). The Lawn Supersequence in ATP 1087 was previously assessed by the Company's independent geological consultant (MBA Petroleum Consultants) to host Mean Prospective Resources of 22.5 TCF of gas.

No resource assessment has been completed for the Riversleigh Shale, potentially adding significant upside to the prospectivity of ATP 1087. The upcoming Egilabria 4 drilling results combined with the airborne geophysical survey results (**Figure 3**), and the gas shows at the 1990s Comalco Argyle Creek 1 and Desert Creek 1 wells (**Figure 4**) in the Riversleigh Shale will amass a data set targeting a Prospective Resource Area up to 18 TCF of contained gas, based on the Company's previously announced in-house review of ATP 1087.

Armour previously announced that it had also identified potential for the entrapment of oil and gas accumulations in the basal Jurassic sands of the Carpentaria Basin where that sand unit is overlaid by the Proterozoic rock units of the Lawn and Riversleigh Shales. The Company commissioned reprocessing of existing seismic data gathered by Comalco in 1990s, and has now identified numerous leads in addition to Egilabria 4 that have the potential to host hydrocarbon accumulations (**Figure 5**).

Egilabria 2 is being prepared for the hydraulic stimulation. Following successful logging operations, equipment is in the process of being mobilized and an 8-stage hydraulic stimulation is planned within the next 2 weeks. This will be followed by a production test.

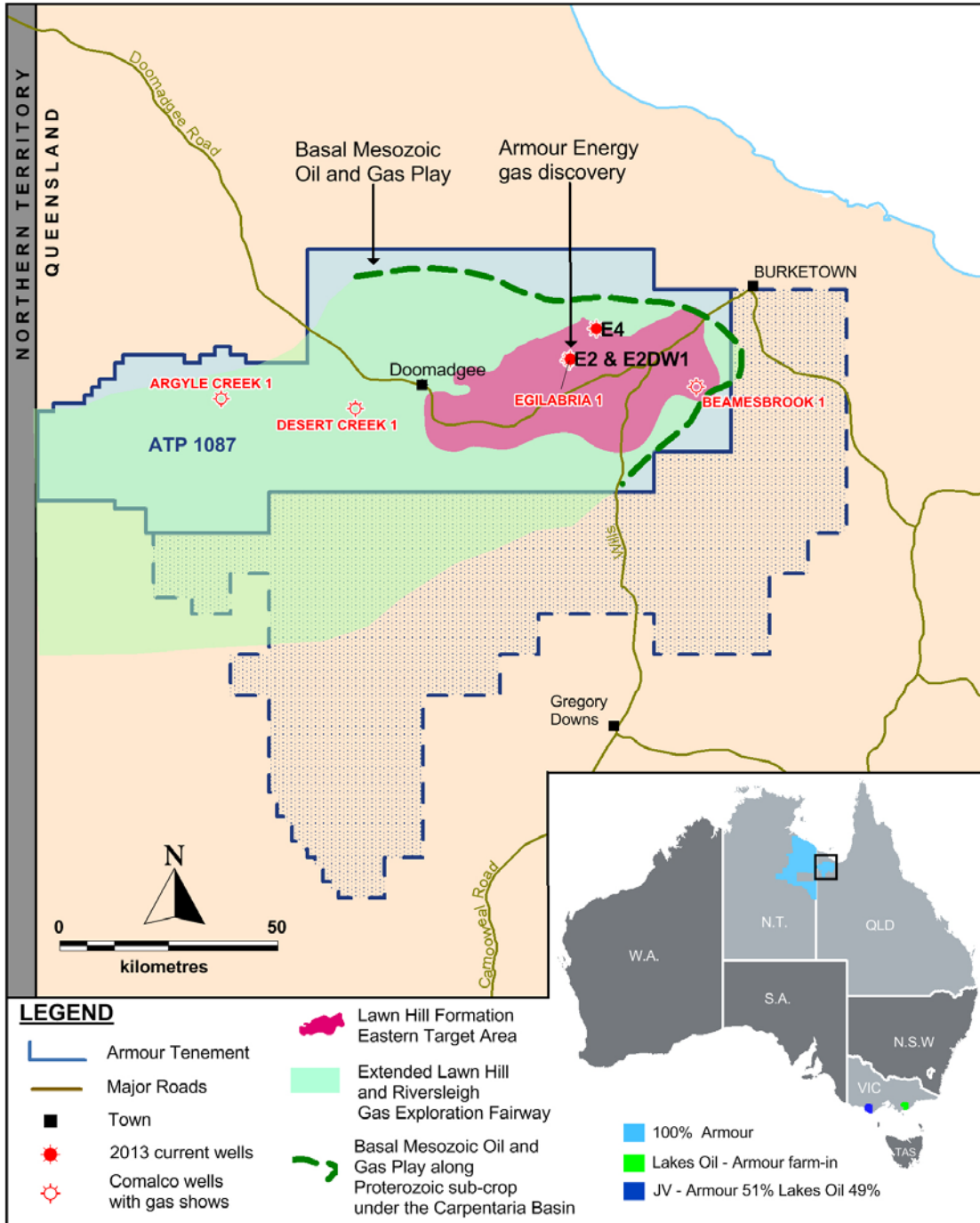
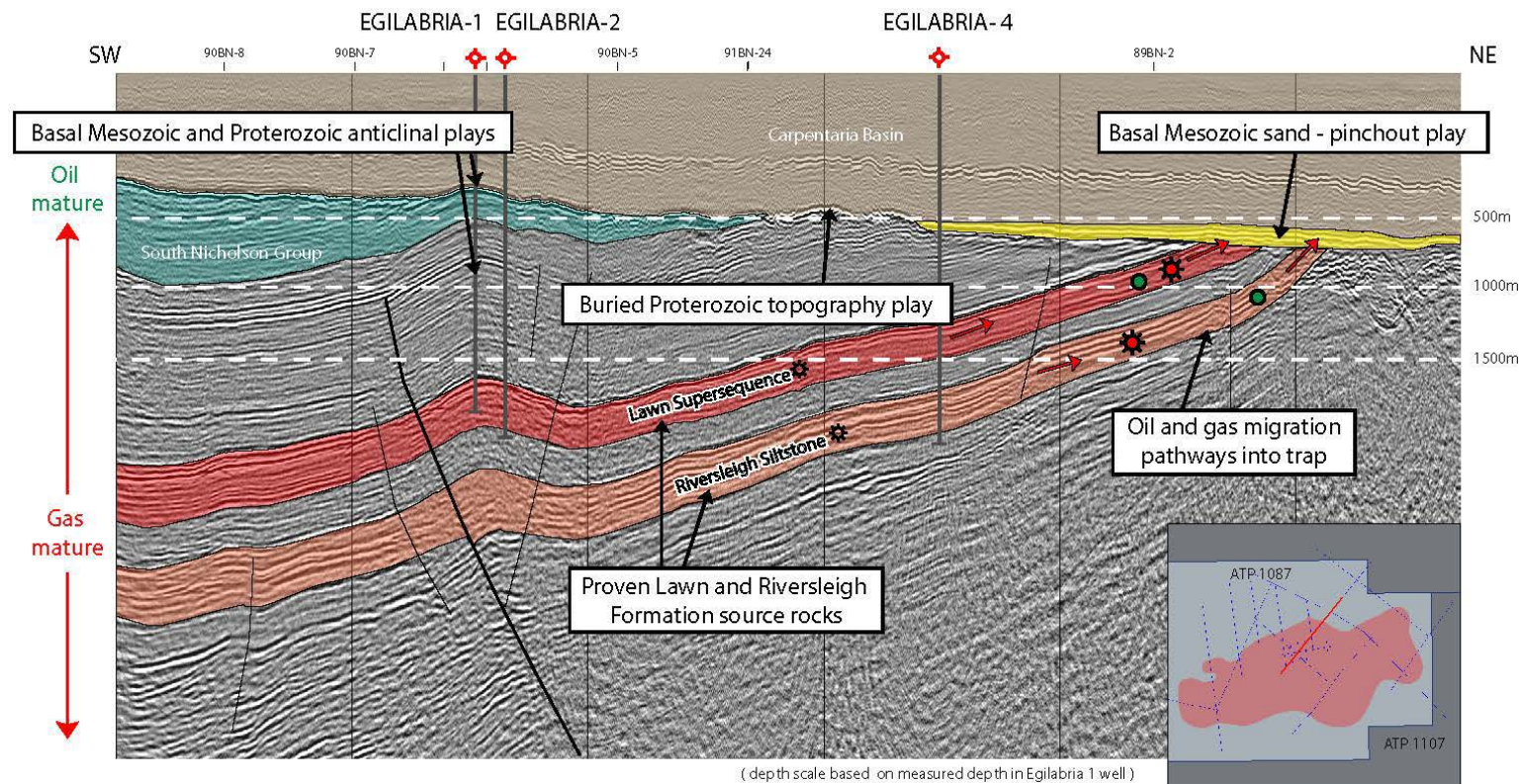
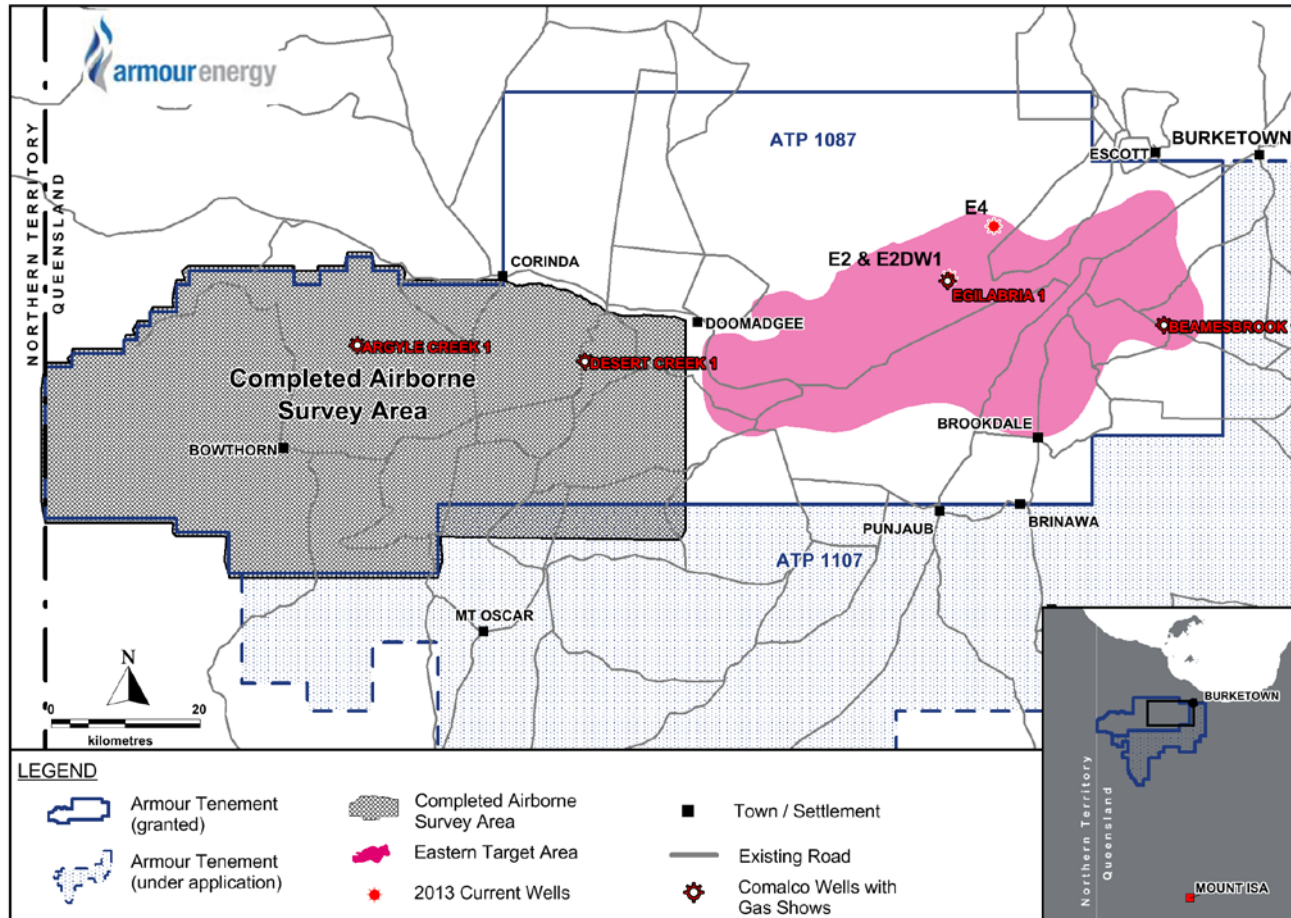


Figure 1: Location of Egilabria 4 well site within ATP 1087, Queensland.

### Interpreted Seismic Section of Line 89BN-6 Showing Four Conventional Play Types



**Figure 2: Interpreted seismic section 89BN-6 showing conceptual oil and gas play within Basal Jurassic sand, sourced from Proterozoic Lawn Hill and Riversleigh source rocks.**



**Figure 3: Area of completed airborne survey in Armour's 100% owned ATP 1087 in relation to wells drilled by Comalco in the 1990s and Armour Energy's 2013 wells E2, E2DW1 and E4.**

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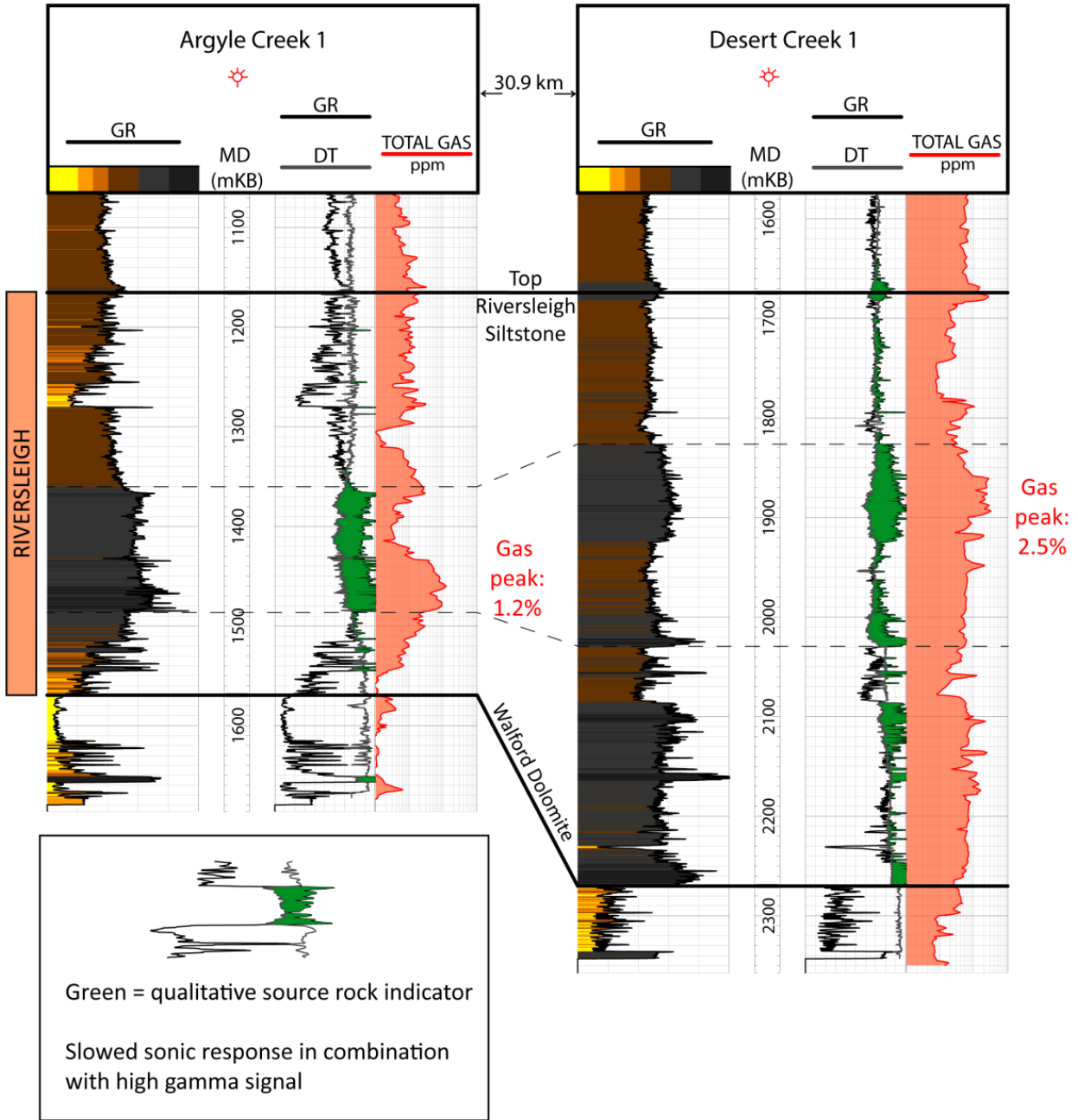


Figure 4: Stratigraphic section of the Riversleigh Formation pay zone in ATP 1087. Source rock in the Riversleigh Shale is indicated by green shading. Gas kicks up to 2.5% were observed in Desert Creek1.

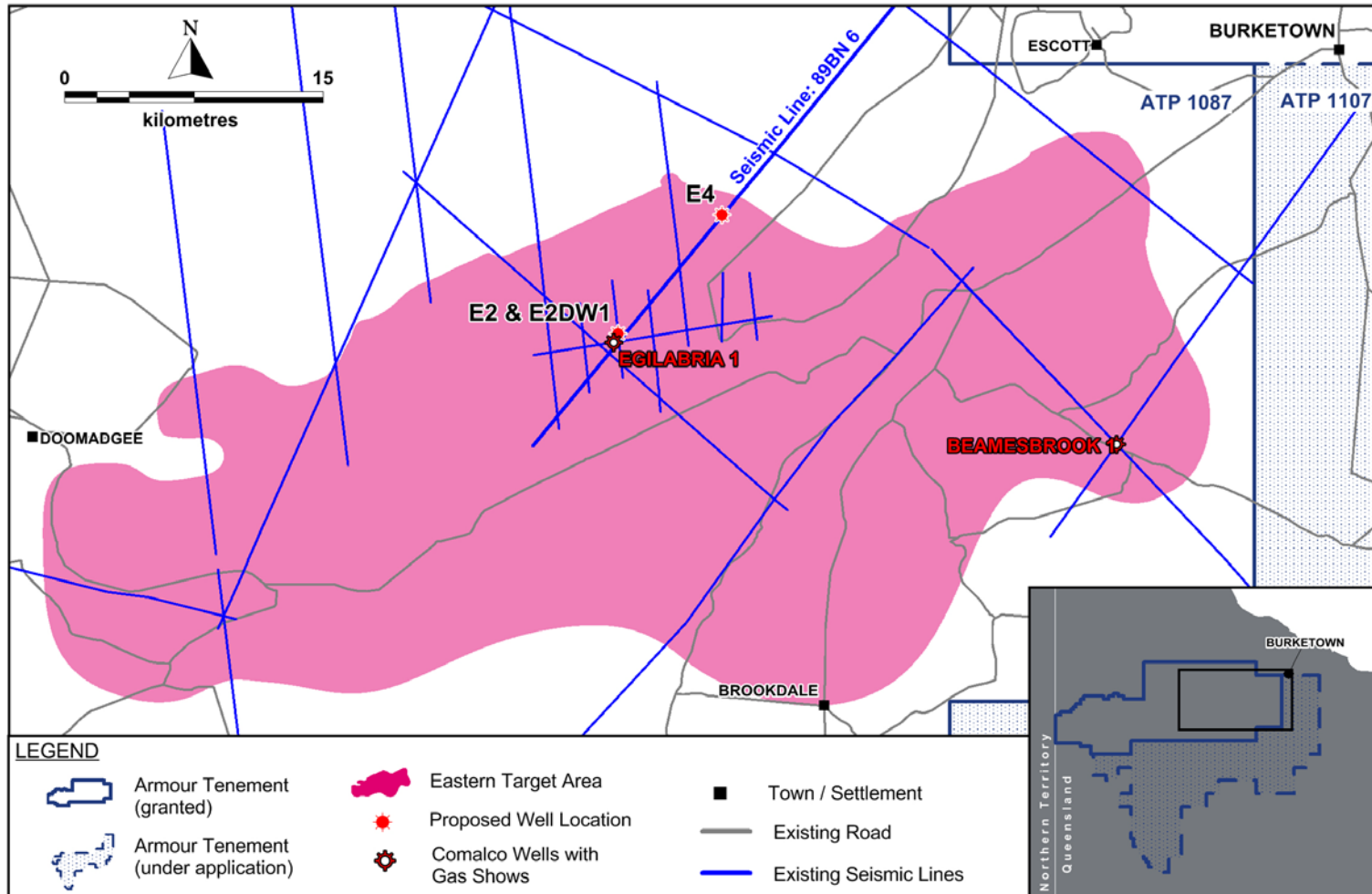


Figure 5: Location of existing seismic lines and seismic line 89BN-6 shown in a crosssection in Figure 2.

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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

The resource estimates used in this announcement were, where indicated, 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 hydrocarbon province in northern Australia which was first discovered in the early 1990s. This region has only recently had its shale potential identified by Armour Energy. Today's business environment with strong domestic and global demand for gas, gas prices trending towards LNG netback combined with proven shale extraction technologies and world class personnel, provides the Company with an extraordinary opportunity to define and ultimately develop a major new gas province.

Armour Energy's permit areas in northern Australia, which are all 100% owned, are characterised by low population densities, cooperative stakeholders and a natural environment suited to the exploration and development of a major future hydrocarbon province.

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 experienced Board of the Company includes four past Directors of Arrow Energy. The Company's technical and commercial team includes a range of industry experts and seasoned professionals who have been selected to help transform Armour Energy into a significant gas exploration and development company.

In its 2012 exploration program, Armour Energy encountered gas in the first two of its Northern Territory project areas, with both conventional and unconventional gas shows and flows encountered. The Glyde 1 well, which was drilled with an unfracted lateral, flowed at 3.3 million standard cubic feet per day during flow testing.

The Company has identified an independently certified prospective recoverable resource of 22 TCF of gas in the Lawn Shale within ATP 1087. An additional 18 TCF of conventional and unconventional targets have been identified by Armour in the overlying Carpentaria Basin and underlying Riverslea Shale

In June 2013, Armour Energy entered into a Heads of Agreement with APA to work towards transportation of up to 330 Petajoules a year of gas in the existing upgraded and future APA pipeline network to undersupplied coastal Queensland LNG and Sydney markets.

See [www.armourenergy.com.au](http://www.armourenergy.com.au) for more information.

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