



Armour Energy Limited

18 January 2016

Corporate Update

The Board of Directors of Armour Energy Limited (ASX: AJQ) are pleased to provide the market with the following corporate update.

Partial Takeover Bid by AEGP Australia Pty Ltd

The offer made to Armour shareholders by AEGP Australia Pty Ltd (**AEGP Australia** owned by American Energy Partners) to acquire 13.62% of their shares closed at 7pm (Sydney time) on 12 January 2016 (**Offer**). The offer was not conditional on the outcome of the Farm-out Transaction, the status of which will be dealt with in a separate release.

Shareholders who accepted the Offer can expect to be paid for their shares on or before 2 February 2016.

Roma Shelf Acquisition - DGR Global Loan Facility

Further to the previous ASX releases made in relation to the interim financing arrangements for Armour's acquisition of the Roma Shelf assets, the Company wishes to advise that following the closure of the Partial Takeover bid by AEGP Australia, the bridging loan facility offered by DGR Global Ltd has now been secured under documents executed between the parties. Accordingly the interest rate applicable to the bridging loan facility has now been reduced from 22% to 15% per annum.

The DGR Global facility is available to Armour until 31 March 2016 (the **Maturity Date**). Armour, at its election, can further extend the term of the facility for 12 months from the Maturity Date, only on the basis that it provides the following:

- (a) a first ranking security and mortgage over unsecured Surat Basin Assets and a fixed and floating charge over the assets of Armour and subsidiaries and the assets of those subsidiaries (which has now been done);
- (b) the grant of a 0.5 per cent gross sales royalty over production from the Surat Basin Assets;
- (c) the grant of 50,000,000 options (which would be exercisable at 150% of Armour's closing share price immediately prior to grant, for a period of 2 years from the Maturity Date); and
- (d) a right to convert no more than 50% of any part of the drawn part of the facility to share equity in Armour at any time, at 90% of the preceding 10 day volume weighted average in accordance with the provisions of the Corporations Law and ASX Listing Rules but subject to Armour having a right if conversion is requested to repay the funding early.

Armour Energy continues to progress negotiations with other potential third-party / commercial financiers in relation to the Roma Shelf asset package. Furthermore, should the Northern Territory Farm-out transaction with AEGP Australia proceed, Armour Energy will receive substantial capital injections of approximately \$21 million.



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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