

Armour Energy Limited

15 July 2016

Queensland Supreme Court Delivers Judgment in Favour of Armour in Respect of Northern Territory Farm-out Agreement

Further to:

- Armour Energy Limited's (**Armour**; ASX: AJQ) announcements of 18 January, 29 January and 4 February 2016 in relation to the proceedings instituted by AEGP Australia Pty Ltd (**AEGP**) in the Supreme Court of Queensland (**Proceedings**); and
- the issue by Armour of a Notice to Complete to AEGP in respect of a farm-out agreement entered into on 11 September 2015 (**Farm-out Agreement**) requiring completion by AEGP to take place on 2 February 2016,

Armour wishes to provide the following update.

Yesterday the Supreme Court delivered a judgment in favour of Armour ordering that the Farm-Out Agreement should be specifically performed.

As previously advised, Armour considered that all of the conditions precedent relating to the Northern Territory tenements the subject of the Farm-Out Agreement with AEGP had been satisfied.

On 29 January 2016, Armour issued a Notice to Complete to AEGP requiring completion to take place on 2 February 2016. AEGP failed to complete on 2 February 2016. Consequently, Armour sought specific performance of the Farm-out Agreement.

Armour instituted separate proceedings in the Supreme Court of Queensland seeking:

1. a declaration that the Farm-out Agreement should be completed and specifically performed;
2. an order that the Farm-out Agreement be specifically performed;
3. alternatively, a declaration that Armour has used all reasonable endeavours to ensure that the relevant condition as to the assignment of all relevant native title agreements by Armour to AEGP, has been satisfied as expeditiously as possible, and before the relevant deadline in the Farm-out Agreement; and
4. alternatively, a declaration that Armour is entitled to terminate the Farm-out Agreement.



The claims of both AEGP and Armour were heard from 16 – 18 March 2016, and yesterday the Supreme Court delivered a judgment in favour of Armour ordering that the Farm-Out Agreement should be specifically performed. AEGP is now required to complete the Farm-out Agreement. If AEGP complies with the order for specific performance under the Farm-out Agreement, at completion AEGP is required to make payment to Armour of USD13 million, and subscribe for 16,888,502 shares in Armour at 20c per share for a share subscription amount totalling AUD3.37 million.

As part of its submission to the Court, AEGP had sought, amongst other things, a declaration that Armour had no right to terminate, or to seek to terminate, the Farm Out Agreement. The Court made no such ruling, essentially preserving Armour's termination rights.

Armour will be seeking that its legal costs in relation to the proceedings be paid by AEGP.

Armour will update the market with any further developments as they occur.

A handwritten signature in blue ink, appearing to read "K. Schlobohm", with a long horizontal flourish extending to the right.

On behalf of the Board
Karl Schlobohm
Company Secretary

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