



ASX Announcement

Armour Energy Limited

18 August 2020

Proposed Sale of Ripple Resources Pty Ltd

The Board of Directors of Armour Energy Limited (**Armour**, the Company, ASX: AJQ) is pleased to advise that a Term Sheet has been executed with public, unlisted Auburn Resources Limited (**Auburn**) for the sale of Ripple Resources Pty Ltd (**Ripple**). Ripple currently holds a number of mineral exploration tenements in Queensland and the Northern Territory considered to be prospective for lead and / or zinc.

Under the Term Sheet, in consideration for the issue of 5,600,000 fully-paid ordinary Auburn shares, Armour will transfer its legal, beneficial and unencumbered interest in 100% of the shares in Ripple to Auburn. Immediately following the transaction, Armour will hold approximately 12.5% of Auburn.

Auburn, which is currently 44% owned by DGR Global, holds interests in a range of mineral projects in Queensland and the Northern Territory prospective for copper, gold, lead, zinc, cobalt and nickel. Auburn holds an extensive lead-zinc focussed exploration position in Northern Queensland and the Northern Territory, and this is considered to be complementary to Ripple's existing tenement holdings in the same states (refer **Figures 1 and 2** below). The parties have agreed to include overlapping tenure arrangements in the formal transaction documents to ensure the Armour's rights of access and development are preserved, specifically in relation to ATP1087 in Queensland.

The proposed transaction will, on completion, provide Armour with a passive investment in a company which is currently investigating opportunities for an ASX listing event. Furthermore, the divestment will allow Armour's Board and management to focus their time, and the Company's capital, on its core oil and gas business.

Completion of the transaction is subject to a number of conditions precedent, including:

- 1) Auburn completing due diligence on Ripple to its complete satisfaction;
- 2) Armour completing due diligence on Auburn to its complete satisfaction;
- 3) both parties obtaining any necessary shareholder and / or regulatory approvals for the proposed transaction (including ASX or ASIC approvals, if required);
- 4) Ripple having clear and unencumbered title to (and having successfully renewed, except for EPM 20618, EPM 20620 and EPM 20622) the exploration permit minerals and exploration licences;
- 5) the satisfaction of all outstanding loans to the Ripple by the issues of shares in Ripple to Armour;
- 6) If necessary, the:
 - a) granting of special approval by Noteholders for the Proposed Transaction. For the purposes of this Term Sheet, the Noteholders are holders of Australian Dollar Secured Amortising Notes issued to FIIG Securities Ltd (as Lead Manager and Initial Subscriber) by Armour Energy pursuant to an Information Memorandum dated 27 March 2019 (the Notes); or
 - b) removal or release of the Exploration Permits from security perspective by the Security Trustee of the Notes.
- 7) The parties entering into formal transaction documentation.



The Board will keep shareholders and interested investors informed of further developments as this matter progresses.

This Announcement is Authorised by the Board of Directors

Karl Schlobohm
Company Secretary

Brad Lingo – CEO
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Karl Schlobohm – Company Secretary
07 3303 0661

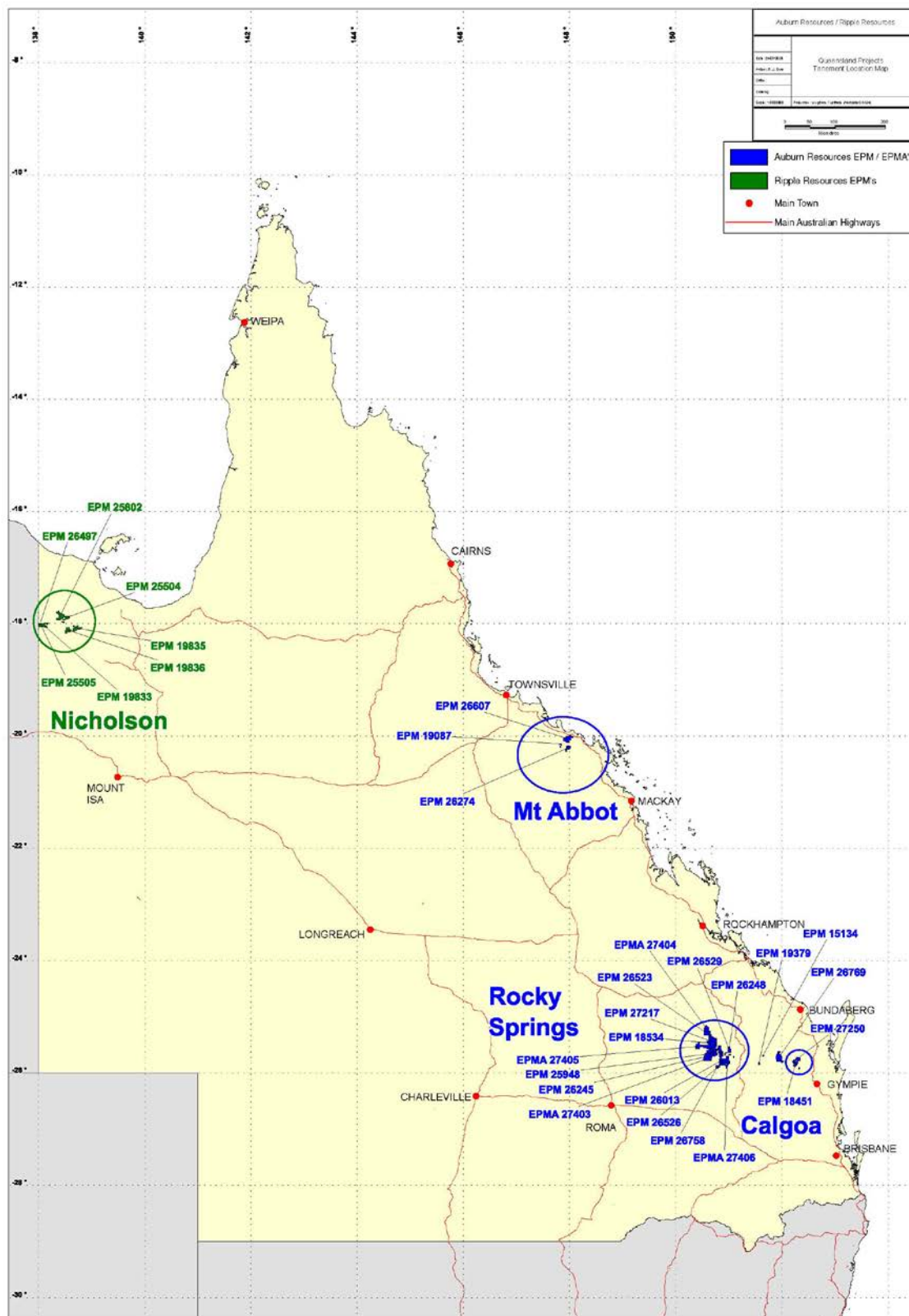


Figure 1 – Combined Queensland Tenement Position

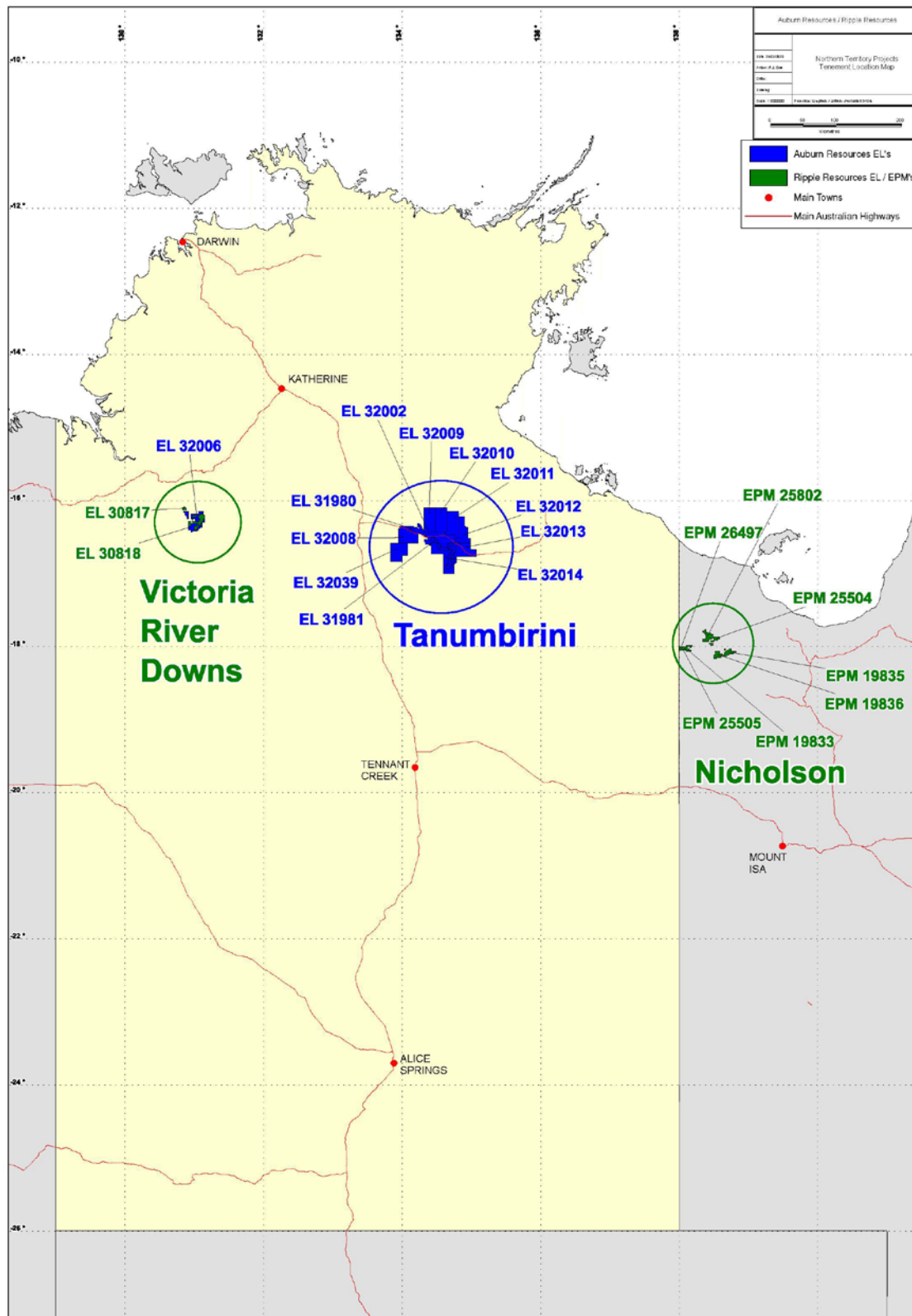


Figure 2 – Combined Northern Territory Tenement Position