

Armour Energy Limited

23 September 2015

Update on WestSide Bid

The Directors of Armour Energy Limited (Armour, the Company, ASX: AJQ) provide the following update in relation to the takeover offer made by WestSide Corporation (**Offer**).

Highlights:

- **WestSide Bidder's Statement has been dispatched to Armour shareholders.**
- **The Directors of Armour reiterate their advice to shareholders, to reject the Offer and take no action.**
- **WestSide has clarified that if Armour shareholders approve the AEP transaction then WestSide will seek to rely on the breach of the AEP Condition and seek to terminate the Offer.**
- **WestSide has not clarified its position should the AEP transaction be rejected by shareholders. The Armour Board believes this creates an unacceptable level of uncertainty in relation to the Offer. The Armour Board considers there is significantly greater value and certainty afforded at this time by the AEP transaction.**

Westside has now dispatched its Bidder's Statement in relation to the Offer. Armour shareholders will receive this document shortly.

The Directors of Armour reiterate their advice of 11 September 2015, to **reject** the Offer and **take no action** in respect of documentation received from WestSide, pending completion and dispatch of Armour's Target Statement.

Since receipt of WestSide's unsolicited conditional takeover bid on 31 August 2015, the Board has been engaged in a process to evaluate the Offer. The Board's findings will be addressed as part of Armour's Target Statement and Independent Expert Report, both of which are currently being prepared.

Armour has moved promptly to appoint the following independent advisors to assist with the Board's assessment and to opine in respect of various aspects of the Offer:

- Corporate Advisors: Morgans Corporate Limited
- Legal Advisors: HopgoodGanim Lawyers
- Independent Expert: BDO
- Technical Advisors appointed by BDO: SRK Consulting, RISC Operations

The evaluation process is currently expected to be complete on or before 7 October 2015, subject to changes beyond Armour's control.



Update on WestSide bid conditions – AEP Transaction

As announced on 11 September 2015, Armour has entered into conditional agreements with AEGP Australia Pty Ltd (**AEP**), providing for AEP to earn a 75% interest in Armour's tenements in the Northern Territory in consideration of an expenditure program of up to US\$130m over a 5 year period from the completion date.

This is in addition to upfront cash payments of US\$13m, and agreement to subscribe for 9.99% of Armour at A\$0.20 per share, a substantial premium to the price offered by WestSide.

Shareholders should note that entry into the conditional agreements with AEP, together with the proposed issue of securities contemplated by them, constitutes a breach of the Conditions of the Offer (**AEP Condition Breach**).

Armour notes that Westside has clarified its intentions in relation to the Offer, having regard to the AEP Condition Breach, in the covering ASX announcement attaching the Bidder's Statement (although not in the Bidder's Statement itself).

WestSide has now clarified that if Armour shareholders approve the AEP transaction then WestSide will, in view of the AEP Condition Breach, terminate the Offer.

Importantly however, WestSide:

- 1) has also stated that it may seek to terminate the Offer any time. That is, Westside may seek to terminate prior to the AEP transaction being considered by shareholders; and
- 2) continues to reserve the right to terminate the Offer **even if the AEP transaction is not approved by Armour shareholders**.

The board of Armour considers this reservation of rights by Westside creates a level of uncertainty for Armour shareholders that is unacceptable in the context of the Offer.

Armour provided its shareholders with an initial response by the Board of Directors of Armour in relation to the Offer on 11 September 2015, recommending that shareholders **reject the Offer and take no action in respect of documentation received from WestSide**.

The Armour Board considers there is significantly greater value and certainty afforded at this time by the AEP transaction.

Pending release of the Target's Statement, Armour urges shareholders to **reject the Offer and take no action in respect of the WestSide bid or any of the documents forwarded to Armour Shareholders by Westside**. Shareholders should not be influenced by statements in the press attributed to WestSide representatives.

A shareholder information line has been established for Armour Energy Shareholders who can call **1300 794 935** (inside Australia) and **+61 1300 794 935** (from outside Australia).



A handwritten signature in black ink, appearing to read "K. Schlobohm", is positioned above the text.

On behalf of the board
Karl Schlobohm
Company Secretary

For further information contact:

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About Armour Energy

Armour Energy Limited (ASX:AJQ) is an ASX listed junior exploration and production company 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. Its exploration tenements in Northern Australia cover an area of approximately 139,000km² or 34 million acres.

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 is focusing on the exploration of the McArthur, Isa Superbasin 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. Since IPO in 2012, Armour has spent approximately \$60 million on a small proportion of its acreage in Northern Australia.

In September 2015 Armour agreed to acquire the Roma Self project in the Surat Basin, Queensland for \$13 million from Origin Energy. The assets are strategically located connected to the Wallumbilla gas hub including valuable gas storage capacity. On completion of the acquisition, the assets will offer Armour near-term production and cash flow opportunities through production of gas, oil and liquids, representing a potentially key source of funding for Armour Energy's overall growth strategy.

As announced to the ASX on 20 August 2015 AJQ signed a Letter of Intent (LOI) with American Energy Partners (AEP) for a US\$100 Million farm out of the Northern Territory Assets. This has subsequently been finalised with binding agreements for an upsized US\$130 Million farm-out to earn 75% interest, with US\$23 million accompanying cash payments. The farm-in is binding, subject to due diligence and Armour shareholder approval.

On 31 August 2015, Armour received an unsolicited takeover offer from Westside Corporation Limited. The Directors of Armour advise shareholders to take no action pending completion of Armour's Independent



Expert's Report and Target Statement which will be issued shortly after despatch of the Replacement Bidder's Statement.

Further information regarding Armour Energy Limited is available on Armour's website at www.armourenergy.com.au