



Armour Energy Limited

30 September 2015

Unsecured DGR Global Finance Facility

Amendment to Binding Term Sheet

The Board of Directors of Armour Energy Limited (Armour or the Company) advise of an agreed amendment to the binding Term Sheet for the provision of a \$15 million short-term, unsecured debt finance facility from DGR Global Limited (DGR Global) as announced today. The agreed amendment relates to the terms (timeframes) associated with the finance facility. All other commercial terms remain as previously agreed.

Further, Armour advises that has been actively pursuing a number of alternative funding options. A debt advisor has been appointed and expressions of interest have been received from multiple parties. Armour is confident that it will be able to secure alternative funding well ahead of having to seek any extension of the DGR finance facility as outlined below.

The DGR Global facility is to be available to Armour on an unsecured basis to 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;
- (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.

A handwritten signature in blue ink, appearing to read "Karl Schlobohm".

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