



Armour Energy Limited

7 October 2015

Armour Energy Releases Target's Statement

Highlights:

- **Independent Expert declares WestSide takeover Offer is “not fair and not reasonable”.**
- **WestSide Offer of \$0.12 per share is significantly below Independent Expert's valuation range for Armour of \$0.22 to \$0.37 per share.**
- **Armour Board believes the Offer is inadequate and fails to recognise the inherent value of Armour Energy and unanimously recommends that shareholders reject the current Offer.**
- **Armour Directors and certain shareholders that own or control 29.51% of Armour shares do not intend as at the date of the Target's Statement to accept the current Offer.**

Armour Energy Limited ('Armour' or the 'Company', ASX: AJQ) today released its Target's Statement in response to WestSide Corporation Limited's ('WestSide') conditional takeover Offer of \$0.12 per share ('Offer').

The Target's Statement recommends Armour shareholders reject WestSide's current inadequate Offer.

The Directors of Armour advise that the Independent Expert's Report ('IER') has concluded that the Offer is not fair and not reasonable, with a valuation for Armour in the range of \$0.22 to \$0.37 per share. The IER was prepared by BDO Corporate Finance (Qld) Limited.

Armour Directors and certain shareholders, that own or control 29.51% of Armour shares, do not intend as at the date of the Target's Statement to accept WestSide's current Offer (however reserve the right to do so in the case of an increase in the Offer Price).

The reasons for the recommendation that shareholders reject the WestSide Offer are as follows:

- The Independent Expert has concluded that the Offer substantially undervalues Armour Energy and is not fair and not reasonable;
- The Offer undervalues the potential upside contained in Armour's diverse portfolio of assets including the proposed AEP Northern Territory Farm-Out and the proposed Roma Shelf Assets acquisition;
- The Offer is opportunistic, following a substantial and prolonged decline in oil prices; and
- The Offer is conditional and it is uncertain whether it will ever become unconditional. As a result of the entry into the agreements to give effect to the AEP Northern Territory Farm-Out (which breached a condition of the Offer), it is not clear whether the Offer will ever become unconditional (irrespective of how Armour Shareholders vote on the AEP Northern Territory Farm-Out at the upcoming extraordinary general meeting).



Following the release of the Target's Statement, Armour Energy Executive Chairman, Nicholas Mather said:

"WestSide's Offer is inadequate and does not reflect fair value for Armour shares. It is opportunistic and comes following the recent sharp and dramatic fall in global energy prices. It attributes no value to the proposed acquisition of the Roma Shelf Assets which have potential in the near-term to produce oil and gas, and generate cashflow."

"The AEP Northern Territory Farm-Out values Armour substantially higher, on a non-control basis. The WestSide Offer values Armour Energy at approximately \$36.6 million, whereas the proposed equity placement by AEP at \$0.20 cents per share values Armour at approximately \$60.9 million, a significant premium to the Offer and shareholders would retain control."

"Shareholders should note that even if they vote against the AEP transaction, it is not certain whether the WestSide Offer will proceed."

"Armour has a clear strategy which, as demonstrated through recent value enhancing transactions, is designed to maximise value for all shareholders."

Armour Energy's Directors encourage shareholders to read the Target's Statement carefully including the Directors reasons for recommending that shareholders reject the WestSide Offer.

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

On behalf of the board
Karl Schlobohm
Company Secretary

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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