



**FIRST SUPPLEMENTARY  
TARGET'S STATEMENT OF ARMOUR ENERGY  
LIMITED**

**ABN 60 141 198 414**

**ACCEPT THE RECOMMENDED REVISED  
CASH OFFER**

**by WestSide Corporation Limited ABN 74 117 145 516, a  
Subsidiary of Landbridge Group Co., Ltd to purchase all of  
your Shares in Armour Energy Limited**

**For each Armour Energy Share you will receive A\$0.20 cash**

**The Directors of Armour Energy Limited unanimously  
recommend that you ACCEPT the cash Offer, in the absence  
of a superior proposal**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
It should be read in its entirety**

**If you are in any doubt about how to deal with this document, you should contact  
your legal, financial or other professional advisor immediately**



**SUPPLEMENTARY TARGET'S STATEMENT BY  
ARMOUR ENERGY LIMITED ACN 141 198 414  
IN RELATION TO WESTSIDES OFF-MARKET TAKEOVER OFFER FOR  
ARMOUR ENERGY**

**1. Introduction**

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This document is the first Supplementary Target's Statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**) dated 26 October 2015 (**First Supplementary Target's Statement**). It is the First Supplementary Target's Statement issued by Armour Energy Limited ACN 141 198 414 (**Armour Energy**), in relation to the off-market takeover offer for all of the fully paid ordinary shares in Armour Energy (**Offer**) by WestSide Corporation Limited (**WestSide**).

This document supplements, and should be read together with, the Target's Statement lodged with the Australian Securities and Investments Commission (**ASIC**) on 7 October 2015 (**Target's Statement**).

This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document you should consult your financial or legal adviser as soon as possible.

**2. Increase in Offer Price**

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On 15 October 2015, WestSide agreed to revise the cash consideration under the Offer to \$0.20 cash per Armour Energy Share (**Revised Offer Price**) (formerly \$0.12 cash per Armour Energy Share) and if WestSide's offer becomes unconditional, Armour Energy has announced an intention to declare the Lakes Dividend (as further described in Section 4.1 of this First Supplementary Target's Statement) (**Revised Offer**). On 19 October 2015, WestSide lodged its Second Supplementary Bidder's Statement (**Second Supplementary Bidder's Statement**) reflecting this.

The Revised Offer values Armour Energy at approximately A\$60.9 million and represents a:

- (a) 67% premium to the initial Offer Price of A\$0.12; and
- (b) 194% premium to the closing price of Armour Energy Shares on 28 August 2015 of A\$0.068 (being the last trading day before the announcement of the Offer).<sup>1</sup>

Subject to no superior proposal emerging, the Revised Offer is WestSide's best and final offer. The effect of this is that unless a superior proposal emerges, WestSide is not able to increase the Revised Offer Price.

If you have already accepted the Offer, you will be able to participate in the Revised Offer, regardless of when you accepted the Offer.

**3. Recommendation and Intention of Armour Energy Directors**

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The Directors of Armour Energy unanimously recommend that Armour Energy Shareholders accept the Revised Offer which provides a compelling premium to the initial Offer Price and certain cash value, in the absence of a superior proposal. For this reason, Armour Energy Directors also unanimously recommend that Armour Energy Shareholders vote against each item of business at the EGM scheduled for 30 October 2015.

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<sup>1</sup> Source: Iress market data as at 20 October 2015 in compliance with ASIC Class Order 07/429.

In forming their unanimous recommendation, the Armour Energy Board has considered a wide range of factors including:

- (a) the Revised Offer represents a 67% premium to the initial Offer Price of \$0.12 per Armour Energy Share and a 194% premium to the last closing price for Armour Energy Shares prior to the initial Offer (\$0.068 per Armour Energy Share on 28 August 2015);
- (b) the Revised Offer provides Armour Energy Shareholders with certainty of a cash offer at \$0.20 per Armour Energy Share, with the additional value (subject to the Corporations Act and Listing Rules) of approximately 1.4 cents per Armour Energy Share from the Lakes Dividend (based on the valuation contained in the Independent Expert's Report)<sup>2</sup> if the Revised Offer becomes unconditional, compared to the AEP Northern Territory Farm-Out which remains subject to a number of conditions;
- (c) the Revised Offer of \$0.20 per Armour Energy Share is within the Independent Expert's Market Based Valuation range of \$0.16 to \$0.26 per Armour Energy Share (on a controlling interest basis).<sup>3</sup> However, Armour Energy Shareholders should note that the Revised Offer and the Lakes Dividend (when taken together) are near to the low end of the Independent Expert's preferred valuation range of \$0.22 to \$0.37 per Armour Energy Share;<sup>4</sup>
- (d) the Revised Offer is currently the only offer that is available to Armour Energy Shareholders, with no superior proposals having yet emerged;
- (e) WestSide has now declared the Revised Offer to be best and final, subject to no superior proposal emerging. The effect of this is that unless a superior proposal emerges, WestSide is not able to increase the Revised Offer Price; and
- (f) the Armour Energy Share price may fall to levels below the Revised Offer Price following the conclusion of the takeover offer, unless a superior proposal emerges.

The Armour Energy Board's unanimous recommendation to accept the Revised Offer has been made following careful consideration of all currently available options to maximise value for Armour Energy Shareholders.

The Directors of Armour Energy have already accepted the Revised Offer by submitting Acceptance Instructions into the Institutional Acceptance Facility (which has been set up by WestSide – see Section 9 of this Supplementary Target's Statement for further information), in respect of all of the Armour Energy Shares that they, or their Associates, own, control, or otherwise have a Relevant Interest in (**Director Acceptances**).

The Director Acceptances may only be withdrawn should a superior proposal emerge prior to the delivery of the Minimum Acceptance Notice.

The Directors of Armour Energy, to the extent that they are able to, intend to exercise voting rights in respect of all Armour Energy Shares that they, or their associates, own, control or

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<sup>2</sup> Armour Energy Shareholders should note that the value attributed to the Lakes Shares by the Independent Expert was based purely on recent trading prices and the Independent Expert did not undertake an in-depth valuation of the value of the Lakes Shares. The ability of Armour Energy Shareholders to realise value for their Lakes Shares will depend upon a number of factors including without limitation, sufficient liquidity being available. Given the large number of Lakes Shares which will be distributed as part of the Lakes Dividend, Armour Energy Shareholders may have difficulty realising value for their Lakes Shares and/or it may take them some time to do so. In determining the value attributable to the Lakes Shares, Armour Energy Shareholders should also factor in the costs (such as brokerage) involved in disposing of their Lakes Shares.

<sup>3</sup> Source: Armour Energy's Target's Statement page 129 – Table 6.6 Value per Armour Energy Ordinary Share on a Controlling Interest Basis.

<sup>4</sup> Source: Armour Energy's Target's Statement page 96.

otherwise have a Relevant Interest in, against the AEP Northern Territory Farm-Out at the EGM.

#### **4. Dividend in Specie of Lakes Oil N.L Shares**

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##### **4.1 General**

Armour Energy holds 2,125,000,000 shares in Lakes Oil N.L ACN 004 247 214 (**Lakes**).

If the Revised Offer becomes unconditional, subject to the Corporations Act and the Listing Rules, Armour Energy intends to declare a dividend to Armour Energy Shareholders of 6.9755 Lakes Oil N.L Shares (**Lakes Shares**) for every 1 Armour Energy Share held as at the record date (**Lakes Dividend**).

It is Armour Energy's current intention to set the record date as the Business Day immediately prior to the Revised Offer becoming unconditional. In order for Armour Energy to be able to do this, Armour Energy will require a waiver or in-principle determination from ASX from the relevant provisions of the ASX Listing Rules. Should this waiver or in-principle determination not be provided, Armour Energy intends to declare the Lakes Dividend and set the record date in accordance with the ASX Listing Rules.

Notwithstanding WestSide's entitlement to all Rights upon the Revised Offer becoming unconditional, should WestSide be paid or otherwise receive the Lakes Dividend, WestSide will hold such dividend on trust for Armour Energy Shareholders as at the Record Date, and pay the Lakes Dividend to those Armour Energy Shareholders in due course.

Based on the Independent Expert's Report, the Lakes Dividend provides additional value of approximately 1.4 cents per Armour Energy Share.<sup>5</sup>

##### **4.2 Tax treatment of Lakes Dividend**

*The summary in this section is general in nature. In addition, particular taxation implications will depend on the circumstances of each Armour Energy Shareholder. This summary only outlines the position for Armour Energy Shareholders who hold their Armour Energy Shares on capital account, and will be taxed under the provisions that apply in relation to capital transactions (that is, the summary below assumes that the Lakes Dividend while treated as a dividend for the purposes of the Corporations Act, is treated as a return of capital for the purposes of the Income Tax Assessment Act). Armour Energy Shareholders who hold their Armour Energy Shares on other than capital account (that is, either on revenue account or as trading stock) will be taxed under the general provisions of the income tax law and not under the provisions that apply to capital transactions.*

*All Armour Energy Shareholders are encouraged to obtain their own professional advice in relation to their tax position. Neither Armour Energy nor any of its officers, employees or advisors assumes any liability or responsibility for advising Armour Energy Shareholders about the tax consequences for them in relation to the proposed transactions.*

##### **(a) Resident Armour Energy Shareholders**

Resident Armour Energy Shareholders who acquired their Armour Energy Shares prior to 20 September 1985 and hold their Shares on capital account are not generally subject to tax on disposal of their Armour Energy Shares. For other resident Armour Energy Shareholders who hold their Armour Energy Shares on capital account:

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<sup>5</sup> Refer to footnote 2.

- no part of the proposed capital return is expected to be treated as a dividend for tax purposes;
- if the tax cost base (after any adjustment, as may be relevant) of an Armour Energy Share acquired by an Armour Energy Shareholder on or after 20 September 1985 is less than the capital return amount on that Armour Energy Share, then a capital gain will arise to the extent of the difference; and
- otherwise, the cost base for each Armour Energy Share acquired by an Armour Energy Shareholder on or after 20 September 1985 will be reduced by the capital return amount on that Armour Energy Share for the purpose of calculating any capital gain or loss upon ultimate disposal of that Armour Energy Share.

(b) Non-Resident Shareholders

Armour Energy Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences of a return of capital, including the tax treatment under the laws of their country of residence.

4.3 **Risk in respect of tax treatment of Lakes Dividend**

It may be the case that the Commissioner of Taxation forms the view that all or part of the Lakes Dividend should be treated as a dividend (and not a return of capital) for the purposes of the Income Tax Assessment Act. Should that be the case, the following section sets out a summary of the tax treatment of the Lakes Dividend.

Dividends received by Australian resident Armour Energy Shareholders will generally be required to be included in the assessable income of such Armour Energy Shareholders. Australian resident Armour Energy Shareholders are generally entitled to claim a tax offset equal to any franking credits attaching to the dividends. As Armour Energy does not have any franking credits, the Lakes Dividend will not be franked to any extent. As such, Armour Energy Shareholders will be taxed on the value of the Lakes Dividend at each Armour Energy Shareholder's tax rate (eg 28.5 or 30% for companies, depending on the turnover of the company, and up to 47% for individuals (excluding the 2% Medicare Levy)).

Dividends received by non-Australian resident Armour Energy Shareholders will attract withholding tax at the rate of 30% of the value of the dividend, or 15%, generally, if paid to residents of countries with which Australia has a double tax agreement.

Armour Energy Shareholders should consult their own tax advisers regarding the consequences of acquiring, holding or disposing any Lakes Shares that are distributed to Armour Energy Shareholders as part of the Lakes Dividend.

## **5. Relevant Dates**

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### **5.1 Offer Period**

WestSide has extended the close of the Offer Period, so that it will now close on Monday, 9 November 2015 at 7.00pm (Sydney time) (unless extended).

### **5.2 Date for giving notice of status of Conditions**

The date for WestSide giving notice on the status of the Conditions set out in Appendix 2 of the Bidder's Statement pursuant to section 630(3) of the Corporations Act has been postponed by operation of section 630(2) of the Corporations Act.

The new date for WestSide giving a notice on the status of the Conditions is 1 November 2015.

### **5.3 Automatic extension of Offer Period in certain events**

In the last seven days of the Offer Period, should WestSide:

- (a) obtain a Voting Power in more than 50% of the Armour Energy Shares; or
- (b) improve the consideration offered,

the Offer Period will be automatically extended for a further period of 14 days.

## **6. Armour Energy's EGM**

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### **6.1 Recommendation**

The Directors of Armour Energy unanimously recommend that Armour Energy Shareholders vote against the AEP Northern Territory Farm-Out at the upcoming EGM on 30 October 2015, by voting against all resolutions the subject of the EGM.

### **6.2 Intentions of WestSide**

Please see WestSide's Second Supplementary Bidder's Statement dated 19 October 2015 for further information as to WestSide's intentions in a number of circumstances related to the EGM.

If the Revised Offer is unconditional at the EGM, WestSide intends to exercise its voting rights in respect of all Armour Energy Shares validly accepted into the Revised Offer, to vote against the resolutions relating to the AEP Northern Territory Farm-Out at the EGM.

Additionally, should Armour Energy Shareholders approve the AEP Northern Territory Farm-Out, and the Revised Offer is conditional at the time of the EGM, WestSide intends to withdraw the Revised Offer or allow it to lapse for Armour Energy's prior breaches of the Conditions set out in Appendix 2 of the Bidder's Statement.

## **7. Conditions of the Revised Offer**

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### **7.1 Status of breached Conditions and intentions of WestSide**

WestSide has declared that provided that either:

- (a) the resolutions relating to the AEP Northern Territory Farm-Out are not approved at the EGM and the EGM is not cancelled, postponed or adjourned other than in accordance with the BIA; or
- (b) the AEP Northern Territory Farm-Out is terminated,

WestSide will not rely upon the breach by Armour Energy of:

- the Condition set out in paragraph (b) of Appendix 2 of the Bidder's Statement, arising as a result of the entry by Armour Energy into the agreements to give effect to the AEP Northern Territory Farm-Out; or
- the Condition set out in paragraph (c)(iv) of Appendix 2 of the Bidder's Statement, arising as a result of the agreement to issue shares and options pursuant to the AEP Agreements (but WestSide has reserved its right to withdraw the Revised Offer (or allow it to lapse) for any other breach of the Condition set out in paragraph (c) of Appendix 2 of the Bidder's Statement).

### **7.2 Revised Offer to become unconditional upon occurrence of events**

WestSide have declared that provided either:

- (a) the resolutions relating to the AEP Northern Territory Farm-Out are not approved at the EGM and the EGM is not cancelled, postponed or adjourned, other than in accordance with the BIA; or
- (b) the AEP Northern Territory Farm-Out is terminated,

and there has been no breach by Armour Energy of the BIA, if WestSide acquires a Relevant Interest in at least 50.1% of Armour Energy's Shares (or would acquire a Relevant Interest, if the number of Armour Energy Shares the subject of the Institutional Acceptance Facility were also included), WestSide will declare the Revised Offer free from all Conditions.

## **8. Funding Term Sheet**

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### **8.1 Funding Term Sheet**

In addition to the Revised Offer Price and the Lakes Dividend, WestSide has agreed to provide Armour Energy up to A\$22,500,000 (**WestSide Facility Limit**) worth of unsecured funding (**WestSide Facility**).

If during the Offer Period,

- (a) WestSide has obtained a Relevant Interest in at least 50.1% of Armour Energy Shares (and the Revised Offer is otherwise unconditional); or
- (b) DGR Global Limited makes a public "truth in takeovers" statement that it intends to support the Revised Offer on the same basis as each Armour Energy Director; and

- (c) the Facility is fully drawn; and
- (d) the BIA has not been terminated or the Revised Offer has not otherwise been withdrawn or allowed to lapse,

then WestSide will provide up to A\$7,500,000 to Armour Energy to the extent required to fund the acquisition consideration of the Roma Shelf Assets Agreements and pay any environmental bonds following the completion of the Roma Shelf Assets Agreements, in each case in accordance with the terms of the Roma Shelf Assets Agreements (**Roma Shelf Assets Tranche**).

Additionally, in the event WestSide acquires a Relevant Interest in at least 50.1% of Armour Energy Shares and the Revised Offer is otherwise unconditional, WestSide has also agreed to provide up to A\$15,000,000 to repay the Facility to the extent drawn, provided the Facility has only been drawn for the purposes of meeting Armour Energy's obligations under the Roma Shelf Assets Agreements (**Facility Tranche**).

These obligations are set out in a binding term sheet (**Term Sheet**) attached to the BIA as Annexure B, but which Armour Energy and WestSide intend will be replaced with formal documentation (**WestSide Facility Agreement**).

## 8.2 **Conditions Precedent**

The Term Sheet provides that drawdowns under the WestSide Facility are subject to the following conditions precedent (**Conditions Precedent**):

- (a) The BIA being entered into between the parties.
- (b) For the Roma Shelf Assets Tranche:
  - (1) either:
    - (A) WestSide has a Relevant Interest in at least 50.1% of the Armour Energy Shares (and the Revised Offer is otherwise unconditional); or
    - (B) DGR Global makes a public "truth in takeovers" statement that it intends to support the Revised Offer on the same basis as each Armour Energy Director; and
  - (2) a funding obligation crystallises under the Roma Shelf Assets Agreements during the Offer Period;
  - (3) the Facility has been fully drawn; and
  - (4) either:
    - (A) the BIA has not been terminated; or
    - (B) the Revised Offer has not been otherwise withdrawn or allowed to lapse.
- (c) For the Facility Tranche:
  - (1) WestSide acquiring a Relevant Interest in 50.1% of Armour Energy pursuant to the Revised Offer and the Revised Offer otherwise being declared unconditional; and



- (2) Armour Energy providing evidence to WestSide that the Facility has only been used to:
  - (A) fund the acquisition consideration of the Roma Shelf Assets Agreements; and
  - (B) to pay any environmental bonds following the completion of the Roma Shelf Assets Agreements,

in each case in accordance with the terms of the Roma Shelf Assets Agreements.

### 8.3 Commercial Terms

The Term Sheet contains the following commercial terms:

- (a) interest in an amount of 13% per annum, calculated on the principal owing from time to time is payable monthly in arrears;
- (b) all moneys owing under the WestSide Facility shall be repayable on the earlier of:
  - (1) 12 months from provision of the first drawdown under the WestSide Facility (or earlier in the event WestSide acquires a Relevant Interest in at least 90% of the Armour Energy Shares);
  - (2) in the event that WestSide does not acquire a Relevant Interest in at least 50.1% of the Armour Energy Shares pursuant to the Revised Offer and otherwise declare the Revised Offer unconditional, the first Business Day occurring three months after the Revised Offer lapses or is otherwise withdrawn; and
  - (3) the Business Day after a change of control occurs in respect of Armour Energy to a party other than WestSide;
- (c) in the event that there is a change of control of Armour Energy (other than to WestSide), WestSide shall be entitled to elect by written notice to require payment of the WestSide Facility and any outstanding interest and fees due;
- (d) within 5 Business Days of WestSide acquiring a Relevant Interest in 50.1% of Armour Energy pursuant to the Revised Offer and the Revised Offer otherwise being declared unconditional, WestSide shall provide such funds as may be required by Armour Energy under the WestSide Facility to enable Armour to repay the Facility;
- (e) there is a commitment fee payable by Armour Energy to WestSide of 0.5% of the WestSide Facility Limit payable within 5 Business Days of satisfaction or waiver of all of the Conditions Precedent and the WestSide Facility being available to be drawn by Armour Energy;
- (f) in addition, Armour Energy covenants that during the term of the WestSide Facility it shall not:
  - (1) enter any other debt facilities or financing arrangements in respect of the Roma Shelf Assets including without limitation, by entering into any gas supply or gas sales agreements, unless (but not if a drawdown notice has already been issued by Armour Energy) they contain a provision entitling Armour Energy to terminate those arrangements upon the occurrence of a

change of control, at no cost or liability to Armour Energy (with such right able to be exercised by Armour Energy within a reasonable period after such a change of control); or

- (2) grant security over its assets without the prior consent of WestSide.

## 9. Financial position

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As at 23 October 2015, the cash balance of Armour Energy was A\$4.6m. Armour Energy expects that it will receive a research and development rebate of A\$1.2m in November 2015.

## 10. Institutional Acceptance Facility

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### 10.1 General

WestSide has established an institutional acceptance facility (**Institutional Acceptance Facility**) to facilitate the receipt of acceptances of the Revised Offer.

The Institutional Acceptance Facility is to be operated by Pacific Custodians Pty Ltd (ACN 009 682 866/AFSL 295142) as acceptance facility agent (**Facility Agent**).

The Institutional Acceptance Facility allows eligible Armour Energy Shareholders (being sophisticated investors, professional investors or persons associated with Armour Energy as those terms are used in section 708 of the Corporations Act) (**Eligible Shareholders**) to indicate their intention to accept the Revised Offer prior to the Revised Offer becoming unconditional. The Institutional Acceptance Facility has been established as a number of Armour Energy Shareholders may be unable to accept the Revised Offer (for example, as a result of their investment mandates) until the Revised Offer becomes or is declared unconditional.

Armour Energy Shareholders who are not Eligible Shareholders cannot participate in the Institutional Acceptance Facility.

The Armour Energy Directors that own or control or otherwise have a Relevant Interest in approximately 1.7% of the Armour Energy Shares have already provided Acceptance Instructions to Pacific Custodians Pty Ltd under the Institutional Acceptance Facility in respect of all of the Armour Energy Shares that they own or control or otherwise have a Relevant Interest in. The Armour Energy Directors have indicated that they will only withdraw such Acceptance Instructions in the event of a superior proposal prior to the delivery of the Minimum Acceptance Notice. To ensure that WestSide is able to fulfil the minimum acceptance condition of 50.1%, if you are an Eligible Shareholder, we encourage you to accept the Revised Offer or provide your Acceptance Instructions under the Institutional Acceptance Facility as soon as possible.

### 10.2 Operation of the Institutional Acceptance Facility

The Institutional Acceptance Facility will operate in the following way:

- (a) Eligible Shareholders who wish to take advantage of the Institutional Acceptance Facility should:
  - (1) lodge acceptance instructions with the Facility Agent (in the form of Acceptance Forms and/or directions to custodians (**Custodian Directions**) to accept the Revised Offer) (**Acceptance Instructions**); and

- (2) complete and return to the Facility Agent, the Appointment of Facility Agent Form (**Appointment Form**).
- (b) The Facility Agent will hold the Acceptance Instructions subject to a bare trust as Facility Agent and will not acquire a Relevant Interest in any of the Armour Energy Shares the subject of the Acceptance Instructions. Acceptance Instructions lodged with the Facility Agent will demonstrate the intention of the Eligible Shareholder to accept the Revised Offer. However, they will not constitute acceptances of the Revised Offer while they are held by the Facility Agent.
- (c) Pursuant to ASIC Class Order CO 13/520, WestSide will not acquire a Relevant Interest in any Armour Energy Shares through the receipt by the Facility Agent of an Acceptance Instruction, because the Institutional Acceptance Facility has been established on the basis that it fulfils the requirements of subsection 609(8A) of the Corporations Act as inserted by CO 13/520.
- (d) The Eligible Shareholder directs the Facility Agent to deliver:
  - (1) the Acceptance Form to Boardroom Pty Limited (in the case of Issuer Sponsored Holdings) or to the relevant Controlling Participant (in the case of CHESS Holdings); and/or
  - (2) the Custodian Direction to the custodian,as soon as practicable after the Facility Agent receives written confirmation from WestSide (**Minimum Acceptance Notice**) stating that:
  - (3) WestSide has declared the Revised Offer free of all the Conditions set out in Appendix 2 of the Bidder's Statement that have not been fulfilled; or
  - (4) WestSide will declare the Revised Offer free of all the Conditions set out in Appendix 2 of the Bidder's Statement that have not been fulfilled once all of the Acceptance Instructions received under the Institutional Acceptance Facility are validly processed or implemented (as appropriate).
- (e) WestSide will not provide the Minimum Acceptance Notice to the Facility Agent unless the Minimum Acceptance Precondition has been satisfied. For this purpose, the **Minimum Acceptance Precondition** is that the sum of:
  - (1) the number of Armour Energy Shares in which WestSide has a Relevant Interest; and
  - (2) the number of Armour Energy Shares in respect of which Acceptance Instructions have been received under the Institutional Acceptance Facility (as advised by the Facility Agent to WestSide),is at least 50.1% of the Armour Energy Shares; and
  - (3) the Revised Offer is otherwise unconditional.
- (f) WestSide will give the Minimum Acceptance Notice to the Facility Agent as soon as reasonably practicable once the Minimum Acceptance Precondition has been satisfied.
- (g) Until the Facility Agent receives the Minimum Acceptance Notice from WestSide, Eligible Shareholders who lodge Acceptance Instructions with the Facility Agent will

retain all rights in relation to their Armour Energy Shares and can withdraw their Acceptance Instructions by notice in writing to the Facility Agent. Upon receipt of written notification from an Eligible Shareholder, the Facility Agent must promptly return the Acceptance Instructions submitted by the Eligible Shareholder.

A copy of the appointment of the Facility Agent (including the Appointment Form) will be provided to Eligible Shareholders and may also be requested from the Facility Agent by phone on (07) 3320 2237.

Please see Section 8 of WestSide's Second Supplementary Bidder's Statement and the ASX Announcement of 15 October 2015 entitled "Variation of Takeover Bid by Westside Corporation Limited" for further information in respect of the Institutional Acceptance Facility.

### 10.3 Disclosure of Acceptance Instructions

Before 8.30am (Sydney time) on each Business Day, the Facility Agent will inform WestSide of the number of Armour Energy Shares in respect of which Acceptance Instructions have been received as at 7.30pm (Sydney time) on the previous Business Day.

Following receipt of this information, WestSide has advised that it will disclose this information to ASX by 9.30am (Sydney time) on the Business Day following any movement of at least 1% in the aggregate of the number of Armour Energy Shares subject to the Institutional Acceptance Facility and the number of Armour Energy Shares in which WestSide has a Relevant Interest, together with a breakdown of the aggregate amount between those two categories.

## 11. How to Accept the Revised Offer

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To accept the Revised Offer, Armour Energy Shareholders should carefully follow the instructions in Section 4 of Appendix 1 of the Bidder's Statement dated 14 September 2015. Armour Energy Shareholders should note that the Revised Offer is set to close at 7.00pm (Sydney time) on 9 November 2015.

In the last seven days of the Offer Period, should WestSide:

- (a) obtain a Voting Power in more than 50% of the Armour Energy Shares; or
- (b) improve the consideration offered,

the Offer Period will be automatically extended for a further period of 14 days.

If you have already accepted the Offer, you need not take any further action and you will be entitled to the benefit of the improved consideration under the Revised Offer.

If you are in any doubt as to the action which you should take in relation to the Revised Offer, you should consult your legal, taxation or financial adviser.

## 12. Bid Agreement

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Armour Energy and WestSide have entered into a takeover Bid Implementation Agreement (**BIA**). The BIA sets out the terms of the Revised Offer and a number of other customary requirements for a document of this nature.

A copy of the BIA is attached to the announcement of Armour Energy released on ASX on 15 October 2015.

## **13. Consents**

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### **13.1 Directors**

The Directors have given and have not, before the lodgement of this First Supplementary Target's Statement with ASIC, withdrawn their consent to be named in this First Supplementary Target's Statement in the form and context in which they are named.

### **13.2 Third parties**

HopgoodGanim Lawyers has given, and has not, before the date of this First Supplementary Target's Statement, withdrawn its written consent to be named in this First Supplementary Target's Statement as legal advisor to Armour Energy in respect of the Revised Offer in the form and context in which it is named. HopgoodGanim Lawyers does not make, or purport to make, any statement in this First Supplementary Target's Statement or any statement on which a statement in this First Supplementary Target's Statement is based. To the maximum extent permitted by law, HopgoodGanim Lawyers expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Morgans Corporate Limited has given, and has not, before the date of this First Supplementary Target's Statement, withdrawn its written consent to be named in this First Supplementary Target's Statement as financial advisor to Armour Energy in respect of the Revised Offer in the form and context in which it is named. Morgans Corporate Limited does not make, or purport to make, any statement in this First Supplementary Target's Statement or any statement on which a statement in this First Supplementary Target's Statement is based. To the maximum extent permitted by law, Morgans Corporate Limited expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

BDO Corporate Finance (QLD) Ltd ACN 010 185 725 has given and has not, before the lodgement of this First Supplementary Target's Statement with ASIC, withdrawn its written consent to be named in this First Supplementary Target's Statement as Independent Expert in respect of the Offer in the form and context in which it is named.

Pacific Custodians Pty Ltd has given, and has not, before the date of this First Supplementary Target's Statement, withdrawn its written consent to be named in this First Supplementary Target's Statement as Facility Agent in respect of the Revised Offer in the form and context in which it is named. Pacific Custodians Pty Ltd does not make, or purport to make, any statement in this First Supplementary Target's Statement or any statement on which a statement in this First Supplementary Target's Statement is based. To the maximum extent permitted by law, Pacific Custodians Pty Ltd expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

## **14. Lodgement with ASIC**

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A copy of this document was lodged with ASIC on 26 October 2015. This document will prevail to the extent of any inconsistency with the Target's Statement.

Neither ASIC nor any of its officers takes any responsibility for the contents of this document.

## **15. Additional Information**

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As permitted by ASIC Class Order 07/429, this First Supplementary Target's Statement contains security price trading data sourced from Iress Market Data without its consent.

Armour Energy Shareholders who have any questions in relation to the Revised Offer should call Armour Energy's information line on 1300 794 935 (callers in Australia) or +61 1300 794 935 (callers outside Australia).

This First Supplementary Target's Statement contains statements which are made in, or based upon, statements contained in the Second Supplementary Bidder's Statement lodged with ASIC. As permitted by ASIC Class Order 13/521, the consent of WestSide is not required for the inclusion of these statements in the First Supplementary Target's Statement.

## 16. Interpretation

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Words defined in the Target's Statement have the same meaning in this First Supplementary Target's Statement, unless the context requires otherwise. The definitions and interpretation set out in Section 19 of the Target's Statement also apply to this document, unless the context requires otherwise.

In this First Supplementary Target's Statement unless the contrary intention appears, the following words have the following meanings:

**Acceptance Instructions** has the meaning given to that term in Section 10.2(a) of this First Supplementary Target's Statement;

**Appointment Form** has the meaning given to that term in Section 10.2(a) of this First Supplementary Target's Statement;

**BIA** or **Bid Implementation Agreement** means bid implementation agreement entered into by Armour Energy and WestSide on 15 October 2015, as announced to the ASX on 15 October 2015;

**Conditions Precedent** has the meaning given to that term in Section 8.2 of this First Supplementary Target's Statement;

**Custodian Directions** has the meaning given to that term in Section 10.2(a) of this First Supplementary Target's Statement;

**Eligible Shareholder** has the meaning given to that term in Section 10.1 of this First Supplementary Target's Statement;

**Facility Agent** has the meaning given to that term in Section 10.1 of this First Supplementary Target's Statement;

**Facility Tranche** has the meaning given to that term in Section 8.1 of this First Supplementary Target's Statement;

**First Supplementary Target's Statement** means this document;

**Institutional Acceptance Facility** has the meaning given to that term in Section 10.1 of this First Supplementary Target's Statement;

**Lakes Dividend** has the meaning given to that term in Section 4.1 of this First Supplementary Target's Statement;

**Lakes Shares** has the meaning given to that term in Section 4.1 of this First Supplementary Target's Statement;

**Minimum Acceptance Notice** has the meaning given to that term in Section 10.2(d) of this First Supplementary Target's Statement;

**Revised Offer** has the meaning given to that term in Section 2 of this First Supplementary Target's Statement;

**Revised Offer Price** has the meaning given to that term in Section 2 of this First Supplementary Target's Statement;

**Roma Shelf Assets Tranche** has the meaning given to that term in Section 8.1 of this First Supplementary Target's Statement;

**Share Subscription Agreement** means the share subscription agreement between AEGP and Armour Energy;

**Term Sheet** has the meaning given to that term in Section 8.1 of this First Supplementary Target's Statement;

**WestSide Facility** has the meaning given to that term in Section 8.1 of this First Supplementary Target's Statement;

**WestSide Facility Agreement** has the meaning given to that term in Section 8.1 of this First Supplementary Target's Statement; and

**WestSide Facility Limit** has the meaning given to that term in Section 8.1 of this First Supplementary Target's Statement.

## 17. Authorisation

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This document has been approved by a resolution passed by the directors of Armour Energy.

Dated 26 October 2015

Signed for and on behalf of  
Armour Energy Limited



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Nicholas Mather  
Executive Chairman