



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

ABN 60 141 198 414

**In relation to the First Supplementary Bidder's Statement by
AEGP Australia**

**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**

**FIRST SUPPLEMENTARY TARGET'S STATEMENT BY ARMOUR ENERGY LIMITED
ACN 141 198 414 IN RELATION TO AEGP AUSTRALIA'S OFF-MARKET TAKEOVER OFFER
FOR 13.62% OF THE SHARES IN ARMOUR ENERGY**

1. Introduction

This document is the first Supplementary Target's Statement under section 644 of the *Corporations Act 2001* (Cth) (**Corporations Act**) dated 7 January 2016 (**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 to acquire 13.62% of the Shares of Armour Energy Shareholders at \$0.25 per Share (**Offer**) by AEGP Australia Pty Ltd (**AEGP Australia**).

This document supplements, and should be read together with, the Target's Statement lodged with the Australian Securities and Investments Commission (**ASIC**) on 24 December 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. Conditions precedent to Farm-out Agreement

One of the conditions precedent of the FOA is the assignment by Armour Energy to AEGP Australia of an interest in certain native title agreements (**Native Title CP**). AEGP Australia states in the First Supplementary Bidder's Statement that it understands it is unlikely that Armour Energy will be able to satisfy the Native Title CP before the Cut-off Date in the manner required by the FOA.

Armour Energy has used its reasonable endeavours as required under the FOA to meet the Native Title CP and believes that the Native Title CP is capable of satisfaction by the Cut-off Date. Armour Energy has provided to AEGP Australia an assignment deed of the interest in the relevant native title agreements that is common practice in the Northern Territory. The deeds of covenant provided for the assignment have been executed by Armour Energy and the Northern Land Council, the legal representative of the native title parties. Armour Energy is of the view that there is no substantive difference in effect between the deeds of covenant which have been provided and the form being insisted upon by AEGP Australia for the purposes of AEGP Australia's operation of the project subject of the FOA. Armour Energy is concerned that AEGP Australia has not for the purposes of the FOA met its obligation to provide the reasonable assistance necessary to satisfy the Native Title CP in the manner provided by Armour Energy.

Armour Energy is not aware of any reason why the other conditions precedent referred to in the First Supplementary Bidder's Statement cannot be satisfied by the Cut-off Date.

3. Consents

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.

4. Lodgement with ASIC

A copy of this document will be lodged with ASIC as soon as practicable on 8 January 2016. 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.

5. Additional Information

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

6. Interpretation

Words defined in the Target's Statement have the same meaning in this First Supplementary Target's Statement, unless the context requires otherwise.

7. Authorisation

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

Dated 7 January 2016

Signed for and on behalf of
Armour Energy Limited



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Nicholas Mather
Executive Chairman