Armour Energy Limited

31 March 2016

Extension of DGR Global Loan Facility

Further to its announcement of 10 February 2016, Armour Energy Ltd (**Armour, ASX: AJQ**) wishes to provide the following update in respect of the bridging loan facility (**DGR Global Loan Facility**) provided by DGR Global Ltd (**DGR, ASX: DGR**).

Extension of DGR Global Loan Facility

Armour is pleased to advise that it has secured an extension of the DGR Global Loan Facility to 31 May 2016 (**New Termination Date**). This two month extension has been agreed by DGR on the current terms of the facility which is currently secured and has an interest rate of 15% per annum.

DGR and Armour have executed a Deed of Variation of the DGR Global Loan Facility today.

The DGR Global Loan Facility currently has an outstanding balance of $11.11 million with $1.84 million still available to be drawn under the facility by Armour. The facility limit was reduced from $19 million to $13 million earlier this month following a $6 million repayment by Armour as disclosed in Armour's Half Year Financial Report released on 15 March 2016.

Armour retains its contractual rights to seek an extension of the DGR Global Loan Facility beyond the New Termination Date, upon the same terms as announced on 30 September 2015. That is, with Armour providing DGR with:

(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 50,000,0000 options; 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.

DGR Conversion Rights

In the event that prior to the New Termination Date Armour proceeds with a pro-rata capital raising, (**Capital Raising**) Armour has agreed to afford DGR, a major shareholder, the right to participate in any such Capital Raising through conversion of part of the funding provided to Armour under the DGR Global Loan Facility at the issue price for shares under the Capital Raising for an amount not exceeding its pro-rata entitlement. DGR is not obliged to participate or do so through any such debt conversion.

Third Party Funding Update

Armour continues to progress negotiations with other third party / commercial financiers. In the event that Armour is successful in these negotiations, it is expected that Armour would apply any funds received under such arrangement to repay funds provided by DGR under the DGR Global Loan Facility.

Armour will update the market in due course, as and when able to do so.

On behalf of the board
Karl Schlobohm
Company Secretary

For further information contact:

Robbert de Weijer – CEO
07 – 3303 0620

Karl Schlobohm – Company Secretary
07-3303 0661