



Armour Energy Limited

30 October 2015

American Energy Partners Proportional Bid to Proceed after Armour Shareholders Vote in Favour of US\$130m Farm-Out, Share Placement and Options Issue

Highlights

- **Shareholder approval enables the American Energy Partners Proportional Bid to proceed.**
- **Armour Directors recommend that Armour shareholders ACCEPT the Proportional Bid (subject to no superior bid emerging) and REJECT the WestSide Corporation Revised Offer.**

The Board of Armour Energy Limited ("Armour", ASX: AJQ) confirms that Armour shareholders voted in favour of all resolutions put to the EGM held today, enabling the AEP Northern Territory Farm-Out to proceed (subject to the satisfaction of the remaining conditions).

Having received Shareholder approval for the AEP Northern Territory Farm-Out, American Energy Partners' proportional bid for 13.62% of each Armour Energy Shareholders' Shares at \$0.25 per Share will now proceed (**Proportional Bid**). Under the bid implementation agreement, American Energy have agreed to dispatch the Proportional Bid to Armour Energy Shareholders no later than 42 days following the approval at today's EGM.

The Board of Armour believes the Proportional Bid, when combined with the AEP Northern Territory Farm-Out (**Combined Proposal**), is superior to WestSide Corporation's revised offer of \$0.20 per Share (and associated pro rata dividend in specie of Armour's shares in Lakes Oil NL to Armour Shareholders should the Offer become unconditional).

The Board of Armour believes that the Combined Proposal provides Shareholders with the following advantages:

1. Shareholders will be able to dispose of 13.62% of their Shareholding in Armour for \$0.25 per Share (DGR Global Limited, Armour's largest Shareholder has advised that it will not accept the Proportional Bid given its confidence in the long term value opportunities in Armour);
2. Shareholders will be able to participate in the upside potential in Armour's Northern Territory tenements and retain exposure to Armour's other key projects;
3. Under the AEP Northern Territory Farm-Out, Armour will receive maximum cash proceeds of A\$39.5 million¹ and the implied value of Armour's 25% retained interest in the Northern Territory Tenements is A\$61.42 million.²

¹ Please see footnote 6 of Armour Energy's Target's Statement dated 7 October 2015.

² Please see footnote 8 of Armour Energy's Target's Statement dated 7 October 2015.



The Independent Expert Report prepared by BDO Corporate Finance (Qld) Limited in relation to the AEP Northern Territory Farm-Out concluded that it is both fair and reasonable to Armour Shareholders not associated with the transaction.

Armour Directors unanimously recommend that Shareholders ACCEPT the Proportional Bid from American Energy, subject to no superior proposal emerging, and REJECT WestSide's revised offer.

Armour Chairman, Mr Nicholas Mather, said *"The approval of Armour Shareholders for the partnership with American Energy brings us one step closer to realising the potential for our significant McArthur Basin tenements to define a large scale oil and gas province. We look forward to partnering with American Energy and to maximise the benefits of their outstanding technical and operational capability for all of our shareholders."*

Shareholder Information Line

A Shareholder Information Line has been established to address any specific queries in relation to the Proportional Bid: **1300 721 637** (toll free within Australia) or **+61 2 8016 2890** (callers outside Australia).

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

Further information regarding Armour Energy Limited is available on Armour's website at www.armourenergy.com.au