



## **Armour Energy Limited**

**30 September 2015**

### **DGR Global Finance Facility**

#### **Execution of Binding Term Sheet**

The Board of Directors of Armour Energy Limited (Armour or the Company) is pleased to advise of the execution of a binding Term Sheet for the provision of \$15 million in short-term, unsecured debt funding from DGR Global Limited (DGR Global) for Armour's acquisition of the Surat Basin Assets of Origin Energy, as previously announced on 11 September 2015.

The term of the funding is a minimum of 4 months from satisfaction of all conditions precedent but provision is made for Armour to seek up to a 14 month extension if it is able to provide the following:

- (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 50,000,000 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.

The interest rate is 22 per cent per annum on an unsecured basis, but in the event the funding becomes secured the rate reduces to 15 per cent per annum.

The funding is subject to various conditions precedent including obtainment of Ministerial approvals for the transfer of the Surat Basin Assets to Armour.

In the event that Armour grants security rights to another financier, DGR Global shall be given a right to seek a first ranking security.

Armour has also agreed not to enter into other debt facilities without DGR Global's consent, which shall not be unreasonably withheld.

DGR Global is entitled to require repayment of the funding provided in the event of a change in control of Armour during the term of the funding.

The Board of DGR Global intends to have the terms approved by shareholders at an upcoming general meeting.



On behalf of the board  
Karl Schlobohm  
Company Secretary

**For further information contact:**

**Alasdair Jeffrey**  
**Executive Director**  
**Rowland**  
**0404 926 768**

**John Polinelli**  
**Director, Corporate Advisory**  
**Morgans**  
**0434 605 279**

**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 139,000km<sup>2</sup> 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](http://www.armourenergy.com.au)