

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Armour Energy Limited

ACN/ARSN 141 198 414

1. Details of substantial holder (1)

Name AEGP Australia Pty Ltd, and the persons listed in Annexure A.
ACN/ARSN (if applicable) See Annexure A.

The holder became a substantial holder on 27/10/15

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	60,927,153	60,927,153	19.99%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
AEGP Australia Pty Ltd	Relevant interest pursuant to section 608(1)(b) of the Corporations Act as a result of the entry into a deed of undertakings between DGR Global Limited and AEGP Australia Pty Ltd (Annexure B)	60,927,153 Ordinary Shares
AELP NT Australia Holdings, Ltd	Relevant interest pursuant to section 608(3) of the Corporations Act	60,927,153 Ordinary Shares
Arcadia Capital Australia, LLC	Relevant interest pursuant to section 608(3) of the Corporations Act	60,927,153 Ordinary Shares
Aubrey K. McClendon	Relevant interest pursuant to section 608(3) of the Corporations Act	60,927,153 Ordinary Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
AEGP Australia Pty Ltd	DGR Global Limited	DGR Global Limited	60,927,153 Ordinary Shares
AELP NT Australia Holdings, Ltd	DGR Global Limited	DGR Global Limited	60,927,153 Ordinary Shares
Arcadia Capital Australia, LLC	DGR Global Limited	DGR Global Limited	60,927,153 Ordinary Shares
Aubrey K. McClendon	DGR Global Limited	DGR Global Limited	60,927,153 Ordinary Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
AEGP Australia Pty Ltd	27/10/15	Undertakings pursuant to a deed of undertakings between DGR Global Limited and AEGP Australia Pty Ltd (Annexure B)		60,927,153 Ordinary Shares
AELP NT Australia Holdings, Ltd	27/10/15	Undertakings pursuant to a deed of undertakings between DGR Global Limited and AEGP Australia Pty Ltd (Annexure B)		60,927,153 Ordinary Shares
Arcadia Capital Australia, LLC	27/10/15	Undertakings pursuant to a deed of undertakings between DGR Global Limited and AEGP Australia Pty Ltd (Annexure B)		60,927,153 Ordinary Shares
Aubrey K. McClendon	27/10/15	Undertakings pursuant to a deed of undertakings between DGR Global Limited and AEGP Australia Pty Ltd (Annexure B)		60,927,153 Ordinary Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

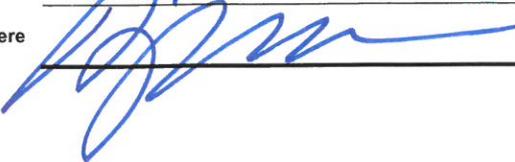
Name and ACN/ARSN (if applicable)	Nature of association
N/a	N/a
N/A	N/a

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
AEGP Australia Pty Ltd	C/- KING & WOOD MALLESONS GOVERNOR PHILLIP TOWER LEVEL 61, 1 FARRER PLACE, SYDNEY NSW 2000
AELP NT Australia Holdings, Ltd	CODAN SERVICES LIMITED CLARENDON HOUSE, CHURCH STREET HAMILTON HM 11 BERMUDA
Arcadia Capital Australia, LLC	301 N.W. 63rd, SUITE 600 OKLAHOMA CITY, OK 73116 UNITED STATES OF AMERICA
Aubrey K. McClendon	301 N.W. 63rd, SUITE 600 OKLAHOMA CITY, OK 73116 UNITED STATES OF AMERICA

Signature

print name Aubrey K. McClendon capacity Director
 sign here  date 27/10/15

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is annexure A of one page referred to in form 603 Notice of initial substantial holder

Substantial Shareholder: AEGP Australia Pty Ltd, ACN 605 683 798

Table of Substantial Shareholders:

Person	ACN (if applicable)	Place of incorporation
AEGP Australia Pty Ltd	605 683 798	Australia
AELP NT Australia Holdings, Ltd		Bermuda
Arcadia Capital Australia, LLC		Oklahoma, United States of America
Aubrey K. McClendon		

Signature

Print name

Aubrey K. McClendon

Date

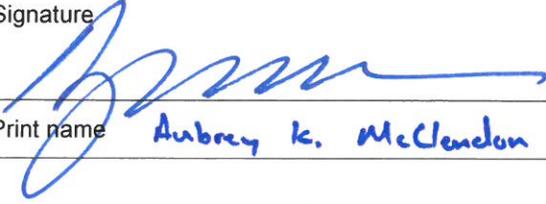
10/27/15

Annexure B

This is annexure B of 16 pages referred to in form 603 Notice of initial substantial holder

Substantial Shareholder: AEGP Australia Pty Ltd, ACN 605 683 798

Signature



Print name

Aubrey K. McClelland

Date

10/27/15

Deed of undertakings

AEGP Australia Pty Ltd
DGR Global Limited

+ SYDNEY + MELBOURNE + PERTH

www.gtlaw.com.au

Contents

	Page	
1	Defined terms and interpretation	1
	1.1 Definitions in the Dictionary	1
	1.2 Interpretation	1
2	Agreed Public Announcement	1
3	DGR undertakings	1
	3.1 Exercise of voting rights	1
	3.2 Restriction on sale of shares	1
	3.3 ASX Order	2
4	Proportional bid	2
5	Representations and warranties	2
	5.1 DGR warranties	2
	5.2 AEGP warranties	3
6	Notices	3
7	General	4
	7.1 Cumulative rights	4
	7.2 Waiver and variation	4
	7.3 Approvals and consents	4
	7.4 Specific performance	4
	7.5 Effect of agreement	4
	7.6 Severability	5
	7.7 Mutual further assurances	5
	7.8 Counterparts	5
	7.9 Governing law and jurisdiction	5
	7.10 Assignment	5
	Schedule 1 — Dictionary	6
	Execution page	9

Date: 27 October 2015

Parties

- 1 **AEGP Australia Pty Ltd** ACN 605 683 798 of C/- Gilbert + Tobin, Level 37, 2 Park Street, Sydney, New South Wales, 2000 (**AEGP**)
- 2 **DGR Global Limited** ACN 052 354 837 of Level 27, 111 Eagle Street, Brisbane QLD 4000 (**DGR**)

The parties agree

1 Defined terms and interpretation

1.1 Definitions in the Dictionary

A term or expression starting with a capital letter:

- (a) which is defined in the dictionary in Schedule 1 (**Dictionary**), has the meaning given to it in the Dictionary;
- (b) which is defined in the Corporations Act, but is not defined in the Dictionary, has the meaning given to it in the Corporations Act; and
- (c) which is defined in the GST Law, but is not defined in the Dictionary or the Corporations Act, has the meaning given to it in the GST Law in clauses concerning GST.

1.2 Interpretation

The interpretation clause in Schedule 1 sets out rules of interpretation for this deed.

2 Agreed Public Announcement

Immediately after the execution of this deed DGR must issue the Agreed Public Announcement to ASX (and in any case before 9am Brisbane time on 27 October 2015).

3 DGR undertakings

3.1 Exercise of voting rights

DGR hereby irrevocably undertakes to exercise the voting rights in respect of the Relevant Shares in favour of the Farm-out Resolutions at the EGM (or any postponement or adjournment thereof).

3.2 Restriction on sale of shares

DGR hereby irrevocably undertakes that, during the period commencing on the date of this deed and expiring on the date following the date of the EGM (or any postponement or adjournment thereof), DGR will not sell, transfer or dispose of the Relevant Shares.

3.3 ASX Order

DGR will not be required to perform its obligations under clause 3.1 to the extent that it is prevented from doing so pursuant to either a notification from ASX in respect of voting prior to the EGM to DGR and/or Armour Energy Ltd (**Armour**) or an order to take corrective action issued to DGR and/or Armour by ASX under the Listing Rules after the EGM.

4 Proportional bid

- (a) Subject to the Target obtaining the approval of Target Shareholders to each of the Farm-out Resolutions at the EGM (or any postponement or adjournment thereof), AEGP agrees to make a proportional off-market takeover bid for 13.6242 percent of all shares in the Target under Chapter 6 of the Corporations Act (Bid).
- (b) AEGP must make offers to acquire 13.6242 percent of each Target Shareholder's shares in Target under the Bid.
- (c) The consideration to be offered under the Bid will be A\$0.25 for each Target Share acquired by AEGP.

5 Representations and warranties

5.1 DGR warranties

- (a) DGR represents and warrants to AEGP that each of the warranties set out in clause 5.1(b) is true and correct:
 - (i) as at the date of this deed; and
 - (ii) at all times on each subsequent day until the date of the EGM (or any postponement or adjournment thereof) (including the last day of that period).
- (b) DGR represents and warrants that:
 - (i) it is a corporation validly existing under the laws of its place of incorporation;
 - (ii) it has the corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
 - (iii) it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and to carry out the transactions contemplated by this deed;
 - (iv) this deed is valid and binding upon it and the execution and performance of this deed will not result in a breach or default under DGR's constitution or any agreement or deed or any writ, order or injunction, rule or regulation to which DGR is a party or to which it is bound; and

- (v) no resolution has been passed nor has any other step been taken or legal proceedings commenced or threatened against DGR for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

5.2 AEGP warranties

- (a) AEGP represents and warrants to DGR that each of the warranties set out in clause 5.2(b) is true and correct:
 - (i) as at the date of this deed; and
 - (ii) at all times on each day during the Offer Period.
- (b) AEGP represents and warrants that:
 - (i) it is a corporation validly existing under the laws of its place of incorporation;
 - (ii) it has the corporate power to enter into and perform its obligations under this deed and to carry out the transactions contemplated by this deed;
 - (iii) it has taken all necessary corporate action to authorise the entry into this deed and has taken or will take all necessary corporate action to authorise the performance of this deed and to carry out the transactions contemplated by this deed;
 - (iv) this deed is valid and binding upon it and the execution and performance of this deed will not result in a breach or default under AEGP's constitution or any agreement or deed or any writ, order or injunction, rule or regulation to which AEGP is a party or to which it is bound; and
 - (v) no resolution has been passed nor has any other step been taken or legal proceedings commenced or threatened against AEGP for its winding up or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

6 Notices

- (a) A notice, consent, request or any other communication under this deed must be in writing and must be left at the address of the addressee or sent by email to the address specified below or any other address or email address the addressee requests.

DGR

Attention: Brian Moller, Partner
Address: C/- HopgoodGanim Lawyers, Level 8, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000
Email: [b.moller@hopgoodganim.com.au]

AEGP:

Attention: Tony Bancroft, Partner
Address: C/- Gilbert + Tobin, Level 37, 2 Park Street, Sydney
NSW 2000
Email: tbancroft@gtlaw.com.au

- (b) A notice, consent, request or any other communication is taken to be received:
- (i) if by delivery, when it is delivered unless it is delivered on a day other than a Business Day in which case it is taken to be received at 9.00 am on the next Business Day;
 - (ii) if sent by email:
 - (A) when the Sender receives an automated message confirming delivery; or
 - (B) four hours after the time sent (as recorded on the device from which the Sender sent the email), provided that the Sender does not receive an automated message that the email has not been delivered,
- whichever happens first.

7 General

7.1 Cumulative rights

The rights, powers and remedies of a party under this deed are cumulative with the rights, powers or remedies provided by law independently of this deed.

7.2 Waiver and variation

A provision or a right under this deed may not be waived except in writing signed by the party granting the waiver, or varied except in writing signed by the parties.

7.3 Approvals and consents

A party may give or withhold its approval or consent conditionally or unconditionally in its discretion unless this deed states otherwise. Any approval or consent or agreement required pursuant to this deed must be in writing.

7.4 Specific performance

The parties acknowledge that monetary damages alone would not be adequate compensation for a breach by any party of an obligation under this deed and that specific performance of that obligation is an appropriate remedy.

7.5 Effect of agreement

This deed constitutes the entire agreement between the parties in relations to its subject matter and supersedes any previous understandings or agreements between the parties concerning the subject matter of this deed.

7.6 Severability

If the whole or any part of a provision of this deed is void, unenforceable or illegal in a jurisdiction, it is severed for that jurisdiction. The remainder of this deed has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this deed or is contrary to public policy.

7.7 Mutual further assurances

Each party must do all things necessary or expedient to be done by it in connection with the matters referred to in this deed.

7.8 Counterparts

This deed may be executed in any number of counterparts and all those counterparts taken together will constitute one instrument.

7.9 Governing law and jurisdiction

This deed is governed by the laws of Queensland. Each party submits to the non-exclusive jurisdictions of the courts of Queensland.

7.10 Assignment

The rights and obligations of each party under this deed are personal. They cannot be assigned, charged or otherwise dealt with, and no party shall attempt or purport to do so, without the prior written consent of the other party.

Schedule 1 — Dictionary

Schedule 1 Dictionary

In this deed, the following definitions apply.

Agreed Public Announcement means the announcement to be made by DGR to ASX in the form annexed at Attachment A.

ASX means ASX Limited ABN 98 008 624 691.

Attachment means an attachment to this deed.

Bid means a proportional off-market takeover bid by AEGP for 13.6242 percent of all Target Shares under Chapter 6 of the Corporations Act.

Business Day means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Corporations Act means the *Corporations Act 2001* (Cth).

Dictionary has the meaning given in clause 1.1(a).

EGM means the extraordinary general meeting of Target Shareholders to be held on 30 October 2015.

Farm-out Resolutions means the resolutions set out in the notice of extraordinary general meeting dated 1 October 2015 for the purposes of the EGM.

GST means a goods and services tax or similar value added tax levied or imposed under the GST Law.

GST Law has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Listing Rules means the Listing Rules of ASX.

Offer means each offer by AEGP to acquire 13.6242 percent of each Target Shareholder's Target Shares under the Bid and **Offers** means all such offers.

Offer Period means the period the Offer is open for acceptance.

Relevant Shares means the number of shares (rounded down to the nearest whole number) in Target held by DGR which is equal to twenty percent of the issued share capital of Target minus one share.

Schedule means a schedule to this deed.

Target Shares means fully paid ordinary shares issued in the capital of Target.

Target Shareholders means each person who is registered in the register of members of Target as the holder of Target Shares from time to time.

Schedule 2 Interpretation

In this deed the following rules of interpretation apply unless the contrary intention appears:

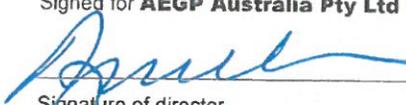
- (a) headings are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and vice versa;
- (c) words that are gender neutral or gender specific include each gender;
- (d) where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate or entity (as that term is defined in section 64A of the Corporations Act);
 - (ii) a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - (iii) a party includes its successors and permitted assigns;
 - (iv) a document includes all amendments or supplements to that document;
 - (v) a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this deed;
 - (vi) this deed includes all schedules and attachments to it;
 - (vii) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a rule of ASX and is a reference to that law as amended, consolidated or replaced;
 - (viii) an agreement other than this deed includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (ix) a monetary amount is in Australian dollars;
- (g) an agreement on the part of two or more persons binds them jointly and severally;

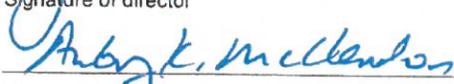
- (h) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- (i) in determining the time of day, where relevant to this deed, the relevant time of day is:
 - (i) for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - (ii) for any other purpose under this deed, the time of day in the place where the party required to perform an obligation is located; and
- (j) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this deed or any part of it.

Execution page

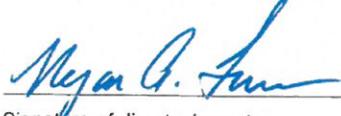
Executed as an agreement.

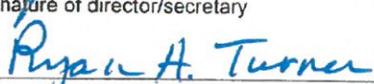
Signed for **AEGP Australia Pty Ltd** by:



Signature of director


Name of director (print)



Signature of director/secretary


Name of director/secretary (print)

Signed for **DGR Global Limited** by:

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)

Execution page

Executed as an agreement.

Signed for **AEGP Australia Pty Ltd** by:

Signature of director

Signature of director/secretary

Name of director (print)

Name of director/secretary (print)

Signed for **DGR Global Limited** by:



Signature of director



Signature of director/secretary

William Stubbs

Name of director (print)

Vincent Mascolo

Name of director/secretary (print)

Attachment A — Agreed Public Announcement

ASX ANNOUNCEMENT BY DGR GLOBAL LIMITED

DGR GLOBAL LIMITED, ARMOUR'S LARGEST SHAREHOLDER, ANNOUNCES ITS SUPPORT FOR ARMOUR'S FARMOUT TRANSACTION WITH AMERICAN ENERGY, WELCOMES AMERICAN ENERGY'S PROPOSAL TO MAKE A PROPORTIONAL TAKEOVER AND URGES FELLOW ARMOUR SHAREHOLDERS TO VOTE IN FAVOR OF THE AMERICAN ENERGY FARMOUT TRANSACTION AT THE EGM ON 30 OCTOBER 2015

27 OCTOBER 2015: DGR Global Limited (DGR) is the largest shareholder in Armour Energy Limited (Armour), holding 24.64% of Armour's shares and refers to Armour's announcement of 15 October 2015 that it has entered into a Bid Implementation Agreement with WestSide Corporation Limited (WestSide) in connection with WestSide's increased takeover offer of \$0.20 per share (Offer).

Armour is also party to certain agreements with American Energy Partners, LP's Australian affiliate AEGP Australia Pty Ltd (together, American Energy) for a farm-out of Armour's McArthur Basin oil and gas tenements in the Northern Territory and the issue of in aggregate 33,810,813 Shares and 24,000,000 Options to American Energy (American Energy Transaction). The American Energy Transaction is subject to approval by Armour shareholders at an extraordinary general meeting (EGM) convened for 30 October 2015.

The directors of Armour have agreed with American Energy that they will recommend that Armour shareholders vote for the resolutions to approve the American Energy Transaction in the absence of a superior proposal and have withdrawn their previous recommendation that Armour shareholders accept the increased WestSide Offer. Independent expert BDO Corporate Finance (QLD) Limited (BDO) has valued Armour in a range of \$0.22 to \$0.37 per share for the purposes of the WestSide Offer and BDO has also separately concluded that the American Energy Transaction is fair and reasonable to Armour shareholders not associated with the transaction.

DGR considers that the American Energy Transaction coupled with the proportional takeover referred to in the following paragraph to be superior to the increased WestSide Offer (even when taking into account the pro rata dividend in specie of Armour's shares in Lakes Oil NL to Armour shareholders should the Offer become unconditional) and represents better long term value for Armour shareholders. Accordingly, DGR has irrevocably agreed (subject to no regulatory action to the contrary) with American Energy to vote 60,927,153 of its Armour shares amounting to 19.99% of Armour's issued shares in favour of the resolutions to approve the American Energy Transaction at the meeting of Armour shareholders at the EGM to be held on 30 October, 2015. Should the resolutions relating to the American Energy Transaction be approved at the EGM, American Energy will subscribe for 16,922,311 Shares at 20 cents per Share (being the first of two tranches of Shares, **Tranche 1 Shares**) (this number assumes that no existing options are exercised or any other shares are issued). Armour will issue the Tranche 1 Shares to American Energy as soon as practicable after the EGM, resulting in American Energy acquiring an interest in 5.26% of Armour following the Meeting.

In addition, DGR welcomes the American Energy proposal to make a proportional takeover offer for 13.62% of each Armour shareholders shares at 25 cents a share following the EGM and subject to the passing of each resolution at the Armour EGM (**Proportional Bid**). DGR will not accept the proportional takeover by American Energy in respect of any of its Armour shares given its confidence in the long term value opportunities in Armour. Following the completion of such proportional takeover, American Energy will hold up to a maximum of 14.99% of Armour's shares,¹ thereby becoming a strategic investor in Armour in addition to holding its interest as a partner in the McArthur Basin Project.

¹ This number is calculated based on American Energy's initial holding of 5.26% of Armour (16,922,311 Shares) following the issue of the Tranche 1 Shares and based on the maximum potential acceptance of the Proportional Bid of 31,279,244 (being the maximum potential acceptances which may be received under the Proportional Bid taking into account DGR not accepting the bid). This number assumes no further Shares are issued or any existing options exercised.

On closing of the American Energy Transaction (which is subject to, amongst other matters, FIRB approval) which is expected to occur following the close of the Proportional Bid, American Energy will subscribe for and be issued, a further 16,888,502 Shares at 20 cents per Share (being the second of two tranches of Shares being approved at the EGM, **Tranche 2 Shares**), bringing its total maximum shareholding in Armour to 65,090,057 Shares,² or 19.23% of an enlarged share capital of 338,446,579.

² Calculated based on the number of Shares issued pursuant to Tranche 1 of 16,922,311 Shares, the maximum potential acceptance of the Proportional Bid of 31,279,244 and the number of Shares issued pursuant to Tranche 2 of 16,888,502 Shares. This number assumes no further Shares are issued or any existing options exercised.