



AMERICAN ENERGY
GLOBAL PARTNERS

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AMERICAN ENERGY RESPONDS TO WESTSIDE'S INCREASED OFFER FOR ARMOUR ENERGY WITH A PROPOSAL TO MAKE A PROPORTIONAL TAKEOVER OFFER FOR 13.62% OF EACH ARMOUR SHAREHOLDER'S SHARES AT \$0.25 PER SHARE FOLLOWING THE APPROVAL OF THE RESOLUTIONS AT ARMOUR'S EXTRAORDINARY GENERAL MEETING ON 30 OCTOBER 2015, WHICH REPRESENTS A PREMIUM OF 25% TO WESTSIDE'S INCREASED OFFER; BELIEVES ITS FARMOUT PROPOSAL OFFERS SUBSTANTIALLY MORE VALUE TO SHAREHOLDERS AND SHOULD BE APPROVED AT THE EGM ON OCTOBER 30 2015

27 OCTOBER 2015: American Energy Partners, LP, through its Australian affiliate AEGP Australia Pty Ltd (together, **American Energy**), has entered into agreements with Armour Energy Limited (**Armour**) for a farm-out in respect of the exploration and development of Armour's McArthur Basin oil and gas tenements in the Northern Territory of Australia and for the issue of 9.99% of Armour's share capital (issued in two tranches, the first tranche consists of 16,922,311 Shares at 20 cents per Share to be issued as soon as practicable after the EGM (**Tranche 1 Shares**) and the second tranche consists of 16,888,502 Shares at 20 cents per Share to be issued following close out of the farm-out which is expected to occur following the close of the Proportional Bid (**Tranche 2 Shares**)) and the grant of 24,000,000 options over Armour shares (**American Energy Transaction**). The American Energy Transaction is subject to approval by shareholders at an extraordinary general meeting (**EGM**) of Armour shareholders to be held on 30 October, 2015. BDO Corporate Finance (QLD) Limited, as independent expert, in its independent expert's report to shareholders of Armour, has concluded that the American Energy Transaction is fair and reasonable to Armour shareholders.

Armour announced to ASX on 15 October 2015 that it has entered into a Bid Implementation Agreement with WestSide Corporation Limited (**WestSide**) in connection with WestSide's increased offer for Armour shares to \$0.20 per share (**Increased Offer**). The directors of Armour have recommended that Armour shareholders accept the WestSide Increased Offer, subject to no superior proposal, and, if it becomes unconditional, Armour will declare a pro rata dividend in specie of its shares in Lakes Oil NL to Armour shareholders.

American Energy and Armour have now entered into a Bid Implementation Agreement under which American Energy agrees to make a proportional takeover offer for 13.62% of each Armour shareholders' shares (other than shares held by American Energy) at \$0.25 a share following the EGM and subject to the passing of each resolution at the Armour EGM (**Proportional Bid**). The Armour directors consider that the American Energy transaction together with the proportional takeover offer is superior to the increased WestSide Offer (even with the potential pro rata dividend in specie of Armour's shares in Lakes Oil NL to Armour shareholders being taken into account) and recommend that Armour shareholders vote in favour of the resolutions to approve the American Energy transaction at the EGM on 30 October 2015 and accept American Energy's proposed proportional takeover offer, both in the absence of a superior proposal. The Armour directors have withdrawn their previous recommendation for shareholders of Armour to accept the increased WestSide Offer.

DGR Global Limited (**DGR**), Armour's largest shareholder has advised American Energy and the market it will vote 60,927,153 of its Armour shares amounting to 19.99% of Armour's issued shares in favour of the American Energy Transaction at the EGM (subject to no regulatory action to the

contrary), but will not accept the proportional takeover offer for any of its Armour shares (in aggregate, DGR holds 24.64% of Armour's issued shares).

DGR's stated voting intention is not revokable prior to the EGM.

As a result of the Proportional Bid and together with the Tranche 1 Shares, American Energy would have a holding of up to 14.99% of Armour's share capital should all Armour Shareholders (excluding DGR) accept the proportional takeover offer.¹ Shareholders should note that they are not entitled to accept the Proportional Bid for any of the Shares in their Shareholding in excess of 13.62%.

If the resolutions to approve the American Energy Transaction are passed by Armour shareholders, Armour will issue American Energy's Australian affiliate the Tranche 1 Shares shortly after the meeting and the Tranche 2 Shares on closing of the farm-out agreement (which is expected to close following the close of the Proportional Bid). Following the issue of the Tranche 1 Shares, the Tranche 2 Shares and the Shares pursuant to the Proportional Bid, American Energy will have a total maximum shareholding in Armour of 65,090,057 Shares,² or 19.23% of an enlarged share capital of 338,446,579.

The proposed proportional takeover offer for Armour shares by American Energy demonstrates its confidence in the farm out and its long term value for the Armour shareholders. The acquisition will also provide Armour shareholders with an opportunity to dispose of some shares at a material premium to the revised WestSide offer.

In its Target's Statement, Armour ascribed a farm in value of approximately \$94 million to Armour's Northern Territory Tenements based on the total expenditure, cash and bonus payments to be made by American Energy added to the implied value of Armour's 25% interest in the Northern Territory Tenements as assessed in the Independent Expert's Report. This value is significantly higher than the value of WestSide's revised Offer.

About American Energy Global Partners, LP

Based in Oklahoma City, Oklahoma, American Energy Global Partners, LP, (AEGP) an affiliate of American Energy Partners, LP (AELP), was created to identify and develop unconventional resource opportunities outside of the U.S. while AELP was created to identify and develop unconventional resource opportunities in the U.S. Founded in 2013 by Aubrey K. McClendon, AELP has today grown to more than 450 employees.

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, and all other numbers and percentages in this announcement, assumes no further Shares are issued or any existing options exercised.

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.