



DGR Global Limited

27 October 2015

DGR Global Limited, Armour Energy Limited's Largest Shareholder, Announces its Support for Armour's Farm-out Transaction with American Energy, Welcomes American Energy's Proposal to Make a Proportional Takeover Bid for Armour, and Urges Fellow Armour Shareholders to Vote IN FAVOUR of the American Energy Farm-out Transaction at Armour's EGM on 30 October 2015.

DGR Global Limited (**ASX: 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vote for the resolutions to approve the American Energy Transaction in the absence of a superior proposal and have withdrawn their previous recommendation that Armour shareholders accept the increased WestSide Offer.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.

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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.

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.



On behalf of the Board
Karl Schlobohm
Company Secretary

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About DGR Global Limited

DGR Global's business is the creation of resource exploration development and mining companies.

The business uses the skills of a core team of talented geoscientists to identify resource projects capable of yielding world class discoveries of attractive commodities.

This is achieved through:

- The identification of commodities with a favorable 20 year price outlook.
- Geological terranes with:
 - A demonstrated strong endowment for that commodity;
 - An under-explored history;
 - Opportunity for the application of recently developed exploration techniques;
 - Jurisdictions with improving socio-economic and regulatory frameworks;
 - Extensive available tenures.

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.

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.

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DGR provides initial seed funding and management support to secure these assets in subsidiaries and develop these assets to more advanced funding stages. The Company has a pipeline of projects in daughter companies at various stages of emergence, and has recently crystallised a significant return through the sale of its 15% holding in Orbis Gold for \$26million. Further development of its holdings in AIM listed SolGold and IronRidge Resources and ASX Listed AusTin Mining, Navaho Gold and Armour Energy and unlisted Archer Resources, are expected over the coming years.

The Company is currently involved in the search for safe high grade, high-yielding production operations in which to invest the bulk of its available cash resources.

DGR Global has commenced an intended program of judicious dividend payments to its shareholders. The future of the dividend program will depend on circumstances from time to time.

The previous resource exploration and funding activities of DGR's key personnel underscore the opportunities provided by the DGR business model.