



## Armour Energy Limited

10 February 2016

### Clarification of DGR Global Loan Facility and ASX Waiver

Further to its announcement of 18 January 2016, Armour Energy Limited (**Armour**; ASX:AJQ) wishes to provide the following update and clarification in respect of the bridging loan facility (**DGR Global Loan Facility**) offered by DGR Global Limited (**DGR**; ASX:DGR).

#### **DGR Global Loan Facility**

On 18 January 2016, Armour advised that the DGR Global Loan Facility offered by DGR, had been secured under documents executed between Armour and DGR (**18 January Announcement**).

Armour wishes to clarify that the security granted to DGR (**Security**) was granted pursuant to a General Security Deed (**GSD**) in favour of DGR on 12 January 2016. The statement in paragraph (a) of the 18 January Announcement "which has now been done" refers only to the "fixed and floating charge over the assets of Armour and subsidiaries and the assets of those subsidiaries". The "first ranking security and mortgage over undescured Surat Basin Assets" has not yet been provided.

The reference to a "fixed and floating charge over the assets of Armour and subsidiaries and the assets of those subsidiaries" should be read to exclude:

1. certain contracts where the granting of an encumbrance over Armour's rights was prohibited, including relevantly:
  - a. the Share Subscription Agreement between Armour and AEGP Australia Pty Ltd (**AEGP**);
  - b. the Farm-Out Agreement between Armour and AEGP;
  - c. the Option Deed between Armour and AEGP;
  - d. the Operating Agreement between Armour and AEGP; and
  - e. the Bid Implementation Agreement between Armour and AEGP (**Excluded Assets**); and
2. assets related to the Farm-Out Agreement, including relevantly:
  - a. the relevant native title agreements and seismic services contract; and
  - b. EP 171, 174, 176, 190, 191 and 192 and EPA 172, 173, 177, 178, 179, 193, 194, 195 and 196 (and related documentation) (**Farmout Related Assets**).

The effect of the Excluded Assets and the Farmout Related Assets definitions are that Armour's assets pursuant to the Farm-Out Agreement (amongst other matters), are specifically excluded from the Security. Both Armour and DGR have subsequently confirmed this position by way of a Deed of Acknowledgement dated 9 February 2016.



### **ASX Waiver from ASX Listing Rule 10.1**

Armour is pleased to announce that it has been granted a waiver from ASX Listing Rule 10.1 (**Waiver**), to the extent necessary to permit the Company to grant security over its assets to DGR pursuant to the DGR Global Loan Facility, without shareholder approval.

Relevantly, the Security includes a term that if an event of default occurs and DGR exercises its rights under the Security, neither DGR nor any of its associates can acquire any legal or beneficial interest in an asset of Armour or its subsidiaries in full or part satisfaction of Armour's obligations under the Security, or otherwise deal with the assets of Armour or its subsidiaries, without Armour first having complied with any applicable listing rules, including ASX Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by DGR exercising its power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to DGR in accordance with its legal entitlements.

Armour confirms that in accordance with the terms of the Waiver:

1. any variations to the terms of the Security which is:
  - a. not a minor change; or
  - b. inconsistent with the terms of the Waiver,must be subject to shareholder approval;
2. Armour will seek to discharge the Security when the funds advanced under the Security are repaid, or if the Security is not discharged, seek shareholder approval for the continuation of the Security for any further loan facility amount; and
3. Armour will ensure that a summary of the material terms of the Security is made in each annual report of Armour during the term of the Security.

Should closing of the Farm-Out Agreement with AEGP occur, Armour would likely shortly thereafter apply those funds to the repayment of the funds advanced under the Security in order to result in the discharge of the Security. Shareholders should refer to the Armour's ASX Announcements dated 18 January 2016, 29 January 2016 and 4 February 2016 as to the status of the Northern Farm-Out Agreement with AEGP.

In the interim, Armour continues to progress negotiations with other third-party/commercial financiers in respect of the DGR Global Financing Facility. Should Armour be successful in these negotiations, it is likely that Armour would shortly thereafter apply any funds received under a third-party/commercial financing arrangement to repay the funds advanced under the Security and discharge the Security.

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

On behalf of the board  
Karl Schlobohm  
Company Secretary



**For further information contact:**

Robbert de Weijer – CEO  
07 – 3303 0620

Karl Schlobohm – Company Secretary  
07-3303 0661