



DGR Global Limited

14 September 2015

DGR Business Update

The Directors of DGR Global Limited (ASX: DGR) wish to provide shareholders and investors with an update of the latest activity and developments within the wider DGR Global portfolio.

Armour Energy Ltd | ASX: AJQ – DGR 25% - 75m Shares | www.armourenergy.com.au

On 11 September 2015, Armour Energy released an announcement regarding the signing of Definitive Agreements with an Australian affiliate of American Energy Partners, LP (“American Energy”), for an expanded farm-out that will accelerate the exploration and development of Armour’s McArthur Basin oil and gas tenements in the Northern Territory of Australia.

The binding agreements provide US\$130m in Phase One funding, and assist Armour to access up to US\$130m of debt funding for Phase Two appraisal and development, and provides Armour post-completion cash inflows of A\$39.5m. The Directors of Armour have made the American Energy agreements conditional on Armour shareholder approval.

The terms of the American Energy agreements include:

- 21.5 million acres farm-in area now increased to 29.3m acres by the addition of EP177 and EP178 (Northern Territory).
- American Energy spend increased from US\$100m to US\$130m on Phase One over a maximum of 5 years for 75% working interest. Armour to be free-carried 100%.
- Cash payment to Armour increased from US\$11m to US\$13m on closing of the Farm-out Agreement with American Energy.
- Armour to receive bonus payments of US\$3m on grant and transfer of interests in EP177 and EP178 to American Energy, in addition to US\$7m on grant of one million acres of production licences, or grant and transfer of farm-in interests in remaining Northern Territory tenements to American Energy.
- Revised options package in Armour of 24 million (12m, 6m, 6m) options exercisable at 25c, 40c and 50c and expiring after 3 years, 5 years and 5 years respectively.
- American Energy to assist Armour to access up to US\$130m of debt funding for Armour’s share of Phase Two appraisal and development costs.
- Placement of 33.7 million new shares at A\$0.20 per share to be made to American Energy, for cash proceeds to Armour of A\$6.74m. Placement to be settled 50% on Armour shareholder approval and 50% on closing of the Farm-out Agreement.
- Based on cash at 30 June 2015 of A\$8.5m, and after payments set out above, Armour’s pro-forma cash position would be A\$48.0m (or A\$33.7m before bonus payments).

For the full announcement and fuller detail of the key terms see: [Binding Agreements Signed with American Energy for Upsized US\\$130m Farm-out](#)

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Also released by Armour on 11 September 2015, following the execution of the American Energy Agreements, was a market update on the progress of the WestSide Takeover Bid and the opinion of the Armour Directors in relation thereto.

The entry into the Transaction Agreements with American Energy as outlined above has important implications for the conditions of Westside's takeover bid for Armour. Armour's entry into the American Energy Agreements constitutes a breach of the condition contained in paragraph (b) of Appendix 2 of the Westside Bidder's Statement ("American Energy Condition"). The implication of this is that the Westside's takeover bid may be withdrawn. Additionally, unless Westside waives the American Energy Condition, it is likely that the American Energy Condition of the Westside Bid cannot be satisfied.

With the above in mind, the Armour has made all of the Transaction Agreements conditional upon them being approved by Armour's shareholders.

The Armour Board has re-iterated its advice to shareholders to REJECT the current Westside bid and to take no action in relation to any current offer paperwork.

The varying reasons set out by Armour's Board are outlined in the full announcement, visible here: [Update on Westside Bid](#)

Navaho Gold Ltd | ASX: NVG – DGR 19.55% - 113m Shares | www.navahogold.com

On 26 August 2015 Navaho Gold released an announcement to advise the company executed an Exploration Agreement with Option to Purchase with Trendix SA for Navaho to progressively acquire interest of up to 75% for the Highly Prospective Nirihuau Coal Project, located in the southern Rio Negro Province of Argentina.

Navaho has been undertaking extensive research into this area over the past three months, and is in the initial stages of developing a strategy to deliver a cost-effective power generation solution to the Argentinean market.

For further information on the prospectivity, key equity arrangements, key terms and expenditure requirements please see the full announcement here: [Option Arrangement for the Highly Prospective Nirihuau Coal Project in Argentina](#)



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.

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.