



## **DGR Global Limited**

**5 December 2011**

### **Gas Subsidiary Armour Energy to Acquire Strategic Stake in Lakes Oil**

#### **Farm-in Program on Highly Prospective Onshore Gippsland and Otway Tenements**

The Board of Directors of DGR Global (ASX:DGR) is extremely pleased to announce details of a share placement and a farm-in agreement entered into between its gas subsidiary Armour Energy and the ASX listed Lakes Oil NL (ASX:LKO).

Under the agreement Armour Energy will subscribe \$2.25 million to purchase 900 million shares in Lakes Oil at 0.25 cents per share in Lakes representing a 15% interest in the Company. Armour Energy will also be granted a right to maintain its 15% interest in Lakes Oil through participation in any subsequent capital raisings by Lakes Oil.

In addition two Armour Energy Directors, Executive Chairman Mr Nicholas Mather and CEO Mr Phil McNamara (or other nominee) of Armour, will be appointed to the Lakes Oil Board of Directors.

Lakes Oil has agreed to provide Armour Energy with farm-in rights and acquisition options over certain of its assets subject to the completion of satisfactory due diligence by Armour Energy, as follows:

- Right to earn 51% and assume operatorship of PEP169 in the Otway Basin in south western Victoria by drilling the Moreys Prospect with a \$2.5 million well targeting a P50 recoverable prospective resource of 46BCF gas in the Waarre Sandstone. The Moreys Prospect is adjacent to numerous gas fields operated by Origin Energy and proximal to existing pipeline infrastructure.
- Right to earn a 51% interest in PEP166 within the onshore Gippsland Basin with a total expenditure of \$9 million across two years targeting large unconventional gas reserves.

Under the farm-in agreement Armour Energy will expend a planned \$4.25 million during year 1 of the agreement to drill the planned Holgate 1 Well on the Baragwanath Anticline along with a second cored hole on the Yallourn-Morwell Anticline to earn a 25% interest in PEP166.

This will be followed by a commitment of \$4.75 million in year 2 of the agreement to complete the 51% interest and assume operatorship of PEP166.

- An option to acquire half of Lakes Oil's interest in the Trifon and Gangell blocks within PRL2 and a 25% interest in the balance of PRL 2 at any time in the next three years in consideration of payment of \$30 million. Option fees will also be paid of \$100,000 on signing, \$200,000 after year 1 and \$300,000 after year 2.

Figures 1 and 2 below outline the location and extent of PEP166, PEP 169 and PRL2.



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Armour Energy is pleased to have the opportunity to acquire substantial interests in highly prospective gas and oil acreage in the onshore sectors in the Gippsland Basin, Australia's most prolific oil and gas producing province.

The prospectivity offered by the onshore section of the Gippsland Basin has been to date poorly understood and Armour Energy looks forward to the investigation of this opportunity to add a second gas province to its portfolio.

Armour Energy's program in the Lakes Oil project areas will commence at the end of March 2012 and provide early drilling activity prior to its proposed NT and QLD shale and conventional gas exploration projects in the McArthur, South Nicholson and Isa Super Basin provinces.

Armour Energy is preparing for an IPO in February 2012.

Commenting on the Lakes Oil agreement, Armour Executive Chairman and DGR Global CEO Mr Nicholas Mather said, "Growing global demand for gas, Australian support for gas development and the rapid development of efficient unconventional extraction technologies bode well for the emergence of Armour as a gas company of national significance."

DGR Global owns 75 million shares (50%) in Armour Energy Limited.



On behalf of the board  
Karl Schlobohm  
Company Secretary



Figure 1 – Lakes Oil's Otway and Gippsland Basin Interests (Lakes Oil 2011 Annual Report)

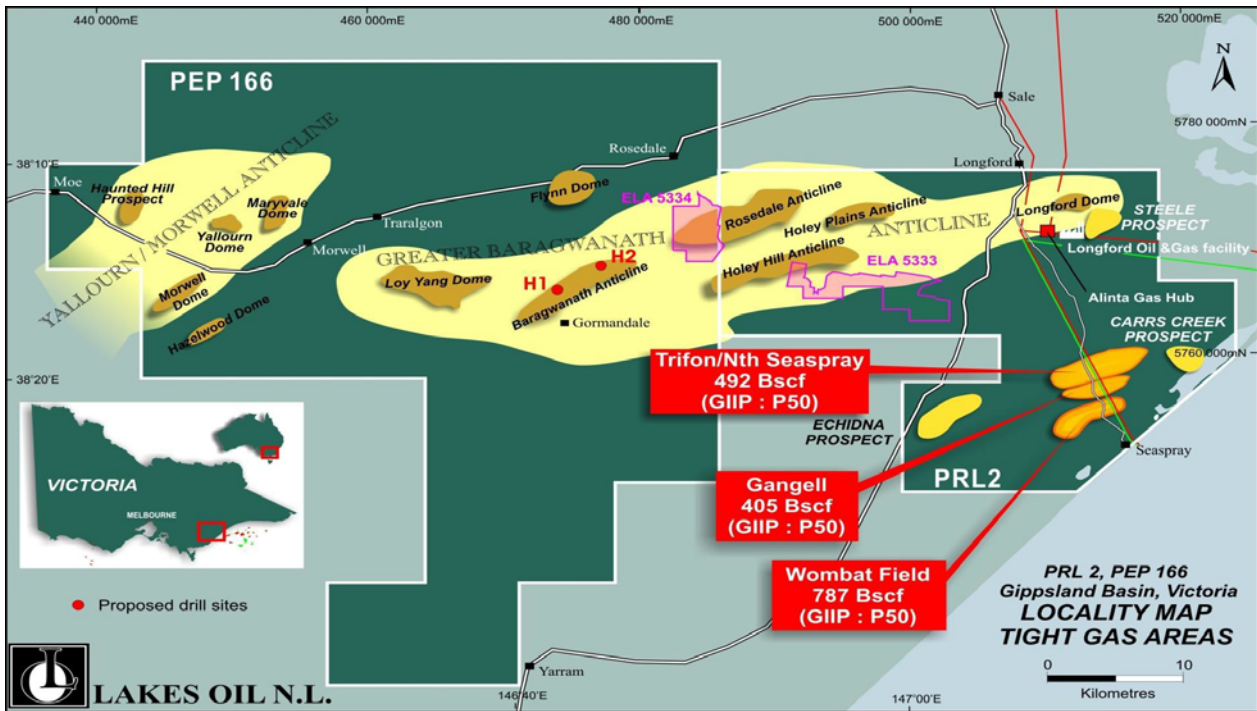


Figure 2 – Lakes Oil’s PEP166 and PRL2 (Lakes Oil 2011 Annual Report)

**About DGR Global Limited**

DGR Global Limited is focused on generating exploration and development companies in a wide array of minerals.

Projects are conceived directly through the skills and experience of DGR Global’s accomplished team of exploration geoscientists (with an enviable track record), not by the costly purchase of properties. Each project or exploration strategy is held in a separate subsidiary.

Focused and specialist management is then engaged in the subsidiary, with project specific finance raised in the subsidiary – faster and less dilutive to DGR Global. As the subsidiary project develops and starts to derisk the subsidiary is separately capitalised (seed raisings followed by an IPO).

Investors can choose to invest specifically in a particular project/commodity, or by investing in DGR Global, invest in the resource company generating business which retains a significant carried interest in each project.

DGR Global projects tend to be very large, targeting new provinces with the potential to make world-class discoveries. The exploration concepts are often novel. While increased metal prices and advances in technology can turn former sub-economic deposits into viable projects, DGR Global subsidiary projects frequently emerge from detailed reassessment and reinterpretation of large databases – looking at things from a new angle and with a different focus using state of the art techniques. The DGR Global Directors and Managers have in the past applied new exploration models to extensive tenement areas which have led to identification of new mineral provinces and the discovery of nationally significant resources. Similar efforts are now being dedicated to DGR Global.

DGR Global currently holds 52 million shares (33%) in **Mt Isa Metals Limited** (ASX: MET) currently exploring for gold in Burkina Faso, 35.2 million shares (12.4%) in **Solomon Gold plc** (LSE: SOLG) currently exploring for gold and copper in the Solomons and Queensland, 59.8 million shares (41%) in **AusNiCo Limited** (ASX: ANW) exploring for nickel sulphides, cobalt, gold and silver in south east Queensland, and 27 million shares (29%) in **Navaho Gold Limited** (ASX: NVG) exploring for Carlin style gold in Nevada (USA) and Queensland.



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DGR Global is also progressing the corporate development of **Archer Resources Limited** (focussing on copper-gold-silver porphyry systems) and **IronRidge Resources Limited** (focusing on Iron Ore, Titanium). Capital raisings and stock exchange listings for these companies are in planning for 2012.

DGR Global is also continuing to progress the development of **Armour Energy Limited** which is dedicated to the discovery and development of world class gas resources in an extensive new province in Northern Australia. The area currently under tenure / application covers in excess of 125,000km<sup>2</sup> of the McArthur, South Nicholson and Georgina Basins. Planning is well advanced for an IPO during Q1, 2012.

DGR Global currently has 324,202,760 shares on issue.

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Electronic copies and more information are available on the Company website: [www.dgrglobal.com](http://www.dgrglobal.com)

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