



Armour Energy Limited ACN 141 198 414

Non-renounceable Entitlement Offer Booklet

A non-renounceable *pro rata* entitlement offer to existing shareholders of Armour Energy Limited of 1 New Share at an issue price of \$0.076 each for every 6 Shares held, to raise up to approximately \$4.25 million before costs (**Entitlement Offer**).

Shareholders who apply for their full Entitlement will also be entitled to apply for additional New Shares to be allocated out of any shortfall (**Shortfall Facility**).

The Entitlement Offer is fully underwritten by Bizzell Capital Partners Pty Ltd.

The Entitlement Offer closes at 5:00pm (Sydney time) on 13 October 2017.

Important notice

Valid Applications for new shares by Eligible Shareholders can only be made by using or following instructions on an Entitlement and Acceptance Form, as attached to this Offer Booklet. Each Entitlement and Acceptance Form sets out the relevant Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

Please read this document (being this Offer Booklet and the accompanying Entitlement and Acceptance Form) in its entirety.

This document is not a prospectus. This document does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document. The New Shares offered by this document should be considered speculative.

If after reading this document you have any questions about the Entitlement Offer or the New Shares then you should consult your stockbroker, accountant or other professional advisor.

BIZZELL CAPITAL PARTNERS

Lead Manager & Underwriter



HopgoodGanim
Legal Adviser

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IMPORTANT NOTICE

The Entitlement Offer made pursuant to this Offer Booklet is part of a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Booklet is not a disclosure document for the purposes of Chapter 6D of the Corporations Act. The Company is offering the securities under this Offer Booklet without disclosure to investors under Chapter 6D of the Corporations Act, but pursuant to section 708AA of the Corporations Act. Accordingly, the level of disclosure contained in this Offer Booklet is significantly less than that required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and disclosures made to ASX, and should consult their professional advisers before deciding whether to accept the Entitlement Offer.

This Offer Booklet is dated 14 September 2017 and was lodged with ASX on that date. ASX does not take any responsibility for the contents of this Offer Booklet.

Shares will only be issued on the basis of this Offer Booklet in accordance with the terms set forth in this Offer Booklet.

As at the date of this Offer Booklet, the Company has complied with:

- the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- section 674 of the Corporations Act.

No excluded information

As at the date of this Offer Booklet, the Company is not aware of any excluded information of the kind which would require disclosure in this Offer Booklet pursuant to sections 708AA(8) and (9) of the Corporations Act.

Foreign Shareholders

The Company has not made any investigation as to the regulatory requirements that may prevail in the countries, outside of Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong, in which the Company's Shareholders may reside. The distribution of this Offer Booklet in jurisdictions outside Australia, New Zealand, British Virgin Islands, Singapore or Hong Kong may be restricted by law and persons who come into possession of this Offer Booklet should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

The Entitlement Offer may only be accepted by Eligible Shareholders and does not constitute an offer in any place in which or to any person to whom, it would be unlawful to make such an offer.

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders with registered addresses outside Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Entitlement Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia, New Zealand, Singapore and Hong Kong.

Forward-looking statements

This Offer Booklet, including the Investor Presentation, contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Booklet, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Booklet or the Investor Presentation will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Booklet or the Investor Presentation, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 2 of this Offer Booklet.

Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and uses that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and to carry out any associated administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that the Company holds about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Booklet.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application.

Please read this document carefully before you make a decision to invest. An investment in the Company has a number of specific risks which you should consider before making a decision to invest. Some of these risks are summarised in Section 2.



Chairman's Letter

14 September 2017

Dear Shareholder,

On behalf of the Directors, I am pleased to invite you, as a valued Shareholder of Armour Energy Limited (**AJQ** or **the Company**), to participate in the Company's 1 for 6 non-renounceable entitlement offer of new AJQ ordinary shares (**New Shares**) at an issue price of \$0.076 per New Share to raise up to approximately \$4.25m before costs (the **Entitlement Offer**). There is a Shortfall Facility whereby Shareholders who apply for their full Entitlements under the Entitlement Offer may also apply for additional New Shares to be allocated out of any Shortfall.

Entitlement Offer

The Company has announced its intention to raise gross proceeds of approximately \$4.25m through this Entitlement Offer. The Entitlement Offer is fully underwritten by Bizzell Capital Partners Pty Ltd, an entity associated with Armour Director, Mr Stephen Bizzell (the **Underwriter**).

It is proposed that the funds raised from the Entitlement Offer will be used to fund the re-commissioning and re-start activities at the Company's Kincora Project in Queensland, fund other growth initiatives, pay creditors, provide additional working capital, and fund the costs of the Entitlement Offer.

This Entitlement Offer forms part of the Company's revised and expanded capital raising program as announced in May 2017 to raise up to \$50m. Of the total amount, as at the date of this Offer Booklet, approximately \$32.7 million has been raised by the issue of Convertible Notes and \$1m by the issue of ordinary shares at a price of \$0.076 per share. As announced in conjunction with this Entitlement Offer, there is also a further \$5 million Convertible Note subscription commitment from M.H. Carnegie subject to the satisfaction or waiver of specified conditions.

All of the Directors who currently hold Shares intend to take up their Entitlements to New Shares, with each of those Directors intending to use the debt conversion facility with respect to the take up of part of their Entitlements.

The number of New Shares that you are entitled to subscribe for under the Entitlement Offer (the **Entitlement**) is set out in your personalised Entitlement and Acceptance Form that accompanies this Offer Booklet. If you take up your full Entitlement, you can also apply for additional New Shares (**Additional New Shares**) under a Shortfall Facility (refer to Section 4 of this Offer Booklet for more information) (the **Shortfall Facility**). The offer price for the Additional New Shares will be the Issue Price of \$0.076 per Additional New Share. Any Additional New Shares must be allocated from that pool of New Shares which remain available for allocation, after the allocation of all Entitlements to each Eligible Shareholder who has applied for their Entitlements (the **Shortfall Shares**).

The Underwriter, in consultation with the Board of Armour will not allocate New Shares or Additional New Shares to any Eligible Shareholder to the extent that the allocation will result in that Eligible Shareholder acquiring a holding of more than 19.99% in the Company, other than existing shareholder DGR Global Limited which currently holds 22.34% and who may not increase their holding by more than 3% (under the Creep Rule) by participation in the Entitlement Offer. Please see Sections 4.3 and 4.4 of this Offer Booklet for details on how to apply for Additional New Shares and a full explanation of the allocations policy associated therewith.



If you are an Eligible Shareholder and you wish to accept your Entitlement pursuant to the Entitlement Offer, you will need to complete the Entitlement and Acceptance Form accompanying this Offer Booklet and return it and make payment of the appropriate Application Money to the Company's Share Registry before **5:00pm (Sydney time)** on the Closing Date of 13 October 2017.

As noted, the Entitlement Offer has been fully underwritten by Bizzell Capital Partners Pty Ltd. Further details about the potential effect the issue of the New Shares under the Entitlement Offer will have on the control of the Company can be found in the Important Information Section of this Offer Booklet.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable. I encourage you to consider this Offer carefully.

Pursuant to the Corporations Act, Armour is not required to prepare a prospectus for the Entitlement Offer. A summary of the key information with respect to the Entitlement Offer is set out in this Offer Booklet. Please read the Offer Booklet carefully before deciding whether or not to invest. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional adviser.

On behalf of the Directors, I encourage you to consider this investment opportunity and thank you for your ongoing support of the Company.

Yours sincerely,

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

Nicholas Mather
Chairman

Important Information

Entitlement and Acceptance Forms

It is the responsibility of overseas Applicants to ensure compliance with all laws of any country relevant to their Acceptance. A number of terms and abbreviations used in this Offer Booklet have defined meanings, which are explained in the Glossary. Money as expressed in this Offer Booklet is in Australian dollars or else as indicated.

Key dates for investors

Event	Date
Lodgement of Appendix 3B and s708AA Notice Notice sent to Optionholders	14 September 2017
Notice to shareholders	15 September 2017
Existing Share quoted on an "ex" basis	18 September 2017
Record Date	19 September 2017
Offer Booklet and Entitlement and Acceptance Form sent to Eligible Shareholders and Opening of Offer	22 September 2017
Closing Date	13 October 2017
Shares quoted on a deferred settlement basis	16 October 2017
Shortfall notification to be provided to ASX (if any)	18 October 2017
Anticipated date for the issue of New Shares	20 October 2017
Deferred settlement trading ends	20 October 2017
Quotation of New Shares	23 October 2017

The dates set out in the above table are subject to change and are indicative only. The Company, in conjunction with the Underwriter, reserves the right to alter this timetable at any time, subject to the Corporations Act and the Listing Rules, without notice. The Directors, subject to the requirements of the Listing Rules and the Corporations Act, may extend the period of the Entitlement Offer or bring forward the Closing Date at their discretion. This may have a consequential effect on the other dates. Investors are encouraged to submit their Entitlement and Acceptance Forms as soon as possible.

Key Entitlement Offer Details

Number of New Shares to be issued pursuant to the Entitlement Offer (approx)	56,002,662
Issue Price per share	\$0.076
Gross proceeds (approx) (excluding costs of the Offer)	\$4,256,202



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1. Entitlement Offer details

1.1 Overview of the Entitlement Offer

The Entitlement Offer is an offer of approximately **56,002,662** New Shares at \$0.076 per New Share to raise approximately \$4,256,202 (before costs). The Entitlement Offer is structured to offer Eligible Shareholders 1 New Share for every 6 shares held.

This Entitlement Offer forms part of the Company's revised \$50 million capital raising program as announced in May 2017, through a combination of Entitlement Offer, Placement and the issue of Convertible Notes. Of the total amount, as at the date of this Offer Booklet, approximately \$32.7 million has been raised by the issue of Convertible Notes and \$1 million by way of the Placement.

The proceeds of the capital raising program, including the Entitlement Offer, will be utilised to fund the re-commissioning and re-start activities at the Company's Kincora Project in Queensland, pay creditors, provide additional working capital, and fund the costs of the capital raising program.

Eligible Shareholders who are on the Company's share register at 7:00pm (Sydney time) on the Record Date of 19 September 2017 are entitled to acquire 1 New Share for every 6 Shares held on the Record Date (**Entitlement**). Fractional Entitlements will be rounded down to the nearest whole number of New Shares.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be transferred or otherwise disposed of.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Offer Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement. On the same date as announcing the Entitlement Offer, the Company applied to the ASX for the New Shares to be granted official quotation on the ASX. Quotation and trading of the New Shares is expected to occur on or about 23 October 2017.

1.2 Shortfall Facility

Each Eligible Shareholder may apply for Additional New Shares, in addition to their Entitlement, at an issue price of \$0.076 per New Share (**Shortfall Offer**).

Any New Shares not taken up under the Entitlement Offer by the Closing Date (**Entitlement Shortfall**) may be made available to those Eligible Shareholders who took up their full Entitlement and applied for Additional New Shares under the Shortfall Facility (**Shortfall Facility**). There is no guarantee that such Eligible Shareholders will receive the number of Additional New Shares applied for, or indeed any Additional New Shares at all. The number of New Shares issued under the Shortfall Facility will not exceed the Entitlement Shortfall following the Entitlement Offer.

The Directors, in conjunction with the Underwriter, shall allot and issue Additional New Shares in accordance with the allocation policy for the Entitlement Shortfall set out in Section 4.4.



The Company, in consultation with the Underwriter, may reject any Application for Additional New Shares or allocate fewer Additional New Shares than applied for by Eligible Shareholders for Additional New Shares.

The ability for the Company to issue Additional New Shares is dependent upon the extent of any Entitlement Shortfall. Applications for Additional New Shares must be made in the Additional New Shares section on the Entitlement and Acceptance Form accompanying this Offer Booklet.

1.3 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders only. Eligible Shareholders are Shareholders on the Record Date who:

- (a) have a registered address in Australia, New Zealand, British Virgin Islands, Singapore or Hong Kong or is a Shareholder that the Company has otherwise determined is eligible to participate;
- (b) are not in the United States and are not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States; and
- (c) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or other disclosure document to be lodged or registered.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong.

1.4 Investment risks

Eligible Shareholders should be aware that an investment in Armour involves risks, a number of which are specific to the Company and the industry in which it operates. The key risks identified by Armour are outlined within Section 2.2 of this Offer Booklet.

1.5 New Share terms

Each New Share will rank equally with all existing Shares then on issue. Full details of the rights and liabilities attaching to the Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

1.6 Debt conversion facility

If in addition to being an Eligible Shareholder you are also a creditor of the Company, you may elect to take up your Entitlement (or Additional New Shares) by means of the conversion of some or all of the existing debt owed to you by the Company. The conversion will be undertaken on a dollar for dollar basis at the Issue Price, and in the case of any fractional entitlements, the number of New Shares arising from the conversion of the debt shall be rounded to the nearest whole number. The election to settle the subscription amounts owing in respect of your Entitlement or subscription for Additional New Shares by conversion of an existing shareholder debt, is provided for on the Entitlement and Acceptance Form.



For clarity, the debt conversion facility does not enable any creditor Shareholders to take up more New Shares under the Offer than if the facility was not available.

DGR Global Limited is a creditor of the Company at the date of this Entitlement Offer (with an amount owed of approximately \$1m) and intends, subject to compliance with the Creep Rule limiting their increase in holding to 3% by participation in this Offer, to convert an amount of \$950,663 pursuant to its commitment to take up its entitlement under the Offer. Further details regarding DGR's entitlement commitment and sub-underwriting commitment are outlined in Section 5.3.

Each of Mr Nick Mather, Mr Stephen Bizzell, Mr William Stubbs and Mr Roland Sleeman (or entities associated with them) are also creditors of the Company in the amounts of \$750, \$4,583, \$9,167 and \$29,510 respectively and intend to convert all or part of these amounts in the course of taking up their Entitlements under the Offer.

1.7 Underwriting

The Entitlement Offer is fully underwritten by Bizzell Capital Partners Pty Ltd (**BCP** or the **Underwriter**), being an entity controlled by Mr Stephen Bizzell, a Non-Executive Director of Armour and so a 'related party' of Armour under the Corporations Act. BCP is the lead manager to the Company's capital raising program, including the Offer.

The Underwriting Agreement has been negotiated on an arm's length basis and contains standard commercial terms and conditions for a firm underwriting agreement for a capital raising of this size and type. It also contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve the Underwriter of its underwriting obligations. The termination events are outlined in further detail in Section 5.2.

Under the terms of the Mandate and the Underwriting Agreement, the Company will pay the Underwriter:

- a) **Management Fee:** 1% of so much of the value of funds raised by the Company under the Offer from subscribers other than DGR Global Limited or parties who subscribe for Shares sub-underwritten by DGR Global Limited.
- b) **Underwriting Fee:** 5% of so much of the underwritten amount (being the amount to be raised under the Offer of approximately \$4,256,202) as is raised from subscribers other than DGR Global Limited or parties who subscribe for Shares sub-underwritten by DGR Global Limited (the **Underwriting Fee**).

In addition, the Underwriter is entitled to be reimbursed for its legal costs (capped at \$10,000) and other reasonable expenses incurred in connection with Entitlement Offer.

The Underwriter may appoint sub-underwriters and is responsible for any fees it agrees to pay to sub-underwriters.

1.8 Potential effects of Underwriting on Control

If, at completion of the Entitlement Offer, the Underwriter was required to subscribe for the entire underwritten amount it is possible that the Underwriter may be issued with up to a maximum of 56,002,662 New Shares, which would represent approximately 14.3% of the voting power in the Company. The Underwriter and its Associates currently hold 1,131,578 shares (together with 6,500,000 Existing Options and 9,090,010 Convertible Notes), which together with the maximum number of New Shares would give them 57,134,240 shares representing approximately 14.57% of the voting power in the Company. This assumes that the Underwriter and its Associates do not exercise their Existing Options or convert the Convertible Notes which are held by them.

In order to manage and disperse any potential control effect of the Offer, the Underwriter has secured firm commitments from shareholders to subscribe for their Entitlements and has also entered into sub-underwriting agreements with a number of parties to disperse any Shortfall. In addition, the Directors of the Company and DGR Global Limited have also indicated their intention to take up their entitlements under the Offer. Together, these will reduce the number of New Shares required to be taken up by the Underwriter under the Entitlement Offer.

For further details of the underwriting and potential effects on control, please refer to Section 3.4.

1.9 Proposed use of funds

The Entitlement Offer is to raise approximately \$4.25 million (before costs). The funds raised from the Entitlement Offer, together with the Placement and Convertible Note issues will be used to fund the re-commissioning and re-start activities at the Company's Kincora Project in Queensland, fund other growth initiatives, pay creditors, provide additional working capital, and fund the costs of the Entitlement Offer.

The above statement is a statement of current intentions as at the date of this Offer Booklet. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

The total funds available for use will be reduced to the extent that Shareholders who are creditors use the debt conversion facility when taking up their Entitlements. On the basis that DGR Global Limited and each of Mr Nick Mather, Mr Stephen Bizzell, Mr William Stubbs and Mr Roland Sleeman intend to use the debt conversion facility in the take up of their Entitlements, the amount of funds available will be reduced by up to approximately \$994,673.

1.10 Important dates

Please refer to the Important Information section on page 3 for the key offer dates.

1.11 Allotment and allocation

The Company will proceed to allocate New Shares as soon as possible after the Closing Date and receiving ASX permission for official quotation of the New Shares.

Allocation of New Shares applied for under the Entitlement Shortfall Facility will be allocated and allotted in accordance with the allocation policy set out in Section 4.4. Successful Applicants will be notified in writing of the number of New Shares allocated to them as soon as possible following the allocation being made.

It is the responsibility of Applicants to confirm the number of New Shares allocated to them prior to trading in New Shares. Applicants who sell New Shares before they receive notice of the number of New Shares allocated to them do so at their own risk.

1.12 ASX listing

The Company applied for the listing and official quotation of the New Shares on the ASX on 14 September 2017. If granted, official quotation of the New Shares will commence as soon as practicable after allotment of the New Shares to Applicants. It is the responsibility of the Applicants to determine their allocation of New Shares prior to trading.

1.13 CHESS

The Company will apply for the New Shares to participate in CHESS, in accordance with the ASX Listing Rules and ASX Settlement Operating Rules. The Company will not issue certificates to Shareholders with respect to the New Shares. After allotment of the New Shares, participating Shareholders will receive a transaction confirmation statement.

CHESS holders will also receive an allotment advice. The CHESS statements, which are similar in style to bank account statements, will set out the number of New Shares allotted to each successful Applicant pursuant to this Offer Booklet. The statement will also advise holders of their holder identification number. Further statements will be provided to holders which reflect any changes in their holding in the Company during a particular month.

1.14 Option Holders

Option Holders will not be entitled to participate in the Entitlement Offer unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Entitlement Offer as a result of being a holder of Shares registered on the share register at 7:00pm (Sydney time) on the Record Date.

There are currently 29,825,000 Existing Options on issue with various exercise prices and various expiry dates. Please refer to Section 3.2 for further details of the Existing Options on issue.

In the event that all entitled Option Holders elect to exercise their Existing Options prior to the Record Date to participate in the Entitlement Offer, a further 4,970,833 New Shares may be issued as part of the Entitlement Offer under this Offer Booklet.

1.15 Convertible Note Holders

Convertible Note Holders will not be entitled to participate in the Entitlement Offer unless they:

- (a) have become entitled to convert their Convertible Notes under the terms of their issue and have done so a sufficient time prior to the Record Date; and
- (b) participate in the Entitlement Offer as a result of being a holder of Shares registered on the share register at 7:00pm (Sydney time) on the Record Date.

The Company currently has 302,795,182 unlisted interest-bearing Convertible Notes on issue. The terms of the Convertible Notes were approved by shareholders at the Company's Annual General Meeting on 14 December 2016 and the Extraordinary General Meeting of 31 May 2017, and via a special resolution of Convertible Noteholders dated 26 May 2017. See also Section 3.2 of this document for further details.

1.16 Overseas Shareholders

The Company has not made investigations as to the regulatory requirements that may prevail in the countries, outside of Australia, New Zealand, Singapore, British Virgin Islands and Hong Kong, in which the Company's Shareholders reside.

This Offer Booklet and the accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Booklet. The distribution of this Offer Booklet and the accompanying Entitlement and Acceptance Form in jurisdictions outside Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong may be restricted by law and persons who come into possession of this Offer Booklet and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

The Company has decided that it is unreasonable to make offers under the Entitlement Offer to Shareholders with registered addresses outside Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong having regard to the number of Shareholders in those places, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Entitlement Offer is not being extended to, and does not qualify for distribution or sale by, and no New Shares will be issued to Shareholders having registered addresses outside Australia, New Zealand, Singapore and Hong Kong.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these New Shares is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*.



This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013 (New Zealand)*. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

British Virgin Islands

The New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The New Shares may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

Singapore

This document and any other materials relating to the rights and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the rights or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

1.17 Notice to nominees and custodians

Eligible Shareholders resident in Australia, New Zealand, Hong Kong, British Virgin Islands or Singapore holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up an Entitlement Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.18 Electronic Offer Document

An electronic version of this Offer Booklet is available on the Company's website at www.armourenergy.com.au.

The Entitlement and Acceptance Form may only be distributed together with a complete and unaltered copy of the Offer Booklet. The Company will not accept a completed Entitlement and Acceptance Form if it has reason to believe that the Eligible Shareholder has not received a complete paper copy or electronic copy of the Offer Booklet or if it has reason to believe that the Entitlement and Acceptance Form or electronic copy of the Offer Booklet has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that during the period in which the Entitlement Offer is open to Eligible Shareholders the electronic version of the Offer Booklet will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Offer Booklet should immediately request a paper copy of the Offer Booklet directly from the Company or the Share Registry.

2. Investor Presentation and Risks

2.1 Investor Presentation

An investor presentation is attached to this Offer Booklet.

2.2 Risks

Investing in New Shares in the Company involves some risk. There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company and the value of your investment in the Company. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of the Company, are dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated.

If you are unsure about subscribing for New Shares in the Company, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The New Shares offered under this Offer Booklet carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of the Company should not necessarily be considered a guide to the future performance of the Company.

As with any equity investment, substantial fluctuations in the value of your investment may occur. This Offer Booklet does not set out all the risks you may face in applying for, and holding, additional shares in the Company.

The key risks are summarized below.

KEY RISKS SPECIFIC TO AN INVESTMENT IN THE COMPANY

(a) Regulatory risk and government policy

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of Armour Energy.

The governments of the relevant States in which Armour Energy has interests conduct reviews from time to time of policies in connection with the granting and administration of mining tenements. Changing attitudes to environmental, land care, cultural heritage or traditional religious artefacts and indigenous land rights issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect the Company's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

For example, on 14 September 2016, the Northern Territory Government announced a moratorium on hydraulic fracturing of onshore unconventional reservoirs including the use of hydraulic fracturing for exploration, extraction, production and including Diagnostic Fracture Injection Testing. This moratorium will remain in place until completion of an Independent Scientific Inquiry which was announced on 3 December 2016 and proposes to deliver its final report to the Northern Territory Government before the end of 2017.

(b) **Uncertainty of development of projects and exploration risk**

Oil and gas exploration and development are high risk undertakings and involve significant risks. The Company's performance depends on the successful exploration and/or acquisition of resources or reserves. There can be no assurances that the Company's exploration programs described in this Offer document or those relating to any projects or tenements that the Company may acquire in the future, will result in the discovery of a significant mineral target, and even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Armour Energy's potential future earnings, profitability and commercialisation of gas and/ or associated liquids reserves and resources will be dependent on the successful discovery and subsequent extraction of those resources to the extent that may be required to fulfil commercial obligations.

Successful commodity development and production is dependent on obtaining all necessary consent and approvals and the successful design, construction and operation of efficient gathering, processing and transportation facilities. No assurance can be given that the Company will be able to obtain all necessary consents and approvals in a timely manner, or at all.

Successful commodity development is also dependent on appropriate development of both new and existing facilities required to connect resources to market by the Company and, in certain instances, by third parties. No assurance can be given that the Company can rely on the timely development of such facilities.

The production of gas and associated liquids for sale from Armour Energy's Surat Basin project is dependent on the successful restart operation of the Kincora Gas Plant, which involves a significant amount of capital expenditure and operational risk. For the restart of the Kincora Gas Plant and associated facilities, there remain a number of activities yet to be completed, which may have an impact on the cost and time to complete those activities within the current forecast time and cost to complete. Accordingly, if a sufficient amount of capital is not raised under this Offer, or some other means, there is a risk that Armour Energy will not be able to restart its operation of the Kincora Gas Plant, and consequently will not be able to produce gas and associated liquids for sale. This may have consequences for the long term success of Armour Energy, and ultimately, the value of its securities.

(c) **Health and safety risk**

As with any mining or industrial project, there are health and safety risks associated with the Company's unconventional gas operations in Australia and overseas. The Company manages these risks, through the application of structured health and safety management systems. As the operator of plant and equipment, the Company has specific legislative obligations to ensure that its personnel and contractors operate in a safe working environment.

(d) **Insurance risk**

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

(e) **Operational risks and costs**

Prosperity for Armour Energy and its subsidiaries will depend largely upon an efficient and successful, operation and exploitation of the resources and associated business activities and management of commercial factors.

Operation and exploitation has been and will continue to be hampered on occasions by unforeseen operating risks, as would any other industry. For example, force majeure events, power outages, critical equipment or pipe failures, and environmental hazards such as noise, odours, gas leaks, hazardous substances spills, other weather events, industrial accidents and other accidents, unforeseen cost changes and other incidents beyond the control of Armour Energy can negatively impact on the Company's activities, thereby affecting its profitability and ultimately, the value of its securities.

Even if a significant target is identified, there is no guarantee that it will be viable for economic exploitation.

Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of efficient exploration operations, obtaining necessary titles and access to projects, as well as government and other regulatory approvals.

The exploration and mining activities of the Company may be affected by a number of factors, including but not limited to geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment, plant and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of funding.

(f) **Competition risk**

The gas and associated liquids industry that the Company is involved in is highly competitive in Australia. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which may positively or negatively affect the operating and financial performance of the Company's projects and business. There can be no assurance that the Company can compete effectively with numerous other gas and associated liquids companies in the search for gas and associated liquids reserves and resources.

(g) **Business risks**

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any of which could adversely impact on the success of Armour Energy's operations.

(h) **Contractual and joint venture risk**

Armour Energy's ability to efficiently conduct its operations in a number of respects depends upon third party product and service providers and contracts. Accordingly, in some circumstances, contractual arrangements have been entered into by Armour Energy and its subsidiaries. As in any contractual relationship, the ability for Armour Energy to ultimately receive benefits from these contracts is dependent upon the relevant third party complying with its contractual obligations.

To the extent that such third parties default in their obligations, it may be necessary for Armour Energy to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by Armour Energy that a legal remedy will ultimately be granted on appropriate terms.

A number of the Company's projects are already the subject of joint venture arrangements. Additionally, the Company may wish to develop its projects or future projects through further joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

With respect to the Company's planned drilling, the Company has not yet secured the use of any drilling equipment. Failure to enter into drilling contracts in respect of the proposed drilling programmes for each of these projects will negatively impact on the ability of the Company to carry out its exploration and development programmes in these areas.

(i) **Product sales, commodity prices and transportation**

Armour Energy's potential future revenues will be derived mainly from the sale of gas and/or associated liquids. Consequently, Armour Energy's potential future earnings, profitability and growth are likely to be closely related to both the price of gas and associated liquids and the cost to extract, process and transport the gas and/or associated liquids to the market. There can be no assurance that the Company will ultimately be able to sell or transport the gas and/or associated liquids that it produces on commercial terms. Gas is a traded commodity in Australia and its long term price may rise or fall. In other jurisdictions, gas prices may be regulated or subject to regulation, that could cause prices to be lower than the cost of production.

Gas transport prices in open access transmission gas pipelines are subject to available capacity and are generally subject to regulation in Australia although gas transport capacity is also a traded commodity particularly when capacity is restricted. This can result in gas transport prices that are higher than regulated or, in the worst case, delay to or even inability to transport at an economic price.



Additionally, Armour Energy's prospects and perceived value will be influenced from time to time by the prevailing short-term prices of the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions.

These factors may cause volatility which in turn, may affect the Company's ability to finance its future exploration and/or bring Armour Energy's products to market.

Armour Energy has entered into gas sale agreements with Australian Pacific LNG CSG Marketing Pty Ltd (APLNG) which remains subject to the satisfaction or waiver of a condition precedent by APLNG in relation to gas transportation arrangements. There is no guarantee that APLNG will have transport access to receive the supply of gas under these agreements. If APLNG does not take the available gas supply, Armour Energy will seek to sell the available gas to third parties. In this instance, there can be no guarantee that the terms, quantities and pricing achieved in any alternative gas sales arrangements will be as favourable as those under the APLNG agreements.

(j) **Tenements**

A failure to adhere to the requirements to exceed certain levels of expenditure on concessions and tenements held by Armour Energy (or its subsidiaries) in various jurisdictions may make certain concessions and tenements subject to possible forfeiture. All granted concessions and tenements are currently in good standing and, in accordance with normal industry practice, Armour Energy surrenders some or all un-prospective parts of its concessions and tenements at the appropriate time so as to manage its minimum expenditure obligations and to retain the capacity to apply for additional prospective areas.

Applications for new concessions and tenements are never certain to be granted but Armour Energy knows of no reason why any of its concession and tenement applications should not be granted in due course.

Permit ATP674 was due to expire on 31 July 2017 but the Queensland Government Department of Natural Resources and Mines have advised the Company that the permit remains in force under section 83(3) of the *Petroleum & Gas Act 2004 (Qld)* until a declaration has been made by the Department in relation to the Company's application to have the permit declared to be a potential commercial area (**PCA**), which application was lodged by the Company prior to the expiration date. This is a risk that Armour Energy will not retain its interest in this permit if the application is rejected and a PCA is not declared.

(k) **Feasibility and development risks**

Given the early stage of the Company's projects, there will be a complex, multidisciplinary process to be undertaken to complete a feasibility study to support any development proposal. There is a risk that the feasibility study and associated technical works will not achieve the results expected.



There is also a risk that even if a positive feasibility study is produced, the project may not be successfully developed for commercial or financial reasons.

(l) **Unforeseen expenses**

The Company's cost estimates and financial forecasts include appropriate provisions for material risks and uncertainties and are considered to be fit for purpose for the proposed activities of the Company. If risks and uncertainties prove to be greater than expected, or if new currently unforeseen material risks and uncertainties arise, the expenditure proposals of the Company are likely to be adversely affected.

(m) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the outcome of the Company's exploration programs, the Company may require further financing in addition to amounts raised under this Offer document. Any additional equity financing will dilute shareholdings and debt financing (if available) and may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs. In addition, the Company's ability to continue as a going concern may be diminished.

There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and such circumstances will adversely affect the Company.

(n) **Contractors**

The Company is dependent on contractors and suppliers to supply vital services to its operations. The Company is therefore exposed to the possibility of adverse developments in the business environments of its contractors and suppliers. Any disruption to services or supply may have an adverse effect on the financial performance of the Company.

(o) **Reliance on key personnel**

In formulating its exploration programs, the Company relies to a significant extent upon the experience and expertise of the Directors and management.

These persons possess knowledge of many of the Company's tenements through extensive personal experience of prospecting in those areas.

Although information concerning the Company's tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programmes within the timeframes and within the cost structure currently envisaged. Although the key personnel have a considerable amount of experience and have previously been successful in their pursuits of important prospecting discoveries, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Company.

(p) **Employees**

The ability of the Company to achieve its objectives depends on being able to retain certain key employees, skilled operators and tradespeople. Whilst the Company has entered into employment contracts with key employees, the retention of their services cannot be guaranteed. The loss of key employees or skilled operators and tradespeople could significantly affect the performance of the Company's operations.

(q) **Investment speculative**

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to accept the Entitlement Offer.

(r) **Australian Native Title risk and Aboriginal Cultural Heritage**

The *Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration and in future, mining activities, or obtain exploration or mining licences in Australia. In applying for licences over crown land, the Company must observe the provisions of Native Title legislation.

In Queensland, the *Aboriginal Cultural Heritage Act 2003* (Qld) and the *Torres Strait Islander Cultural Heritage Act 2003* (Qld) (which commenced on 16 April 2004) impose duties of care which require persons, including the Company, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage.

In carrying out exploration and/or mining operations, the Company must observe Native Title legislation (where applicable), Aboriginal heritage legislation and heritage legislation which protects sites and objects of significance and these may delay or impact adversely on the Company's operations in Australia.

(s) **Environmental risks**

The Company's projects are subject to laws and regulations in relation to environmental matters. As a result, there is the risk that the Company may incur liability under these laws and regulations. The Company proposes to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment.

GENERAL RISKS

(a) **Share market investments**

The New Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Issue Price. The Convertible Notes carry no guarantee in respect of profitability, dividends or return of capital, or the price at which they may trade on the ASX. The value of the New Shares will be subject to the ASX market and hence a range of factors outside of the control of the Company and the Directors and officers of the Company.

Such factors include the demand for and availability of the New Shares, movements in domestic and international interest rates and inflation rates, economic conditions and general economic outlook, exchange rates, fluctuations in the Australian and international share markets, taxation, government and monetary policies and demand and supply for capital. Returns from an investment on the New Shares offered under this Offer document may also depend on general share market conditions, as well as the performance of the Company. Investors who decide to sell their New Shares may not receive the entire amount of their original investment. There can be no guarantee that an active market in the New Shares will develop or that the price of the New Shares will increase.

(b) General economic conditions

Factors such as inflation, currency fluctuations, interest rates, supply and demand, industrial disruption, government policy and legislation have an impact on operating costs, commodity prices, and the parameters in which the Company operates. Factors that may be beyond the control of the Company include:

- (1) general economic conditions in Australia and its trading partners and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (2) financial failure or default by a participant in any of the joint ventures or other contractual relationship to which the Company is, or may become, a party;
- (3) insolvency or other managerial failure by any of the contractors used by the Company in its activities; and
- (4) industrial disputes.

These as well as other conditions can affect the Company's future revenues and profitability and the price of its securities.

(c) Industrial risk

Industrial disruptions, work stoppages and accidents in the course of the Company's operations could result in losses and delays, which may adversely affect profitability.

(d) Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

(e) Taxation and royalties

In all places where the Company has operations, in addition to the normal level of income tax imposed on all industries, the Company may be required to pay government royalties, indirect taxes, goods and services tax and other imposts which generally relate to revenue or cash flows. Industry profitability can be affected by changes in government taxation policies.



In Australia, the Federal Government introduced the Petroleum Resources Rent Tax (**PRRT**) to tax profits generated from the exploitation of onshore oil and gas projects, to apply from 1 July 2012. It is possible that the PRRT may adversely affect Armour Energy to the extent that the PRRT applies to gas and associated liquids produced and sold by Armour Energy from onshore production.

The Company may also be required to pay private royalties which may be affected by a number of factors including Government taxation and royalties, commodity prices and eligible deductions such as certain Company expenses. Profitability can be affected by changes to private royalties.

(f) **Commodity price risks**

The Company's prospects and Share price will be influenced by the price obtained from time to time for the commodities targeted in its exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, costs of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand factors. These factors may have an adverse affect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

(g) **Foreign exchange**

Foreign exchange rates fluctuate over time. Fluctuating exchange rates have a direct effect on the Company's operating costs and cash flows expressed in Australian dollars. The Company does not currently have any formal currency hedging in place, which means that adverse changes to foreign exchange rates may have an adverse effect on the Company and its business.

(h) **Speculative nature of investment**

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares issued under this Offer Booklet.

Accordingly, the New Shares carry no guarantee with respect to the payment of dividends, returns, returns of capital or market value at any time. Eligible Shareholders should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to take up their Entitlement.

(i) **Resource estimates**

Resource estimates are not precise and involve expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates depend to a significant extent on interpretation of geological boundaries, which may prove to be inaccurate. Should the company encounter unusual mineralisation to that predicted by past drilling and mining, resource estimates may have to be adjusted and feasibility studies may have to be altered in a way that could either benefit or adversely affect the Company's financial projections.

3. Effect of Entitlement Offer on control of Armour

3.1 Present position

As at the date of this Offer Booklet, DGR Global Limited is the Company's largest Shareholder, controlling approximately 22.34% of the Shares on issue in the Company. DGR Global Limited is currently the only shareholder with a greater than 5% interest in the Company.

3.2 Capital structure

Subject to rounding of fractional Entitlements and depending on the number of Existing Options and Convertible Notes (if any) that are exercised before the Record Date, the capital structure of the Company following the issue of New Shares under the Entitlement Offer (assuming full subscription under the Entitlement Offer) is expected to be as follows:

Shares on issue as at 14 September 2017 (launch of the Entitlement Offer)	336,015,972
New Shares to be issued under the Entitlement Offer*	56,002,662
Shares on issue following the Entitlement Offer	392,018,634

NB: *Based on the terms of all of the Convertible Notes on issue as at 14 September 2017

As at the date of this Offer Booklet, the Company has the following Existing Options on issue:

No of Options	Exercise price	Vesting date	Expiry date
550,000	\$0.30	N-A	6/02/2018
3,150,000	\$0.20	Vesting 1/3 each year over 3 years	29/03/2021
3,150,000	\$0.35	Vesting 1/3 each year over 3 years	29/03/2021
3,150,000	\$0.50	Vesting 1/3 each year over 3 years	29/03/2021
1,500,000	\$0.22	N-A	14/12/2019
1,500,000	\$0.27	N-A	14/12/2019
1,500,000	\$0.32	N-A	14/12/2019
5,000,000	\$0.20	N-A	30/08/2018
666,666	\$0.22	N-A	29/05/2020
666,667	\$0.27	N-A	29/05/2020
666,667	\$0.32	N-A	29/05/2020
250,000	\$0.22	N-A	14/12/2019
250,000	\$0.27	N-A	14/12/2019
250,000	\$0.32	N-A	14/12/2019
2,524,998	\$0.22	N-A	14/12/2019
2,525,001	\$0.27	N-A	14/12/2019
2,525,001	\$0.32	N-A	14/12/2019



If all 29,825,000 Existing Options are exercised prior to the Record Date to participate in the Entitlement Offer, a further 4,970,833 New Shares may be issued as part of the Entitlement Offer under this Offer Booklet.

In addition, the Company currently has 302,795,182 unlisted interest-bearing Convertible Notes on issue, and can issue, (at its discretion subject to available placement capacity and otherwise obtaining any necessary shareholder approvals), up to a further 111,915,995 Convertible Notes as part of its capital raising initiatives.

3.3 Potential effects of the Entitlement Offer on control

The Entitlement Offer is a fully underwritten, pro-rata offer so that if all Eligible Shareholders take up their Entitlements and none of the Option Holders exercise their Existing Options and participate in the Entitlement Offer, the Voting Power of all Eligible Shareholders will remain substantially the same.

Eligible Shareholders who do not take up all of their Entitlements will have their interest in the Company diluted. The proportional shareholdings of Shareholders who are not resident in Australia, New Zealand, Singapore, British Virgin Islands, or Hong Kong will be diluted as those Shareholders are not entitled to participate in the Entitlement Offer.

In the event of an Entitlement Shortfall, the Directors will allocate and allot shares in accordance with Applications for Additional New Shares made under the Entitlement Shortfall Facility if any. In the event of any New Shares remaining unallocated at the end of that process, the Directors will look to the Underwriter to fulfil its obligations under the Underwriting Agreement.

The Offer is being fully underwritten by Bizzell Capital Partners Pty Ltd. Some of the Shareholders of the Company have also agreed to sub-underwrite the Offer. Further details of the effect that the Underwriting and sub-underwriting arrangements may have on the control of the Company are set out in section 3.4.

3.4 Underwriting and potential effects on control

If at completion of the Entitlement Offer, the Underwriter was required to subscribe for the entire underwritten amount it is possible that the Underwriter may be issued with up to a maximum of 56,002,662 New Shares, which would represent approximately 14.3% of the Voting Power in the Company.

The Underwriter and its Associates currently have an interest in 1,131,578 Shares, 9,425,280 Convertible Notes and 6,500,000 Options. If the Underwriter does not exercise any Existing Options or convert any Convertible Notes, then their current shareholding together with the maximum number of New Shares would give them 66,559,520 shares representing approximately 16.58% of the voting power in the Company.

If the Underwriter converted its Convertible Notes into Shares (and no other Convertible Note Holder did so and no Existing Options are exercised), the Underwriter would have an interest in 58,705,120 Shares representing approximately 14.92% of the Voting Power in the Company.

The Existing Options issued to the Underwriter and its Associates are currently 'out of the money' and accordingly not considered in this analysis.



There is a takeover threshold of 20% so that any investor acquiring a Relevant Interest in more than 20% of the Voting Power of the Company would be in breach of the Corporations Act unless it could rely on one of the exceptions to that rule. In this case there are no applicable exceptions to this rule.

The interest of the Underwriter is not expected to exceed 20%, however, the Underwriter will not subscribe for more New Shares than equals the lesser of:

- the Shortfall; and
- the number of New Shares such that the Underwriter and its Associates would as a result hold no more than 20% of the Voting Power of the Company in aggregate following the issue and allotment of all New Shares.
- the number of New Shares such that the Underwriter and its Associates would as a result in aggregate hold no more than 20% of the voting power of the Company following the issue and allotment of all New Shares.

In order to manage and disperse any potential control effect of the Offer, the Underwriter has secured firm commitments from shareholders to take up their entitlement and the Directors have indicated their intention of taking up their Entitlement (which together will reduce any potential shortfall) and the Underwriter has also obtained sub-underwriting commitments on usual commercial terms from various parties including some entities who are related parties of the Company as further outlined below.

The Directors, other related parties, management and other Eligible Shareholders who are also creditors of the Company may elect to settle their subscriptions by way of a commensurate reduction in amounts owing by Armour in accordance with the debt conversion facility as outlined in Section 1.6.

Firm commitments and sub-underwriting arrangements

The Underwriter has secured a binding firm commitment from substantial shareholder and financier of the Company, DGR Global Limited, to subscribe for its entitlement under the Offer and also to sub-underwrite a portion of any shortfall under the Offer capped up to the number of shares it may acquire in reliance on the 3% "creep" exception in item 9 of s611 of the Corporations Act (which permits acquisitions of up to 3% in a six month period). Currently, DGR Global Limited holds approximately 22.34% of the ordinary shares of the Company and six months before the date of this Offer held approximately 23.25% of the ordinary shares of the Company. On Completion of the Offer, at most, DGR may hold an aggregate of no more than 26.25% of the voting power of the Company following the issue and allotment of all New Shares. The subscriptions by DGR will be settled by a commensurate reduction in the Bridging Finance Facility owing by Armour to DGR via the debt conversion facility.

DGR currently holds 75,050,000 Shares and, in addition to agreeing to take up its Entitlements under the Offer, has agreed to sub-underwrite a shortfall of up to \$858,802.51, being 11,300,033 New Shares. If DGR receive all of these New Shares under its sub-underwriting commitment, it will hold 98,858,366 Shares representing approximately 25.22% of the voting power of the Company.

The Entitlement Offer is also being partially sub-underwritten by entities associated with Messers Nicholas Mather, Roland Sleeman and William Stubbs.



Samuel Holdings Pty Ltd (**Samuel**), an entity controlled by Nicholas Mather, a Director and Executive Chairman of the Company. Currently Nicholas Mather and his Associates, together hold approximately 1% of the Shares of the Company. As a sub-underwriter, Samuel has agreed to sub-underwrite a shortfall of up to \$500,000 worth of New Shares, being 6,578,947 New Shares, again subject to compliance with the Takeovers provisions in Chapter 6 of the Corporations Act. If Samuel takes up its Entitlements and receives its full allocation under the sub-underwriting, it could increase its shareholding to 10,226,917 Shares and its voting power in the Company to 2.61%. Samuel is also the holder of 9,287,049 Convertible Notes. If Samuel converted its Convertible Notes into Shares (and no other Convertible Note Holder did so and no Existing Options are exercised), Samuel would have an interest in 19,513,966 Shares representing approximately 4.86% of the Voting Power in the Company.

Billed Investments Pty Ltd (**Stubbs**), an entity associated with William Stubbs, a Non-Executive Director of the Company. Currently William Stubbs and his Associates, together hold less than 1% of the Shares of the Company. As a sub-underwriter, Stubbs has agreed to sub-underwrite a shortfall of up to \$20,000 worth of New Shares, being 263,158 New Shares, again subject to compliance with the Takeovers provisions in Chapter 6 of the Corporations Act. If Stubbs takes up its Entitlements and receives its full allocation under the sub-underwriting, it could increase its shareholding to 676,342 Shares and its voting power in the Company to 0.17%.

Roland and Caroline Sleeman as trustees of the Sleeman Family Superannuation Fund (**Sleeman**), an entity associated with Roland Sleeman, a Non-Executive Director of the Company. Currently Roland Sleeman and his Associates, together hold less than 1% of the Shares of the Company. As a sub-underwriter, Sleeman has agreed to sub-underwrite a shortfall of up to \$15,000 worth of New Shares, being 197,368 New Shares, again subject to compliance with the Takeovers provisions in Chapter 6 of the Corporations Act. If Sleeman takes up its Entitlements and receives its full allocation under the sub-underwriting, it could increase its shareholding to 267,368 Shares and its voting power in the Company to 0.07%.

Associates of Samuel, Stubbs and Sleeman hold Existing Options issued by the Company but these Existing Options are currently 'out of the money' and accordingly not considered in this analysis.

M. H. Carnegie & Co Pty Ltd (**MHC**), via MHC Fund Services 2A Pty Ltd as trustee for Carnegie Private Opportunities Fund No. 2A (**CPOF2**), has agreed to sub-underwrite \$500,000 of the Offer for a sub-underwriting fee of 3%. MHC is the manager of CPOF2. Mr Matthew Beach, a Director of Amour Energy, provides services to MHC via a contracting agreement with part of his remuneration based on the performance of CPOF2. CPOF2 currently owns 75,980,696 Convertible Notes in the Company. If MHC converted its Convertible Notes into Shares (and no other Convertible Note Holder did so and no Existing Options are exercised), MHC would have an interest in 82,559,643 Shares representing approximately 17.64% of the Voting Power in the Company. MHC owns 2,000,000 unlisted options in the Company, all of which are currently "out of the money". Neither CPOF2 nor MHC have any current shareholding in the Company.

3.5 Dilution

Eligible Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by up to approximately 14.3% (as compared to their holdings and number of Shares on issue as at the date of this Offer Booklet).

3.6 Directors' Interests and Participation

As at the date of this Offer Booklet, some of the Directors have either a direct or indirect interest in Shares. Each of the Directors has indicated that he will take up his Entitlement under the Entitlement Offer.

As set out in section 1.6, the Entitlement Offer is being underwritten by Bizzell Capital Partners Pty Ltd, an entity controlled by Stephen Bizzell, a Director of the Company.

In addition, as set out above, the Entitlement Offer is being partially sub-underwritten by Samuel Holdings Pty Ltd (**Samuel**), an entity controlled by Nicholas Mather, a Director and Executive Chairman of the Company and also by entities associated with William Stubbs and Roland Sleeman, Non-Executive Directors of the Company. Further, as set out in section 3.4 above the Entitlement Offer is being partially sub-underwritten by DGR Global Limited (**DGR**), a related party and substantial shareholder of the Company.

Set out below is a table summarising the Entitlement of each Director based on their current holding of Shares in the Company (assuming that no Options are exercised or any Convertible Notes are converted before the Record Date), and their *maximum* commitment under an underwriting or sub-underwriting commitment as noted in Section 3.4.

Director	Shares	New Share Entitlement	Underwriting or sub-underwriting commitment (maximum Shares)
Nicholas Mather	3,126,831	521,138	6,578,947
Stephen Bizzell	1,131,578	188,596	53,809,680
Roland Sleeman	60,000	10,000	197,368
William Robert Stubbs	354,158	59,026	263,158
Matthew Beach	Nil	Nil	Nil

As described in section 5.3 the sub-underwriting entities associated with Mr Mather, Mr Stubbs and Mr Sleeman will each receive a 3.5% sub-underwriting fee for their commitment to sub-underwrite the Entitlement Offer.

Matthew Beach provides services to MHC via a contracting agreement with part of his remuneration based on the performance of CPOF2. MHC will receive a sub-underwriting fee of 3% for its commitment to sub-underwrite the Entitlement Offer.

4. How to Apply

4.1 Your choices as an Eligible Shareholder

The number of New Shares to which each Eligible Shareholder is entitled (**Entitlement**) is calculated as at the Record Date of **7:00pm Sydney time on 19 September 2017** and is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Booklet. Should you have any queries in relation thereto, contact Armour Energy's Company Secretary, Karl Schlobohm, on (07) 3303 0620.

Eligible Shareholders may:

- (a) take up their Entitlement in full, refer to section 4.2;
- (b) take up their Entitlement in full, and apply for Additional New Shares under the Entitlement Shortfall Facility (refer to Section 4.3);
- (c) take up part of their Entitlement, in which case the balance of their Entitlement would lapse (refer to Section 4.5); or
- (d) allow their Entitlement to lapse (refer to Section 4.6).

Ineligible Shareholders may not take up any of their Entitlement.

The Company reserves the right to reject any Application that is received after the Closing Date. Unless extended in the discretion of the Company in consultation with the Underwriter, the Closing Date for acceptance of the Entitlement Offer is **5:00pm (Sydney time) on 13 October 2017**.

4.2 Taking up your Entitlement in Full

If you wish to take up your Entitlement in full, follow the instructions set out on the Entitlement and Acceptance Form.

Forward your completed Entitlement and Acceptance Form together with your cheque or bank draft in Australian currency drawn on and payable at an Australian bank and made payable to "Armour Energy Limited" and crossed "Not negotiable" for the amount shown on the form using the envelope provided to reach the Company's Share Registry, Link Market Services Limited, by no later than **5:00pm (Sydney time) on 13 October 2017**, to the appropriate address set out below:

By hand delivery (not to be used if mailing)

Armour Energy Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2128

By Post

Armour Energy Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Entitlement and Acceptance Forms will not be accepted at the Company's registered office.

Eligible Shareholders may submit payments for New Shares applied for using BPAY. In order to use BPAY, please follow the instructions set out on the Entitlement and Acceptance Form. If you make payment by BPAY, you do not need to return your Entitlement and Acceptance Form, however, your payment must be received by no later than **5:00pm (Sydney time) on 13 October 2017**. It is your responsibility to ensure that your BPAY payment is received by the Company's share registry by no later than 5:00pm on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should take this into consideration when making payment.

4.3 Taking up your Entitlement in full and participating in the Entitlement Shortfall Facility

If you wish to take up all of your Entitlement and also apply for Additional New Shares under the Entitlement Shortfall Facility, complete the accompanying Entitlement and Acceptance Form for New Shares and the Top Up section in accordance with the instructions set out in the form.

In order to apply for Additional New Shares under the Entitlement Shortfall Facility you must be an Eligible Shareholder and must have first taken up your Entitlement in full.

Amounts received by the Company in excess of the Issue Price multiplied by your Entitlement (**Excess Amount**) will be treated as an Application to apply for as many additional New Shares as your Excess Amount will pay for in full.

If you apply for Additional New Shares under the Entitlement Shortfall Facility and your Application is successful (in whole or in part), your Additional New Shares will be issued at the same time that other New Shares are issued under the Entitlement Offer. The basis on which the Directors will allocate and issue Additional New Shares under the Entitlement Shortfall Facility is set out in Section 4.4.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the Closing Date of the Entitlement Offer.

4.4 Allotment and Allocation Policy for Additional New Shares issued under the Entitlement Shortfall Facility

An Entitlement Shortfall will exist if any Eligible Shareholder does not take up their full Entitlement. Additional New Shares applied for will only be allocated and issued if any Eligible Shareholders do not apply for their full Entitlement, and therefore a Shortfall exists – resulting in the Entitlement Offer being undersubscribed.

Allocation and allotment of any Additional New Shares applied for will be made in accordance with the following policy:

- (a) The Directors will allocate the Shortfall Shares to Eligible Shareholders that have applied to take up their full Entitlements and in addition have indicated that they wish to take up their Additional Shares as provided for in Section 4.3.
- (b) These Additional New Shares will be allocated on a pro-rata basis if there is a greater demand than available shares.

- (c) No Related Party or Eligible Shareholder associated with the Directors will participate in the Entitlement Shortfall Facility.
- (d) Once Directors have exhausted the allotment and allocation of Additional New Shares under the Entitlement Shortfall Facility, then the Company will call on the Underwriter to take up the remaining Shortfall Shares in accordance with its underwriting obligations under the Underwriting Agreement. Additional New Shares will be issued at the same time as all other New Shares are issued under the Entitlement Offer.
- (e) The Company will not allocate or issue Additional New Shares under the Entitlement Shortfall Facility, where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Additional New Shares must consider whether or not the issue of the Additional New Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.
- (f) There is no guarantee that Eligible Shareholders will be successful in being allocated any of the Additional New Shares that they apply for. The Company may reject any Application for Additional New Shares or allocate fewer Additional New Shares than applied for by Applicants for Additional New Shares in accordance with the policy set out above. The Directors reserve the right at their discretion to place a maximum on the number of Additional New Shares that will be issued to Eligible Shareholders who apply for Additional New Shares. That maximum will be equal to twice the number of Shares that is their Entitlement.

4.5 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, complete the Entitlement and Acceptance Form for the number of New Shares that you wish to apply for and follow the other steps in accordance with section 4.2.

You may arrange for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form. If the Company receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment will be treated as an Application for as many New Shares as your Reduced Amount will pay for in full.

4.6 Allowing your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

4.7 Consequences of not taking up your Entitlement

If you do not take up all of your Entitlement in accordance with the instructions set out above, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by other Shareholders under the Entitlement Shortfall Facility, and failing that, by the Underwriter.



4.8 Payment

The consideration for the New Shares is payable in full on Application by a payment of \$0.076 per New Share.

The Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency or an Australian bank and made payable to "Armour Energy Limited" and crossed "Not negotiable".

Alternatively, you may arrange for payment of the Application Monies through BPAY or by cheque or bank draft in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash. Receipts for payment will not be issued.

4.9 Debt conversion facility

If in addition to being an Eligible Shareholder you are also a creditor of the Company, you may elect to take up your Entitlement (or Shortfall Shares) by means of the conversion of some or all of the existing debt owed to you by the Company. The conversion will be undertaken on a dollar for dollar basis at the Issue Price, and in the case of any fractional entitlements, the number of New Shares arising from the conversion of the debt shall be rounded to the nearest whole number. The election to settle the subscription amounts owing in respect of your Entitlement or subscription for Shortfall Shares by conversion of an existing Shareholder Debt, is provided for on the Entitlement and Acceptance Form.

For clarity, the debt conversion facility does not enable any creditor Shareholders to take up more New Shares under the Offer than if the facility was not available and for the avoidance of doubt the debt conversion facility is not available for the Underwriter to satisfy any of its obligations to subscribe for New Shares pursuant to the Underwriting Agreement.

4.10 Binding effect of Entitlement and Acceptance Form

A payment made through BPAY or the lodgement of an Entitlement and Acceptance Form and corresponding Application Monies in accordance with the instructions contained in this Section 4 and on the Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' decision whether to treat an acceptance as valid is final.

By making a payment through BPAY or lodging an Entitlement and Acceptance Form and corresponding Application Monies, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;



- (b) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia, New Zealand, British Virgin Islands, Singapore or Hong Kong; and
- (c) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States.

4.11 Return of Surplus Application Monies

Subject to the issue of any Overallotment Shares, Application Monies received but not applied towards subscriptions for Additional New Shares on a Shortfall will be refunded by cheque as soon as reasonably practicable following the allocation of Additional New Shares. No interest will be paid on Application Monies held and returned.

4.12 Brokerage, handling fees and stamp duty

No brokerage, handling fees or stamp duty is payable by Applicants in respect of their Applications for New Shares under this Offer Booklet. The amount payable on acceptance will not vary during the period of the Entitlement Offer and no further amount is payable on allotment.

Application Monies will be held in trust in a subscription account until allotment of the New Shares. The subscription account will be established and kept by the Company on behalf of the Applicants. Any interest earned on the Application Monies will be retained by the Company irrespective of whether allotment takes place.

5. Material Contracts

5.1 BCP Capital Raising Mandate of 26 July 2016 (as amended)

The Company appointed Bizzell Capital Partners Pty Ltd (**Lead Manager**) to advise on and execute its capital raising strategy to raise up to \$50 million in total by way of:

- (a) placing Shares held by AEGPAS Pty Ltd to investors;
- (b) a Convertible Notes offering to raise up to approximately \$25 million, with an option to place further Convertible Notes to raise a further \$20 million;
- (c) this Entitlement Offer of New Shares to reward Eligible Shareholders to raise up to approximately \$4.25 million; and
- (d) a Placement to raise up to a further \$1 million.

The fees that the Company has agreed to pay the Lead Manager with respect to the Offer (including as Underwriter) are outlined in Section 1.7. The Lead Manager has already received fees in relation to the other funds raised under the Mandate separate to and prior to the Entitlement Offer.

5.2 Underwriting Agreement

By an agreement between Bizzell Capital Partners Pty Ltd (the **Underwriter**) and the Company (**Underwriting Agreement**), the Underwriter has agreed to underwrite the Entitlement Offer in full (**Underwritten Amount**).

The key terms of the Underwriting Agreement including the fees the Company has agreed to pay the Underwriter are outlined in Section 1.7.

All definitions and clauses referred to in the below summary are as applied in the Underwriting Agreement.

The Company has given warranties and covenants to the Underwriter which are of the type and form that is usual in an underwriting agreement of this nature.

Termination

The obligation of the Underwriter to fully underwrite the Offer to the Underwritten Amount is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if any of the following events occurs:

- (1) **S & P/ASX 200 Index fall:** if the S & P/ASX 200 Index is, at any time for 5 consecutive Business Days after the date of this Agreement, prior to the Allotment Date more than 10% below the level of that Index at the close of ASX trading on the Trading Day before the date of lodgement of the Offer Document;
- (2) **adverse change:** any material adverse change occurs in the assets, liabilities, share capital, share structure, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company) from

those respectively disclosed in the Accounts, Offer Document or the Public Information, including:

- (A) any material adverse change in the reported earnings or future prospects of the Company or an entity in the Group;
 - (B) any material adverse change in the nature of the business conducted by the Company or an entity in the Group; or
 - (C) the insolvency or voluntary winding up of the Company or an entity in the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator; or
 - (D) any material adverse change to the rights and benefits attaching to in Shares; or
 - (E) any change that may have a Material Adverse Effect.
- (3) **withdrawal:** the Company withdraws the Offer Document or terminates the Offer;
 - (4) **repayment:** any circumstance arises after lodgement of the Offer Document that results in the Company either repaying the money received from applicants (other than to applicants whose applications were not accepted in whole or in part) or offering applicants an opportunity to withdraw their applications for Shares the subject of the Offer and be repaid their application money; or
 - (5) **no certificate:** the Company does not provide a Closing Certificate in the manner required;
 - (6) **capital structure:** other than as contemplated by the Offer Document, the Company or any Related Body Corporate of the Company takes any steps to alter its capital structure without the prior written consent of the Underwriter;
 - (7) **judgment:** a judgment in an amount exceeding \$100,000 is obtained against the Company or a Related Body Corporate of the Company and is not set aside or satisfied within 21 days;
 - (8) **process:** any distress, attachment, execution or other process of a Governmental Agency in an amount exceeding \$100,000 is issued against, levied or enforced upon any of the assets of the Company or a Related Body Corporate of the Company and is not set aside or satisfied within 21 days;
 - (9) **financial assistance:** the Company or a Related Body Corporate passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
 - (10) **suspends payment:** the Company or a Related Body Corporate of the Company suspends payment of its debts generally;
 - (11) **insolvency:** the Company or a Related Body Corporate of the Company is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act) or is presumed to be insolvent under the Corporations Act;
 - (12) **arrangements:** the Company or a Related Body Corporate of the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;

- (13) **ceasing business:** other than as contemplated by the Offer Document, the Company or a Related Body Corporate of the Company ceases or threatens to cease to carry on business;
- (14) **disclosures in the Offer Document:** a statement contained in the Offer Document is materially misleading or deceptive, or a matter required by the Corporations Act is omitted from the Offer Document;
- (15) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter reached in good faith after consultation with the Company, it is impracticable to market the Offer or to enforce contracts to issue, allot or transfer the Shares or that the success of the Offer is likely to be adversely affected;
- (16) **disclosures in Due Diligence Questionnaire:** any information supplied by or on behalf of the Company to the Underwriter in relation to the Group or the Offer as part of the due diligence process is or becomes materially misleading or deceptive;
- (17) **material contracts:** termination (other than those that terminate due to the effluxion of time) or a material amendment of any material contract of the Company in both cases which have a material adverse effect on the Company;
- (18) **hostilities:** hostilities political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Japan, Indonesia, Singapore, Malaysia, Hong Kong, North Korea or the Peoples Republic of China or a significant terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (19) **general trading suspensions:** trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX;
- (20) **change in management:** a change in the board of Directors of the Company occurs to which the Underwriter does not consent within 5 Business Days of the change, which consent shall not be unreasonably withheld or delayed;
- (21) **legal proceedings and offence by Directors:** any of the following occurs:
 - (A) material legal proceedings are commenced against the Company; or
 - (B) any Director is disqualified from managing a corporation under section 206A Corporations Act; or
- (22) **change to constitution:** other than as contemplated by the Offer Document, prior to the Allotment Date, a change to the constitution of the Company or the Company's capital structure occurs without the prior written consent of the Underwriter;

- (23) **compliance with regulatory requirements:** a material contravention by the Company or any entity in the Group of the Corporations Act, the Listing Rules, its constitution or any other applicable law or regulation;
- (24) **Offer Document to comply:** the Offer Document or any aspect of the Offer does not materially comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (25) **notifications:** any of the following notifications are made:
 - (A) an application is made by ASIC for an order under Part 9.5 Corporations Act in relation to the Offer Document or ASIC commences any investigation or hearing under Part 3 *Australian Securities and Investments Commission Act 2001 (Cth)* in relation to the Offer Document; and
 - (B) the Company or an entity in the Group issues a public statement concerning the Offer which has not been approved by the Underwriter; or
- (26) **breach:** the Company breaches any of their material obligations under this Agreement;
- (27) **representations and warranties:** any representation or warranty contained in this Agreement on the part of the Company is breached or becomes false, misleading or incorrect to a material extent;
- (28) **prescribed occurrence:** an event specified in section 652C(1) or section 652C(2) Corporations Act, but replacing 'target' with 'Company'; or
- (29) **timetable:** an event specified in the Timetable is delayed for more than 3 Business Days other than as the result of actions taken by the Underwriter (unless those actions were requested by the Company) or the actions of the Company (where those actions were taken with the Underwriter' prior consent);
- (30) **change in laws:** any of the following occurs which does or is likely to prohibit, materially restrict or regulate the Offer or materially reduce the likely level of valid Applications or materially affects the financial position of the Company or has a Material Adverse Effect of the success of the offer:
 - (A) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (B) the public announcement of prospective legislation or policy by the Federal Government or the Government of any State or Territory or the Reserve Bank of Australia;
- (31) **failure to comply:** the Company or any Related Body Corporate of the Company fails to comply with any of the following:
 - (A) a provision of its Constitution;
 - (B) any statute;
 - (C) any Agreement entered into by it.

5.3 Sub-underwriting Agreements

The Underwriter has entered into a number of sub-underwriting agreements with each of:

- (a) DGR (the **DGR Sub Underwriting Agreement**), under which DGR has agreed (subject to compliance with the Corporations Act as outlined below) to accept the Offer on the basis of its entitlement in the amount of \$950,633 and also to sub-underwrite the Offer to the extent of an additional \$858,802 (the **DGR Sub Underwritten Amount**);
- (b) Samuel Holdings Pty Ltd ACN 063 693 747 (**Samuel**) (the **Samuel Sub Underwriting Agreement**), under which Samuel has agreed to sub-underwrite the Offer to the extent of \$500,000 (the **Samuel Sub Underwritten Amount**); and
- (c) entities associated with Directors, Mr William Stubbs and Mr Roland Sleeman which have agreed to sub-underwrite the Offer to the extent of \$20,000 and \$15,000 respectively (**Stubbs Sub Underwritten Amount** and **Sleeman Sub Underwritten Amount** respectively); and
- (d) M. H. Carnegie & Co Pty Ltd (**MHC**), via MHC Fund Services 2A Pty Ltd as trustee for Carnegie Private Opportunities Fund No. 2A (**CPOF2**) (**MHC Sub Underwriting Agreement**), which has agreed to sub-underwrite \$500,000 of the Offer (**MHC Sub Underwritten Amount**).

The Underwriter has agreed to pay each of Samuel, William Stubbs and Roland Sleeman a commission of 3.5% of their respective Sub-Underwritten Amounts and to pay MHC a sub-underwriting fee of 3% of the sub-underwritten amount.

DGR is a substantial shareholder of the Company. As at the date of this Offer Booklet DGR holds, directly or indirectly, 75,050,000 Shares or a 22.34% interest in the issued capital of the Company. DGR also holds 95,837,318 Convertible Notes.

As noted above, DGR's commitment to accept its entitlements under the Offer and to sub-underwrite the Offer is subject to compliance with the takeovers provisions in Chapter 6 of the Corporations Act in that DGR and its Associates may only acquire up to 3% Voting Power in a six month period via the Creep Rule). If the Offer is not well subscribed, then the Shares issued to DGR under the Offer and the DGR Sub Underwritten Amount will be limited to that number of New Shares and Additional New Shares which are able to be issued under the Creep Rule.

Samuel is a company entity of which Nick Mather, a Director of the Company, is an associate. As at the date of this Offer Booklet Nick Mather holds, directly or indirectly, 3,126,831 Shares, 9,287,049 Convertible Notes and 1,500,000 Options.

In the event that each of Samuel, William Stubbs and Roland Sleeman were required to subscribe for their entire respective Sub Underwritten Amounts, it would result in each of them and their associates having the interests in the total number of Shares on issue as set out above in Section 3.6.



MHC is the manager of CPOF2. Mr Matthew Beach, a Director of Amour Energy, provides services to MHC via a contracting agreement with part of his remuneration based on the performance of CPOF2. CPOF2 currently owns 75,980,696 Convertible Notes in the Company. MHC owns 2,000,000 unlisted options in the Company.

In the event that the Underwriter elects to terminate the Underwriting Agreement then the obligations of each of BCP, DGR, Samuel, Williams Stubbs, Roland Sleeman and MHC under their respective Underwriting Agreements and Sub Underwriting Agreements will cease. The Sub Underwriting Agreements contains covenants, warranties and representations and other terms in favour of the Underwriter typical for agreements of this nature.

6. Additional information

6.1 Section 708AA Corporations Act

The Company is a disclosing entity and therefore subject to regular reporting and disclosure obligations under the Corporations Act. Under those obligations, the Company is obliged to comply with all applicable continuous disclosure and reporting requirements in the Listing Rules.

This Offer Booklet is issued under Section 708AA of the Corporations Act. This section enables disclosing entities to issue an Offer Booklet in relation to securities in a class of securities which has been quoted by ASX at all times during the 12 months before the date of the Offer Booklet, or options to acquire such securities. Apart from formal matters, this Offer Booklet need only contain information that:

- (a) is excluded information as at the date of the Offer Booklet pursuant to sections 708AA (8) and (9) (**Excluded Information**); and
- (b) states:
 - (1) the potential effect the issue of the New Shares will have on the control of the Company; and
 - (2) the consequences of that effect.

In addition, as a result of ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, section 708AA(12) requires that if, after the notice required under section 708AA(2)(f) (**Cleansing Notice**) has been lodged and before the New Shares are issued (**Relevant Period**) the Company becomes aware of:

- (a) any information that would be Excluded Information for the purpose of the Cleansing Notice; or
- (b) a material change to the potential effect the issue of the relevant securities will have on the control of the Company or the consequences of that effect,

(Additional Information),

the Company must disclose that Additional Information to the ASX as soon as practicable and before the end of the Relevant Period.

Accordingly, the Company will disclose by announcement to the ASX any Additional Information that it becomes aware of during the Relevant Period.

6.2 Rights and liabilities attaching to New Shares

The New Shares will have from issue the same rights attaching to all existing Shares on issue.

The rights attaching to ownership of the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the registered office of the Company during business hours.

This Offer Booklet does not contain a summary of the principal rights and liabilities of holders of the New Shares.

6.3 Expenses of the Entitlement Offer

All expenses connected with the Entitlement Offer are being borne by the Company. Total expenses of the Entitlement Offer are estimated to be in the order of \$325,000, including underwriting fees.

6.4 Consents and disclaimers

Written consents to the issue of this Offer Booklet have been given and at the time of this Offer Booklet have not been withdrawn by the following parties:

Link Market Services Limited has given and has not withdrawn its consent to be named in this Offer Booklet as the Share Registry of the Company in the form and context in which it is named. It has had no involvement in the preparation of any part of this Offer Booklet other than recording its name as Share Registry to the Company. It takes no responsibility for any part of the Offer Booklet other than the references to its name.

HopgoodGanim has given and has not withdrawn its consent to be named in this Offer Booklet as solicitors to the Entitlement Offer in the form and context in which it is named. It takes no responsibility for any part of the Offer Booklet other than references to its name.

Bizzell Capital Partners Pty Limited has given and has not withdrawn its consent to be named in this Offer Booklet as the Underwriter in the form and context in which it is named. It takes no responsibility for any part of the Offer Booklet other than references to its name.

6.5 Directors' statement

This Offer Booklet is issued by Armour Energy Limited. Each Director has consented to the lodgement of the Offer Booklet with ASX.

Signed on the date of this Offer Booklet on behalf of the Company by:



Nicholas Mather
Chairman
Armour Energy Limited

7. Definitions and glossary

Terms and abbreviations used in this Offer Booklet have the following meaning:

Acceptance	An acceptance of Entitlements.
Additional New Shares	Those New Shares which Eligible Shareholders may apply for under the Shortfall Facility in excess of their Entitlement, in the event that there is a Shortfall as described in Section 1.2.
Applicant	An Eligible Shareholder who has applied to subscribe for New Shares by arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.
Application	Application for New Shares by applying in accordance with the instruction on an Entitlement and Acceptance Form.
Application Monies	The aggregate amount payable for the New Shares applied for through BPAY and/or received via post, calculated as the Issue Price multiplied by the number of New Shares applied for.
ASIC	Australian Securities & Investments Commission.
Associate	An associate for the purposes of Chapter 6 of the Corporations Act.
ASX or Australian Securities Exchange	ASX Limited ACN 008 624 691.
Board	The board of Directors of the Company.
Business Day	has the same meaning as in the Listing Rules.
CHESS	The Clearing House Electronic Sub Register System, an automated transfer and settlement system for transactions in securities quoted on the ASX under which transfers are affected in paperless form.
Closing Date	5:00pm Sydney time on 13 October 2017, being the date the Entitlement Offer closes.
Company or Armour	Armour Energy Limited ACN141 198 414.
Constitution	The constitution of the Company.
Convertible Note	An unlisted, interest-bearing, partially secured debt security, which is convertible at the holder's election into fully-paid ordinary shares in the Company at a conversion price of 11 cents per share, through to 30 September 2019 and otherwise on those terms of issue approved at the general meetings of the Company's shareholders held on 14 December 2016 and 31 May 2017.
Convertible Note Holder	The holders of Convertible Notes.

Corporations Act	<i>Corporations Act 2001</i> (Cth).
Creep Rule	The rule under item 9 of section 611 of the Corporations Act which enables a person to increase their holding by not more than 3% during any 6 month period
Director	A director of the Company.
Eligible Shareholder	As defined in section 1.3.
Entitlement	The entitlement to subscribe for New Shares pursuant to the Entitlement Offer.
Entitlement and Acceptance Form	The entitlement and acceptance form accompanying this Offer Booklet.
Entitlement Offer	The pro rata, non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 6 Shares of which the Shareholder is the registered holder as at 7:00pm (Sydney time) on the Record Date, at an Issue Price of \$0.076 per New Share.
Entitlement Shortfall	A shortfall between the number of New Shares applied for under the Entitlement Offer and the number of New Shares offered to Eligible Shareholders under the Entitlement Offer.
Existing Options	All existing Options to subscribe for Shares currently on issue as at the date of this Offer Booklet.
Ineligible Shareholder or Foreign Shareholders	A Shareholder (or beneficial holder of Shares) on the commencement of the Entitlement Offer with a registered address outside Australia, New Zealand, British Virgin Islands, Singapore or Hong Kong or any other jurisdiction that the Company and the Underwriter agree that ASX Listing Rule 7.7.1(a) applies to.
Offer Booklet	Offer Booklet
Investor Presentation	The presentation to investors, incorporated in Section 2 of this Offer Booklet.
Issue Price	\$0.076 for each New Share applied for.
Listing Rules	The official listing rules of ASX.
New Shares	Shares to be allotted and issued under the Entitlement Offer, and including where the context requires, Shortfall Shares issued under the Shortfall Facility or to the Underwriter.
Offer Booklet	This Offer Booklet dated 14 September 2017.
Opening Date	9:00am (Sydney time) on 22 September 2017, being the date the Entitlement Offer opens.
Option Holders	The holders of the Existing Options

Professional Investor	Has the meaning given to that term in the Corporations Act.
Qualified Investors	An investor who is either a Sophisticated or Professional Investor.
Record Date	7:00pm (Sydney time) 19 September 2017.
Related Party	A related party for the purposes of the Corporations Act.
Share	A fully paid ordinary share in the capital of the Company.
Share Registry	Link Market Services Limited ACN 083 214 537.
Shareholder	A holder of Shares.
Shortfall Facility	The facility described in Section 4.2 under which Eligible Shareholders may apply for Additional New Shares in excess of their Entitlement.
Shortfall Shares	Any New Shares not taken up pursuant to the Entitlement Offer.
Sophisticated Investor	Has the meaning given to that term in the Corporations Act.
Underwriter	Bizzell Capital Partners Pty Ltd.
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter dated on or about 13 September 2017.
US Securities Act	The US Securities Act of 1933, as amended.
Voting Power	has the same meaning as in the Corporations Act.

8. Corporate directory

Directors and Company Secretary	Solicitors to the Entitlement Offer
Mr Nicholas Mather (Executive Chairman) Mr William (Bill) Stubbs (Non-Executive Director) Mr Roland Sleeman (Non-Executive Director) Mr Stephen Bizzell (Non-Executive Director) Mr Matthew Beach (Non-Executive Director) Mr Karl Schlobohm (Company Secretary)	HopgoodGanim Level 8 Waterfront Place 1 Eagle Street Brisbane QLD 4000 Tel: +61 7 3024 0000 www.hopgoodganim.com.au
Administration and Registered Office	Share Registry
Armour Energy Limited Level 27, 111 Eagle Street Brisbane QLD 4000 Tel: +61 7 3303 0680 www.armourenergy.com.au	Link Market Services Limited Level 15 324 Queen Street Brisbane QLD 4000 Tel: 1300 554 474 www.linkmarketservices.com.au
Lead Manager and Underwriter	
Bizzell Capital Partners Pty Ltd Level 9, Waterfront Place 1 Eagle Street Brisbane QLD 4000 www.bizzellcapital.com	



Armour Energy 3 Phases of Growth

Non-renounceable Entitlement Offer Presentation
September 2017



Important Information and Disclaimer



This investor presentation has been prepared by Armour Energy Limited ACN 141 198 414 (Armour or the Company) in relation to the non-renounceable entitlement offer of new fully-paid ordinary shares in Armour under section 708AA of the Corporations Act 2001 (Cth) under the Offer Booklet dated 14 September 2017 (Entitlement Offer).

This presentation is not a prospectus, disclosure document or offering document under Australian law or under any other law. It is for informational purposes only. This document does not constitute, and should not be construed as, an offer to issue or sell or a solicitation of an offer or invitation to subscribe for, buy or sell securities in Armour. Applications for shares under the Entitlement Offer can only be made in accordance with, and using an application form attached to, the Offer Booklet for the Entitlement Offer.

Any material used in this presentation is only an overview and summary of certain data selected by the management of Armour. The presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in Armour nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the Corporations Act and should not be used in isolation as a basis to invest in Armour. Recipients of this presentation must make their own independent investigations, consideration and evaluation of Armour. Armour recommends that potential investors consult their professional advisor/s and consider the announcements published by Armour with the ASX as an investment in Armour is considered to be speculative in nature.

Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. Reliance should not be placed on information or opinions contained in this presentation.

To the maximum extent permitted by law, Armour and Bizzell Capital Partners Pty Ltd ACN 118 741 012 (Underwriter) and any of their affiliates or related bodies corporate disclaim any responsibility to inform any recipient of this presentation on any matter that subsequently comes to its notice which may affect any of the information contained in this document and presentation and undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. While reasonable care has been taken to ensure that facts stated in this presentation are accurate and/or that the opinions expressed are fair and reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or its completeness.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any person.

To the maximum extent permitted by law, neither Armour nor, any affiliates, related bodies corporate and their respective officers, directors, employees, advisors and agents (Relevant Parties), nor any other person, accepts any liability as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any person.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

This presentation contains "forward looking statements" concerning the financial condition, results of operations and business of Armour. All statements other than statements of fact or aspirational statements, are or may be deemed to be "forward looking statements". Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", "outlook", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, future or anticipated production or construction commencement dates and expected costs, resources or reserves, exploration results or production outputs, estimated future costs of sale of minerals, production rates, potential improvements to financial and operating performance that may result from any action or initiatives, expectations regarding future price assumptions, financial performance and other outlook or guidance and estimated timing and conclusions of technical reports, other studies and mining operations.

Important Information and Disclaimer (continued)



Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and known and unknown risks and uncertainties that could cause the actual results, performance or events to differ materially from those expressed or implied in these statements. These risks include, but are not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, commercialisation reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of us. As these statements are cautionary, these should not be relied on in making your decision. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

The forward-looking statements in this presentation speak only as of the date of this presentation. Nothing in this presentation will under any circumstances create an implication that there has been no change in the affairs of Armour since the date of the presentation.

This presentation does not constitute an offer of shares in Armour in any jurisdiction in which it would be unlawful. Shares offered under the Entitlement Offer will only be available to shareholders of Armour as at the relevant record date who have a registered address in Australia, New Zealand, British Virgin Islands, Singapore and Hong Kong. This presentation is not for publication, distribution or release in or into the United States or to any person located in the United States and does not constitute an offer to sell, or a solicitation to buy, any securities in the United States.

Estimates of petroleum reserves are taken from the ASX announcement made by the Company on 3 April 2017 ("Kincora Project Reserves Upgrade") which contains the statements and consents relevant to those estimates. Armour Energy confirms that it is not aware of any new information or data that affects the information included in the relevant market announcement and that all of the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Estimates of gas prospective resource are taken from the ASX announcements made by the Company on 16 July 2014 ("Third Party Independent Certification") and 21 September 2015 ("66% Increase in Prospective Gas Resources") which contains the statements and consents relevant to those estimates. Armour Energy confirms that it is not aware of any new information or data that affects the information included in the relevant market announcement and that all of the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Statements in this presentation as to gas and mineral resources has been compiled from data provided by Armour's Chief Geologist, Mr Luke Titus. Mr Titus' qualifications include a Bachelor of Science from Fort Lewis College, Durango, Colorado, USA and he is an active member of AAPG and SPE. Mr Titus' has over 20 years of relevant experience in both conventional and unconventional oil and gas exploration in various international hydrocarbon basins. Mr Titus has sufficient experience that is relevant to Armour's reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules 5.11. Mr Titus consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Armour Energy: Board and Management



Nicholas Mather, Executive Chairman

B.Sc (Hons. Geology), More than 25 years experience in junior resource sector. Co-founder and former Executive Director of Arrow Energy; former Chairman of Waratah Coal; former Director of Bow Energy.

Stephen Bizzell, Non-Executive Director

B.Comm MAICD, Accountant with extensive corporate structuring and finance experience. Co-founder and former Executive Director of Arrow Energy, former Director of Bow Energy and currently the Chairman of Bizzell Capital Partners.

William Stubbs, Non-Executive Director

LLB, 35 years experience in commercial law, including stock exchange listings ; former founding Chairman of Arrow Energy. Non-Executive Chairman of DGR Global Ltd and Chairman of the Advisory Board of Tetra Q and Non-Executive Director of Coalbank Ltd.

Roland Sleeman, Non-Executive Director

B.Eng (Mechanical), MBA; 34 years experience in oil and gas, utilities and infrastructure. Intermim CEO of Lakes Oil. Former Chief Commercial Officer of Eastern Star Gas and General Manager of the Goldfield Gas Pipeline at AGL.

Matthew Beach, Non-Executive Director

B.Comm; Partner at private equity and alternative asset manager, M.H.Carnegie & Co. Finance and investment professional with over 20 years experience.

Roger Cressey, CEO

B.Eng (Mechanical). Over 35 years experience in engineering, construction and project management, with 25 years in the oil and gas industry.

Peter Harding-Smith, Chief Financial Officer

B.Bus, Over 25 years accounting and finance experience. Formerly CFO & Company Secretary Orbis Gold Limited.

Peter Ashford, Chief Commercial Officer

MA(cantab) Chemical Engineer, resource industry professional with over 30 years of international experience in the oil, gas and LNG sector and also with exposure to mining and renewable energy.

Luke Titus, Chief Geologist

BSc (Geology), M.S. Computer Science. Over 20 year's international petroleum experience, former Principal Development Geologist with BG-QGC.

Peter Dingle, Operations Manager

B.Com. Over 20 years management experience in mining, minerals and oil and gas sectors. Former Operations Manager and Site Safety Manager at Westside Corporation.

Capital Raising Program

➤ Convertible Notes \$45 million (i)

- **\$32.7 million completed**

- ✓ MH Carnegie \$8.25 million
- ✓ DGR \$9.4 million
- ✓ Mather / Bizzell and management approx. \$2.5 million

- **\$12.3 million additional planned.**

- \$12.3 million available for placement (subject to placement capacity and otherwise shareholder approval) (ii);
- \$5 million conditional commitment to the placement from MH Carnegie (iii)

➤ Entitlements Offer \$5.25 million

- **\$4.25 million^(iv) – fully underwritten by Bizzell Capital Partners at 7.6c**

- DGR \$950k
- MH Carnegie \$500k

THIS PRESENTATION

- **\$1 million green shoe placement**

- ✓ Completed at 7.6c

(i) Source: Armour Energy ASX Announcement on 30 May 2017 and 13 September 2017

(ii) As announced on the 30 May 2017, approvals obtained from the requisite majority of existing Noteholders and from the Note Trustee for the Convertible Note issue size to be increased by up to \$10 million to up to \$45 million in Convertible Notes in total.

(iii) Refer Armour Energy ASX Announcement on 13 September 2017 for conditional commitment.

(iv) Before costs of the offer and the conversion on DGR's loan balance.

Capital Raising Program: Sources and Uses of Funds



Sources of funds	\$'m	Uses of funds	\$'m
Convertible Notes – issued to date	32.7	Kincora Project for first gas	3.8
Convertible Notes – to be placed	12.3	Kincora Project LPG and condensate	3.1
Ordinary Shares – Placement completed	1.0	DGR debt facility conversion and repayment	14.6
<i>Ordinary Shares - Entitlement Offer</i>	4.2	Operating costs and administration	4.2
		Creditor payments and working capital	5.7
		Uganda payments and security deposit	0.8
		Payment for acquisition of further interest in Kincora Project from Santos	1.0
		Costs of capital raisings	2.4
		Kincora field development and working capital (Phase 2 restart)	14.6
Total	50.2	Total	50.2

Capital Raising Program: Entitlement Offer



Entitlement Offer	A fully underwritten non-renounceable pro-rata entitlement offer of 1 new ordinary shares for each 6 ordinary shares currently held to raise approximately \$4.25 million before costs
Offer Price	\$0.076 per new share
Pricing / Discounts	Issue price represents a: <ul style="list-style-type: none"> • 0.2% discount to the 30 day VWAP⁽¹⁾ of \$0.0762 • 5.3% discount to the last closing price of \$0.080 on 13 September 2017 • 31% discount to the conversion price of the Convertible Notes
Uses of funds	The Entitlement Offer, as part of the Capital Raising Program, will provide funds for the start-up of gas production from the Kincora project, the on-going development of the Kincora field assets and for general working capital purposes
Capital Structure Post Offer	Approximately 392m shares post Entitlement Offer
Underwriter	Bizzell Capital Partners Pty Ltd (an entity associated with Director Stephen Bizzell)

(1) VWAP is the volume weighted average price of Share traded on ASX.

Capital Raising Program: Entitlement Offer



Event	Date
Announcement of Offer	14 September 2017
Record date for Offer	19 September 2017
Documents despatched to shareholders	22 September 2017
Offer opens	22 September 2017
Offer closes	13 October 2017
Issue of shares under Entitlement Offer	20 October 2017
Expected commencement of trading of new shares	23 October 2017

Capital Raising Program: Entitlement Offer

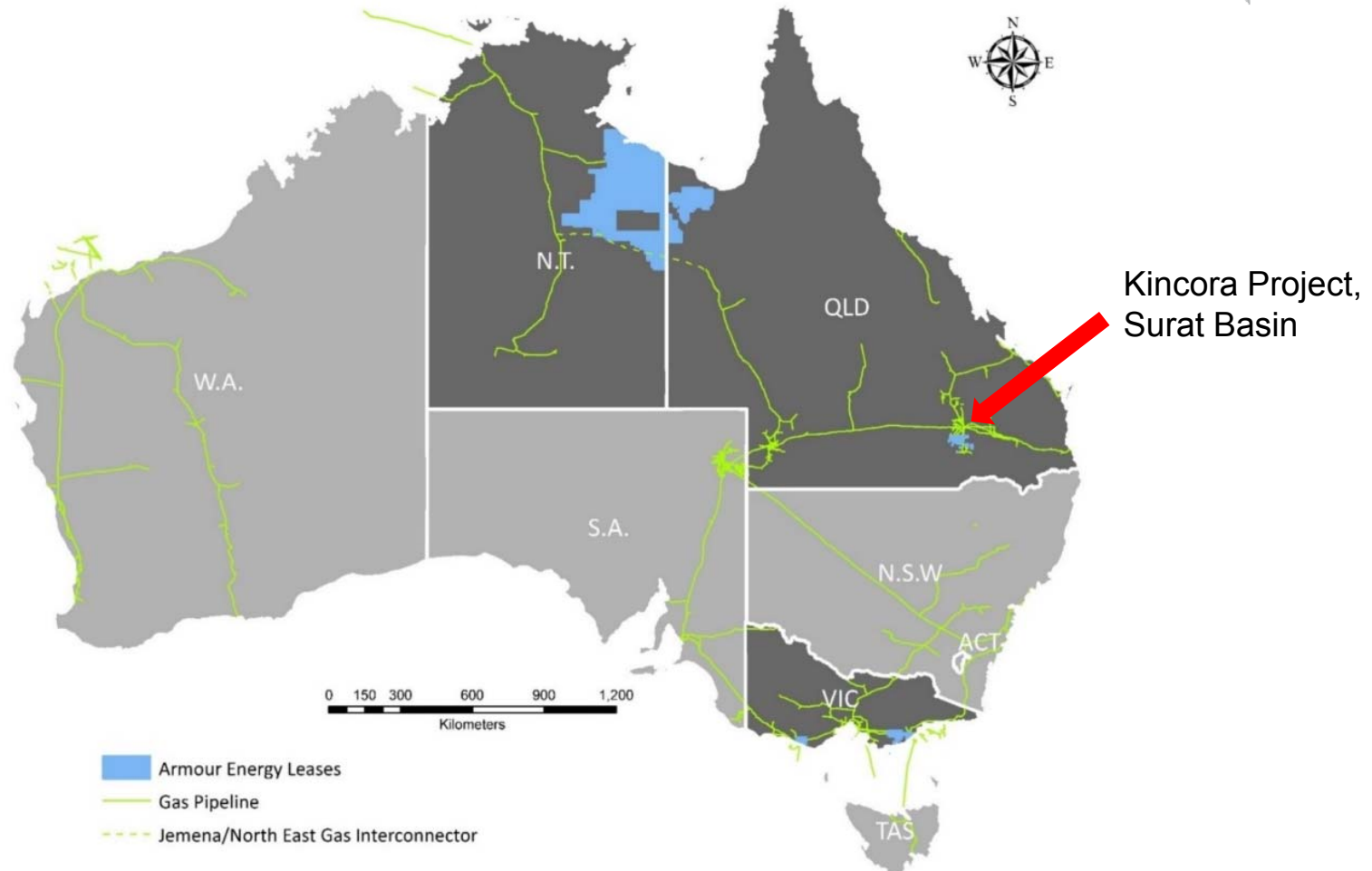


Shares	Number
Shares on issue	336,015,972
<i>New Shares to be issued under the Entitlement Offer</i>	56,002,662
Shares on issue following the Entitlement Offer	392,018,634
Options ⁽¹⁾	
Options ⁽²⁾ on issue	29,825,000
Convertible Notes ⁽¹⁾	
Convertible Notes ⁽³⁾ on issue ⁽⁴⁾	297,174,914
Convertible Notes proposed to be issued (maximum) ⁽⁵⁾	111,915,995
Convertible Notes on issue following completion of the Capital Raising Program (maximum) ⁽⁴⁾	409,090,909

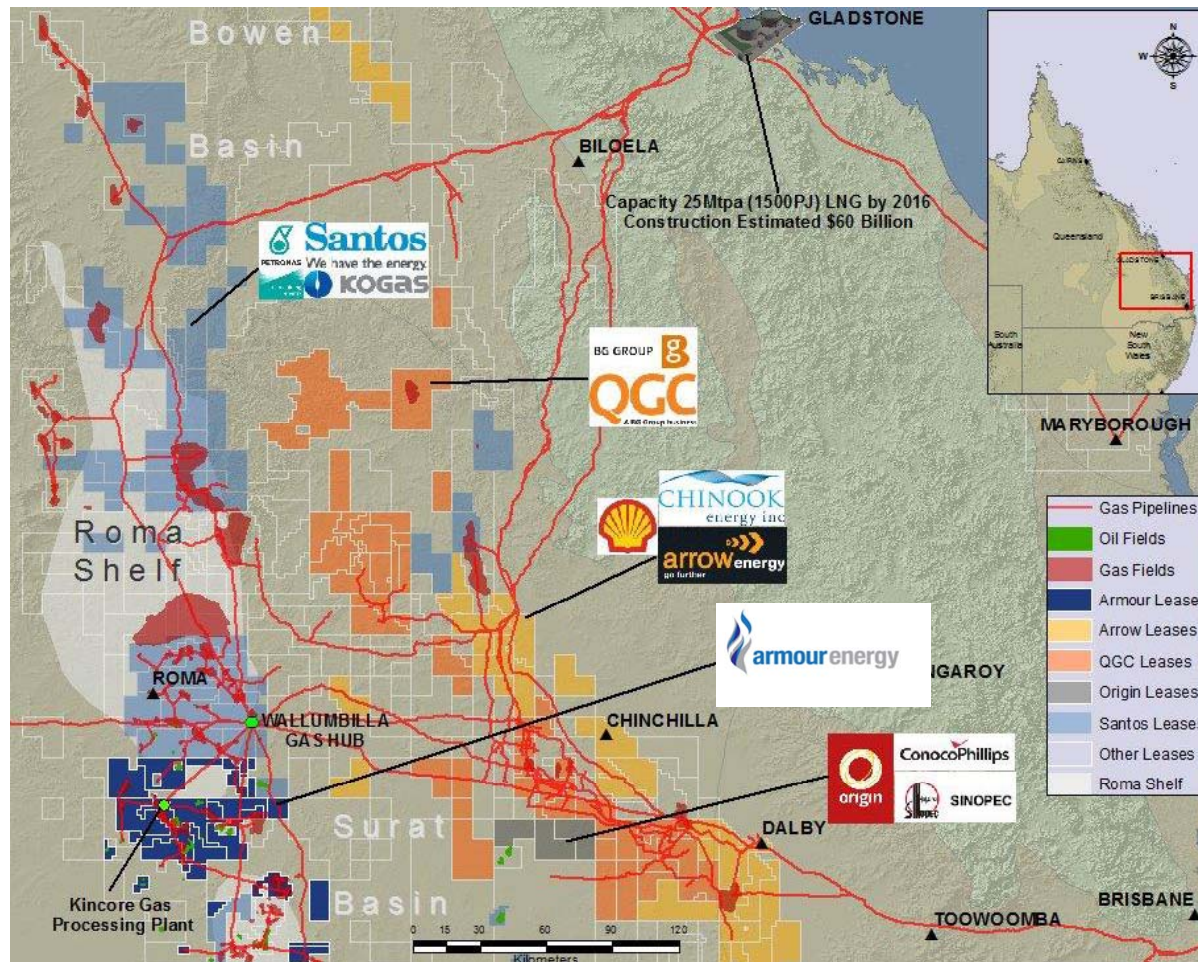
The above table outlines the securities on issue as at 14 September 2017

- (1) The options and convertible notes are not listed on ASX.
- (2) The options are exercisable at various prices between \$0.20 and \$0.50 and expire at various dates between 06/02/2017 and 29/03/2021.
- (3) The Convertible Notes have a face value of \$0.11, interest rate of 15% pa paid half yearly in arrears, are convertible at any time at the holders election into 1 share for each note held, are secured over the assets of the Company and mature on 30/09/2019. The full terms can be found on the Armour Energy website <https://www.armourenergy.com.au/terms-of-convertible-notes/>
- (4) The Company made the first interest on the notes then on issue, due on 31 March 2017, in the form of additional Notes rather than cash as permitted by the Note terms. The number of Notes issued for this purpose on 6 April 2017 was approx 5.62 million Notes and have not been included in table above.
- (5) Notes proposed to be issued subject to receipt of any necessary shareholder approvals

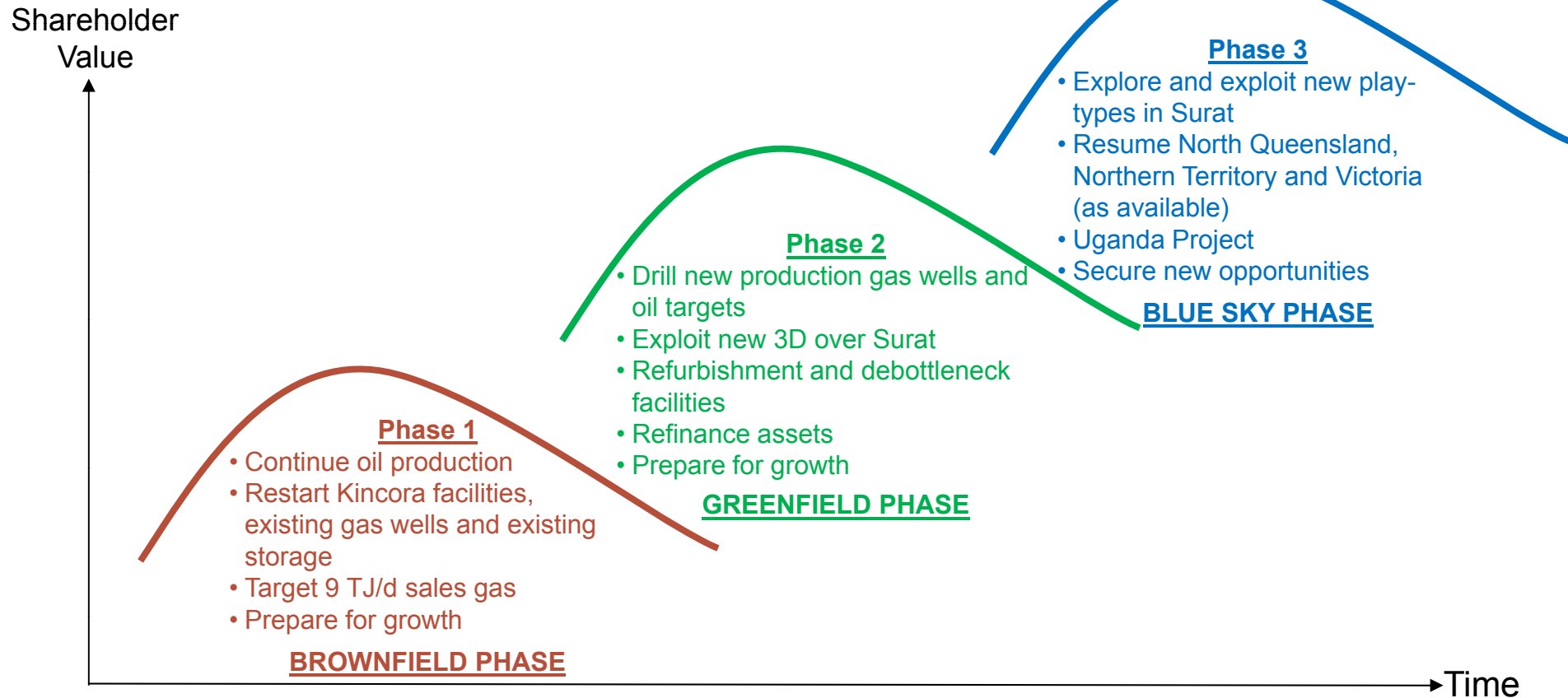
Strategic Eastern Gas Market supply upside



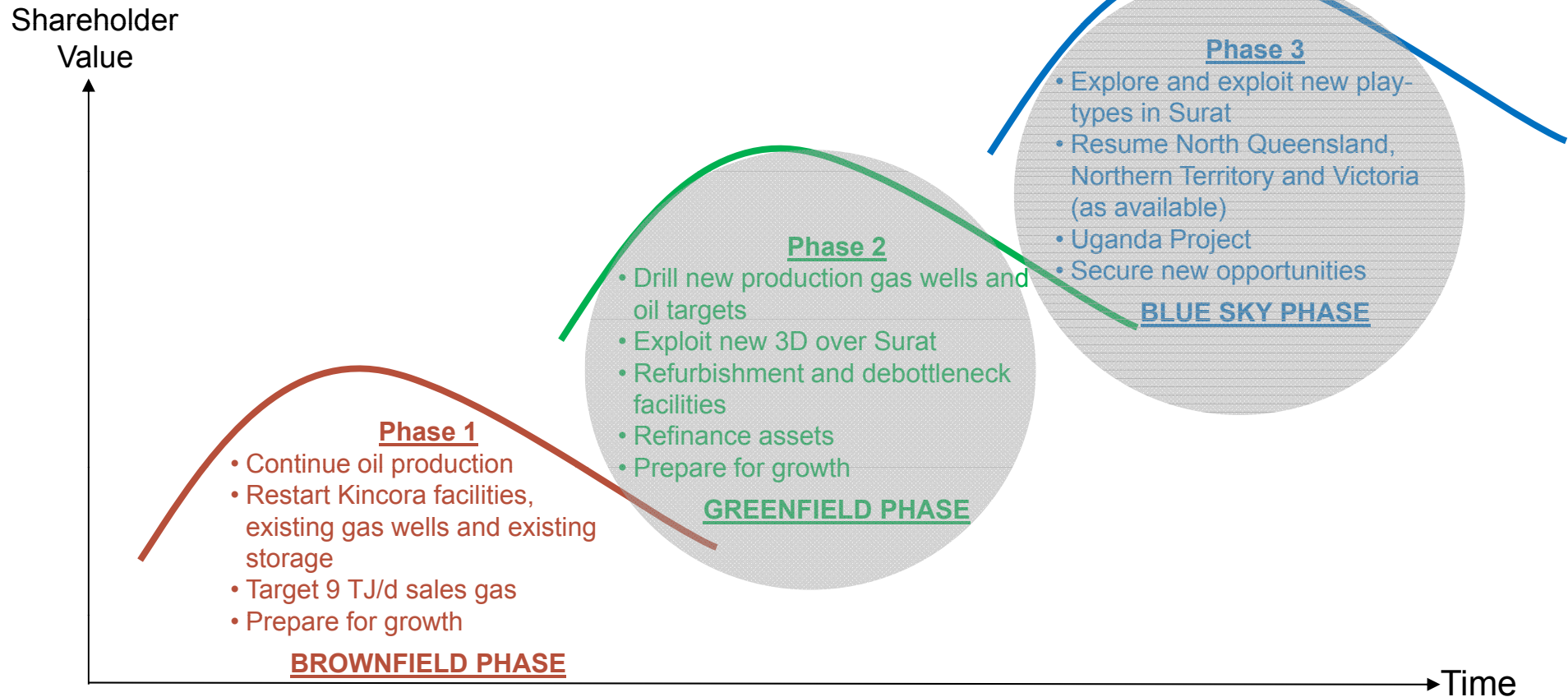
Extensive acreage surrounded by majors in a growing market



Armour Strategy – 3 Phases of Growth



Armour Strategy – Phase 1 of Growth



Phase 1 – Restart Kincora timeline



Target schedule	2Q16			3Q16			4Q16			1Q17			2Q17			3Q17			4Q17		
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
1 Restart planning and estimate	█			█			█			█											
2 Site preparation & Operational Readiness	█			█			█			█			█			█			█		
3 Emu Apple Oil (inspections, tests, restart)	█			█			█			█			█			█			█		
4 First Oil (despatch)																					
5 PPL3 IP run, data evaluation, Restart risk assessment, Connection agreement																					
6 PPL3 repairs																					
7 PPL3 end of line modifications																					
8 Phase 1 (restart) - commence production and ramp-up to 9TJ/day																					
8.1 Restart of Newstead gas process stream																					
8.2 First Gas Sales - ex Newstead																					
8.3 Kincora Gas Plant - LPG system (restart)																					
8.4 Restart field production (restart existing 22 wells)																					
8.5 LPG & Condensate Production & Sales																					
9 Phase 2 (new wells) - ramp-up to 20TJ/day over 12 to 18 months after first gas																					

Timetable illustrated above is best estimate of the restart timetable and may be influenced by delays from events either unforeseen or out of Armour control.

Phase 1 - Armour in the Surat has an extensive position



Kincora Gas Plant

- Up to 15 TJ/d sales export capacity at restart; options to refurbishment and debottleneck to; LPG (auto-mix) and condensate extraction & storage
- Connection via PPL-3 to regulated Roma Brisbane transmission pipeline where transport subject to agreement



Myall Creek (and Parknook)

- 13 TJ/d compressor



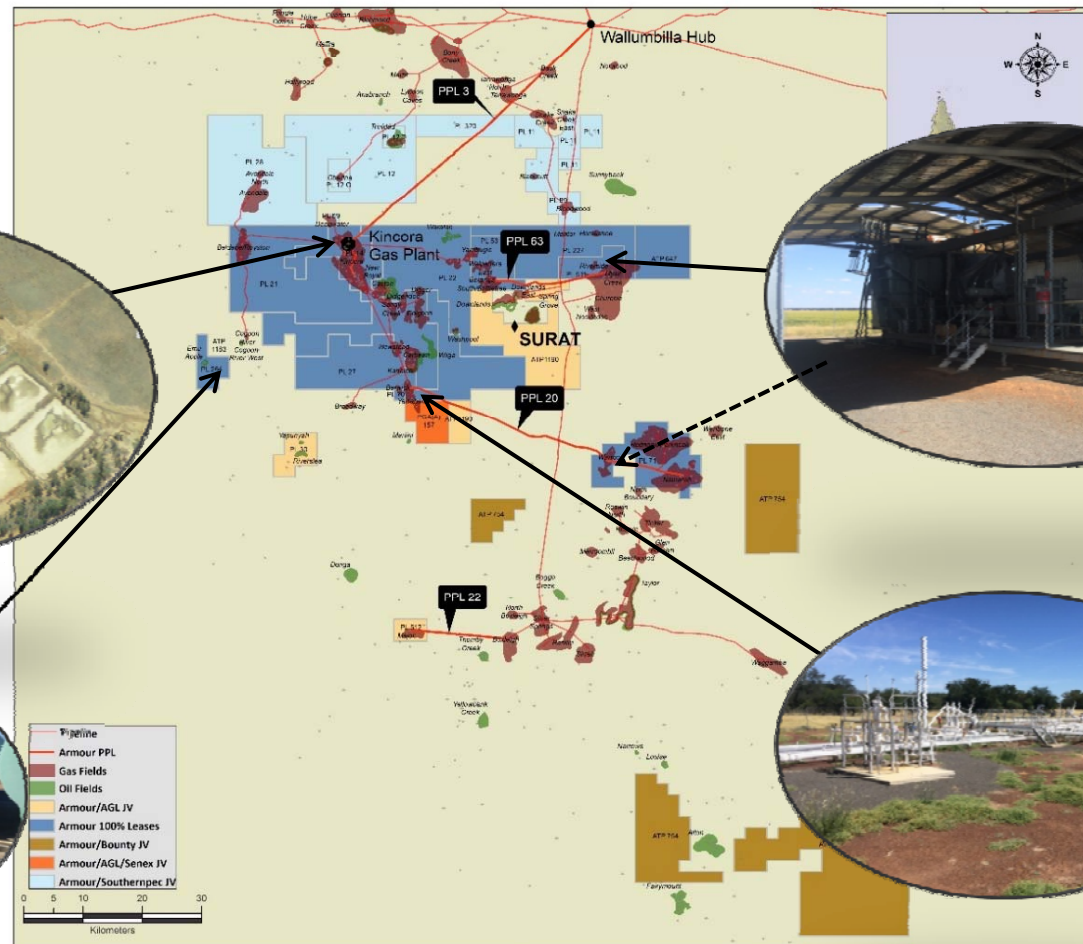
Emu Apple Oil

- Oil production, storage and truck load-out facilities, operating since August 2016



Newstead Gas Storage

- 7.5PJ storage capacity
- 7TJ/day withdraw / inject rates



Phase 1 - Armour has secured Gas Sales Agreement (GSA) and connection to domestic market



- GSA with Australian Pacific LNG Marketing Pty Limited, up to 3.65 PJ/a, delivery subject to transport availability. ⁽¹⁾
- 100% operated WI Petroleum licences in good standing.
- Environmental authorities and social licence to operate in place.
- Board approved final investment decision to re-commission Kincora gas plant, sales pipeline and satellite facilities.

⁽¹⁾ Source: Armour Energy ASX Announcement on 22/12/2016 and 17/08/2017.



Refurbishment of Kincora Gas Plant – August 2017

Phase 1 – Newstead storage facility – early monetarisation



- Currently holds approximately 2.3PJ of treated gas (sales quality). ⁽¹⁾
- Total capacity of approximately 7.5PJ.

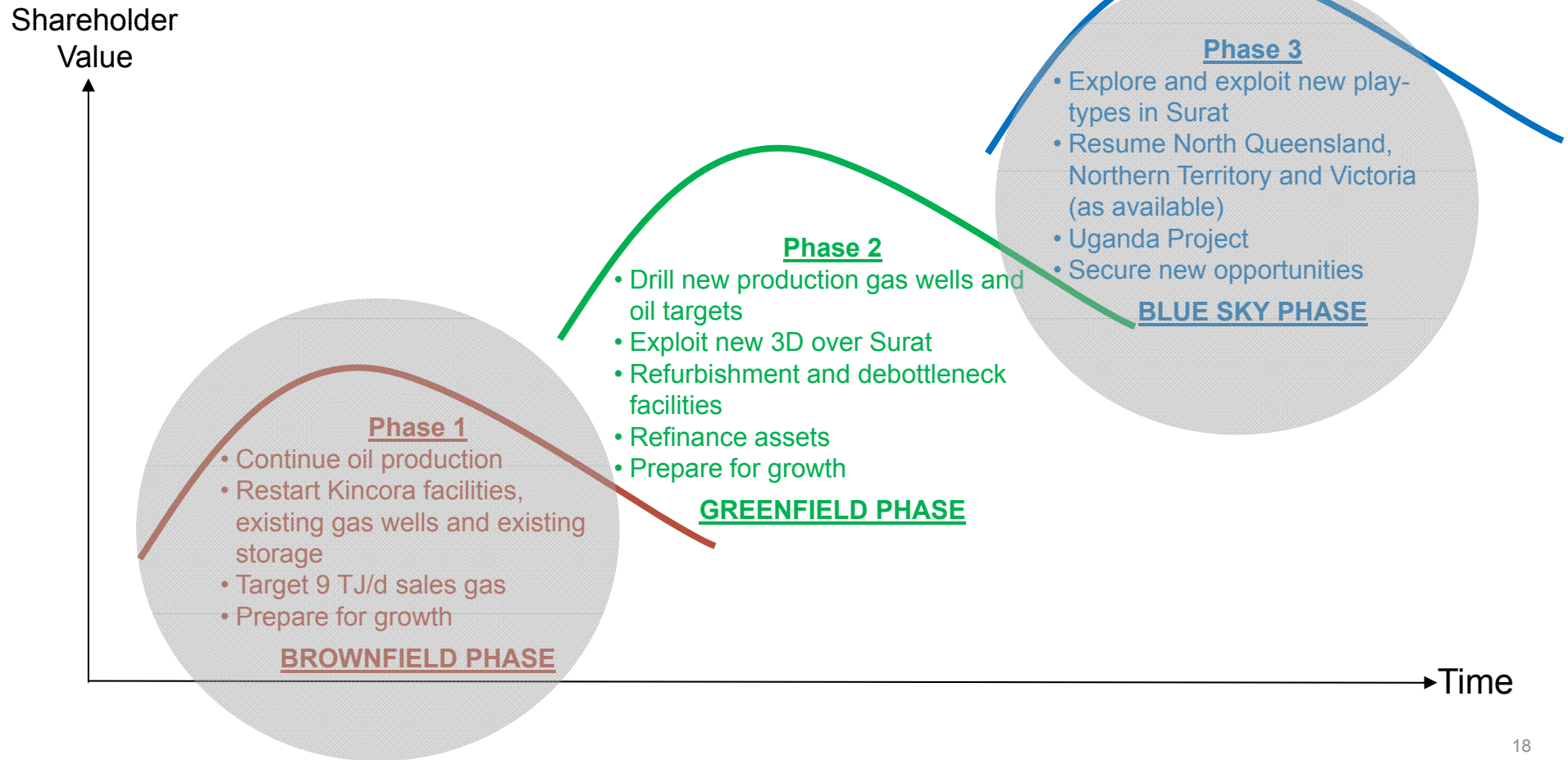
- Significant benefit through flexibility of operations, plus commercial benefits through providing:
 - Back-up capability to upstream issues i.e. unplanned and planned shutdowns;
 - Capacity to store gas when prices are low, maximise revenue;
 - Maximise sales opportunities during seasonal price cycle and trading activities;
 - Opportunistic supply when spot cargoes for LNG and electricity producers experience price spikes.



SGS performing static gradient survey on Newstead 10 well, June 2017; confirmed volume (2.3 PJ) and integrity the Newstead storage facility.

⁽¹⁾ Source: Armour Energy ASX Announcement on 2/09/2015

Armour Strategy – Phase 2 of Growth



Phase 2 - Certified Reserves – 5 year development plan to maintain production profile and reserve replacement ratio



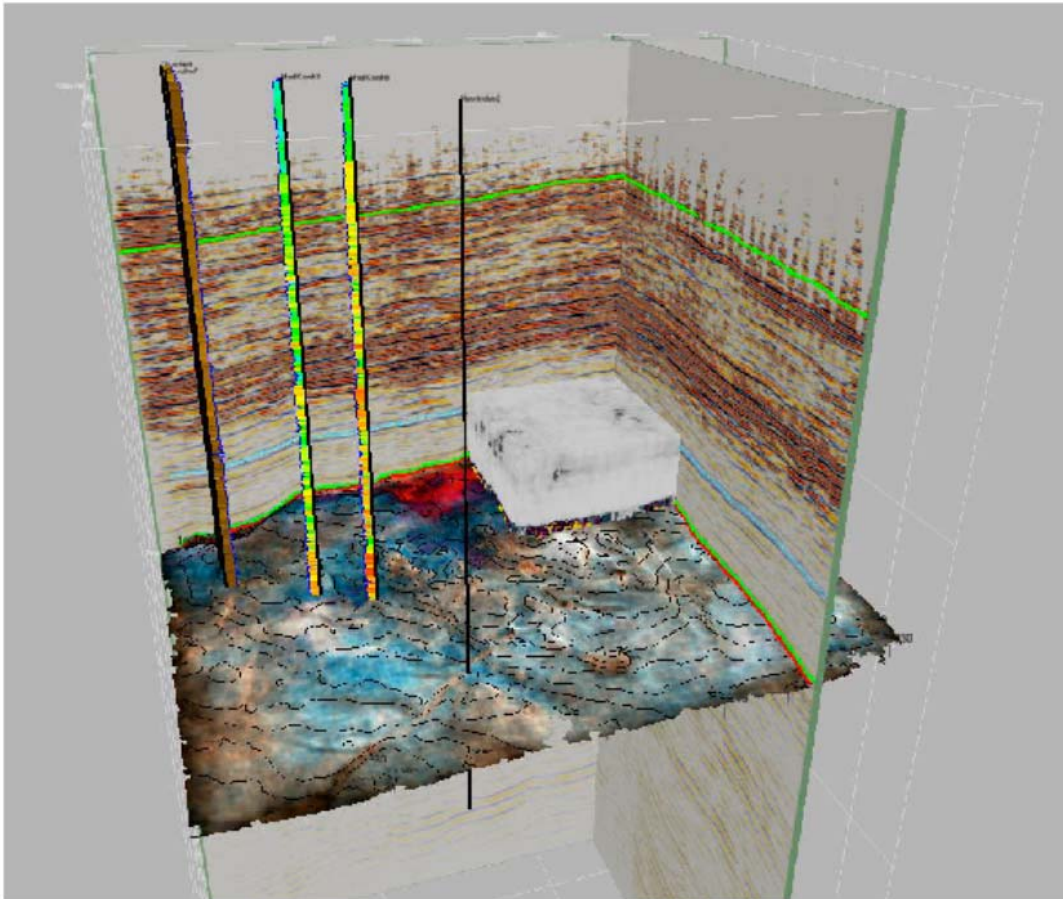
Reserves ⁽¹⁾	1P	2P (1P+2P)	3P (1P+2P+3P)
Estimated Net Total Gas (BCF)	30.16	53.86	149.56
Estimated Net Total Gas (PJ)	31.82	56.82	157.79
LPG Yield (Tonne)	65,706	117,338	325,828
Condensate Yield (BBL)	316,215	564,700	1,568,075

Notes:

- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on a risked net basis with historical production removed.
- Petroleum reserves are stated inclusive of previous reported estimates.
- Petroleum Reserves have no deduction applied for gas used to run the process plant estimated at 7%.
- BCF = billion cubic feet, LPG = liquefied petroleum gas, PJ = petajoules, kbbl = thousand barrels, kTonne = thousand tonnes; Conversion 1.055 PJ/BCF.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2065 tonnes/petajoules, Condensate Yield 9938 barrels/petajoules

⁽¹⁾ Source: Armour Energy ASX Announcement on 3 April 2017

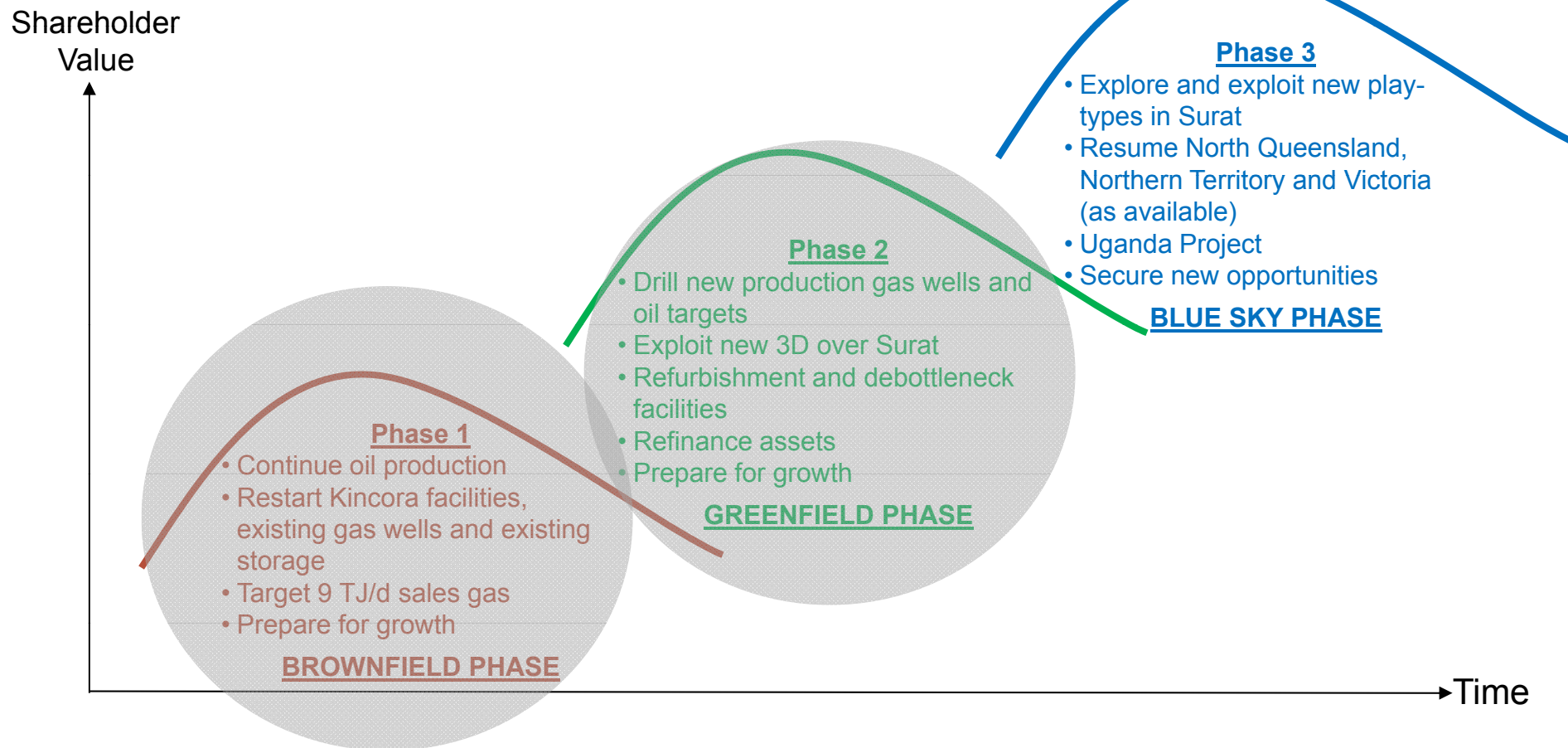
Phase 2 – Wet gas development to feed the LPG Plant at Kincora



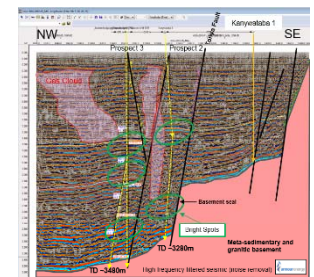
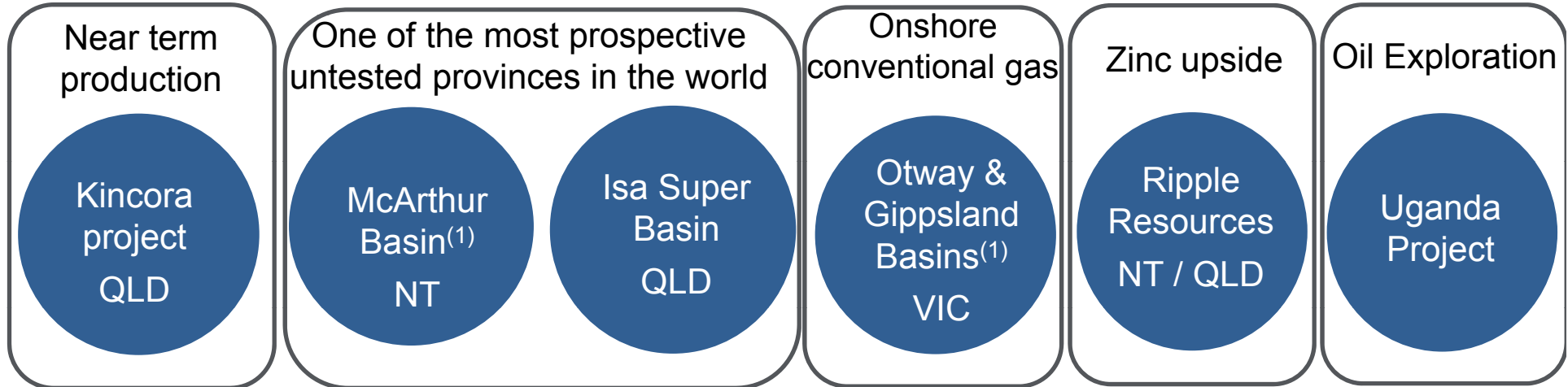
Myall Creek 3D image utilising new spectral decomposition technique for the identification of new well locations

- Modern imaging of 3D seismic at Myall Creek field.
- Implemented integrated subsurface management plan for the development of up to 50 x 160 acre development wells targeting a P50 of 2.7 BCF per well.
- Estimated find and development cost < A\$1.00 per MCF.

Armour Strategy – Phase 3 of Growth

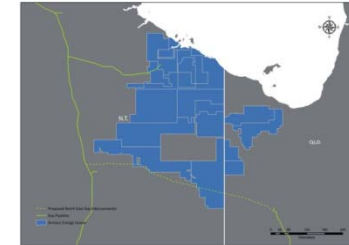


Phase 3 - The overall growth portfolio



⁽¹⁾ The Victorian and Northern Territory projects are currently suspended / stalled due to recent legislation on hydraulic stimulation that either bans or imposes a moratorium on onshore petroleum exploration.

Phase 3 - NW Queensland and Northern Territory Shale Assets



Progress to date

- 6 discovery wells drilled in QLD and NT to date.
- Extensive seismic data, highly prospective shale formations
- 57 TCF (best estimate) gas prospective resource. ⁽¹⁾
- Egilabria-2 well was an Australian first producing gas flows from a hydraulically stimulated lateral in shale – 154 BCF 2C. ⁽²⁾

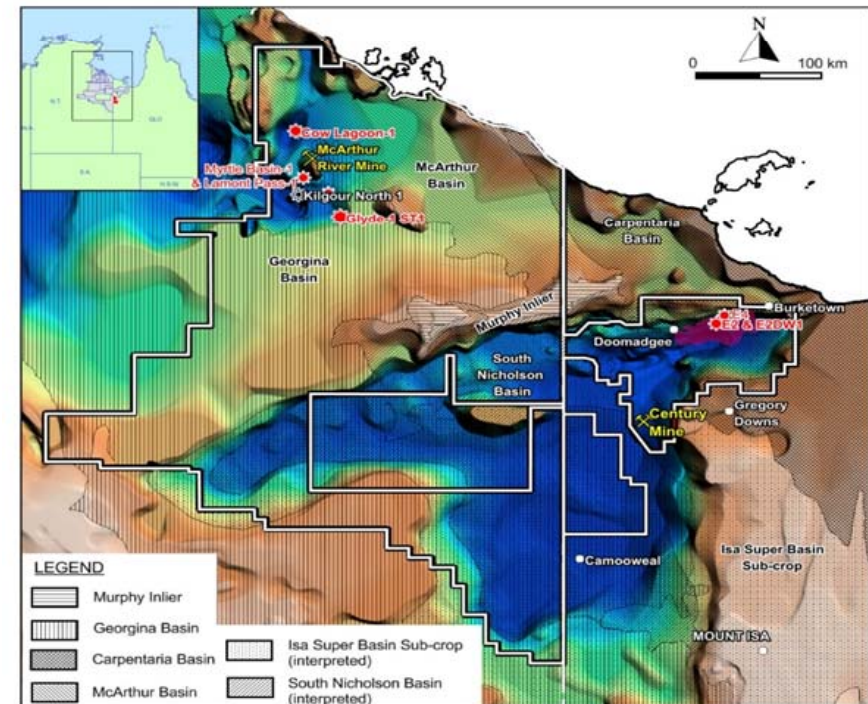
Future plans

- Further definition of the resource fairway and sweet-spots for the Lawn Hill and Riversleigh Shales.
- Additional seismic plus well in deeper part of basin.
- Appraisal to establish commercial flow rates from stacked play opportunities.

⁽¹⁾ Source: Armour Energy ASX Announcement on 21/09/2015

⁽²⁾ Source: Armour Energy ASX Announcement on 16/07/2014

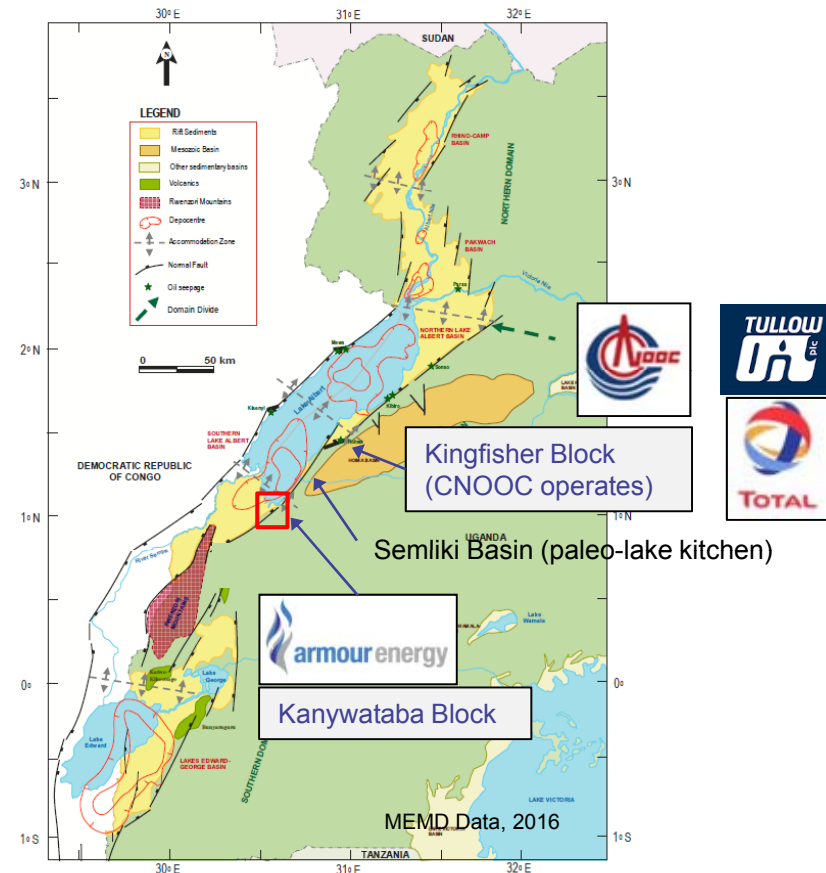
Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.



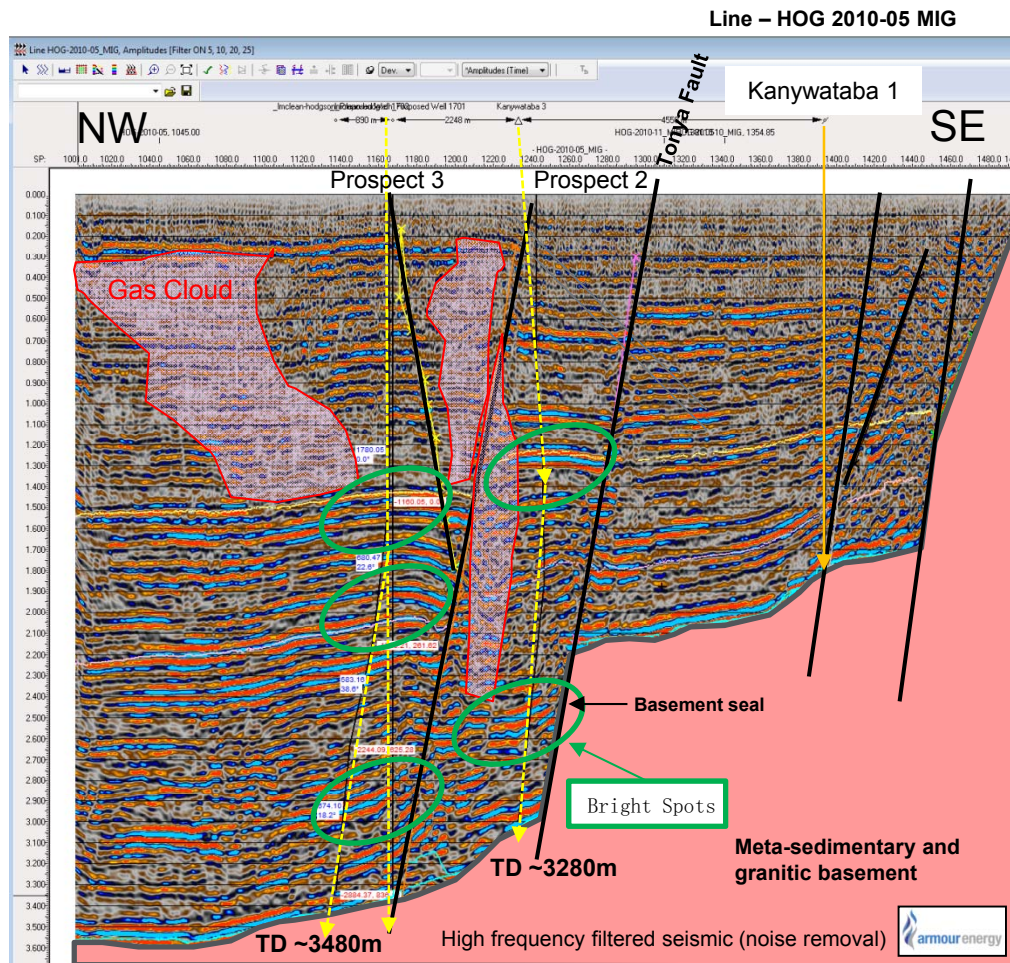
Phase 3 - Uganda Opportunity – Albertine Graben exploration lease



- Armour selected as preferred tenderer on the Kanywataba Block in 2015
 - Negotiations recently concluded with Government of Uganda which enables an exploration licence for the Kanywataba block to be granted to Armour in September 2017 subject to finalising bank guarantees and other administrative requirements
 - Exploration license is for 2 years, renewable for another 2 on completion of first period work program
 - First period work program involves undertaking geological and geophysical works, reviewing existing data and reprocessing seismic data, and the acquisition of 100 line kilometres of 2D seismic
 - **Risking and Volumes ⁽¹⁾ - Lake Albert Rift (inc. Kanywataba Block)**
 - < 40% found to-date
 - 6.5 Billion Barrels STOIP Discovered
 - 1.5 est. Billion Barrels Discovered Recoverable (23%)
 - **13.678 Billion Barrels STOIP Undiscovered**
 - **3.15 est. Billion Barrels Undiscovered Recoverable (23%)**
 - Basin still generating hydrocarbons
- ⁽¹⁾ Uganda Ministry of Energy and Mineral Development (MEMD) 2016
STOIP – Stock Tank Oil In Place



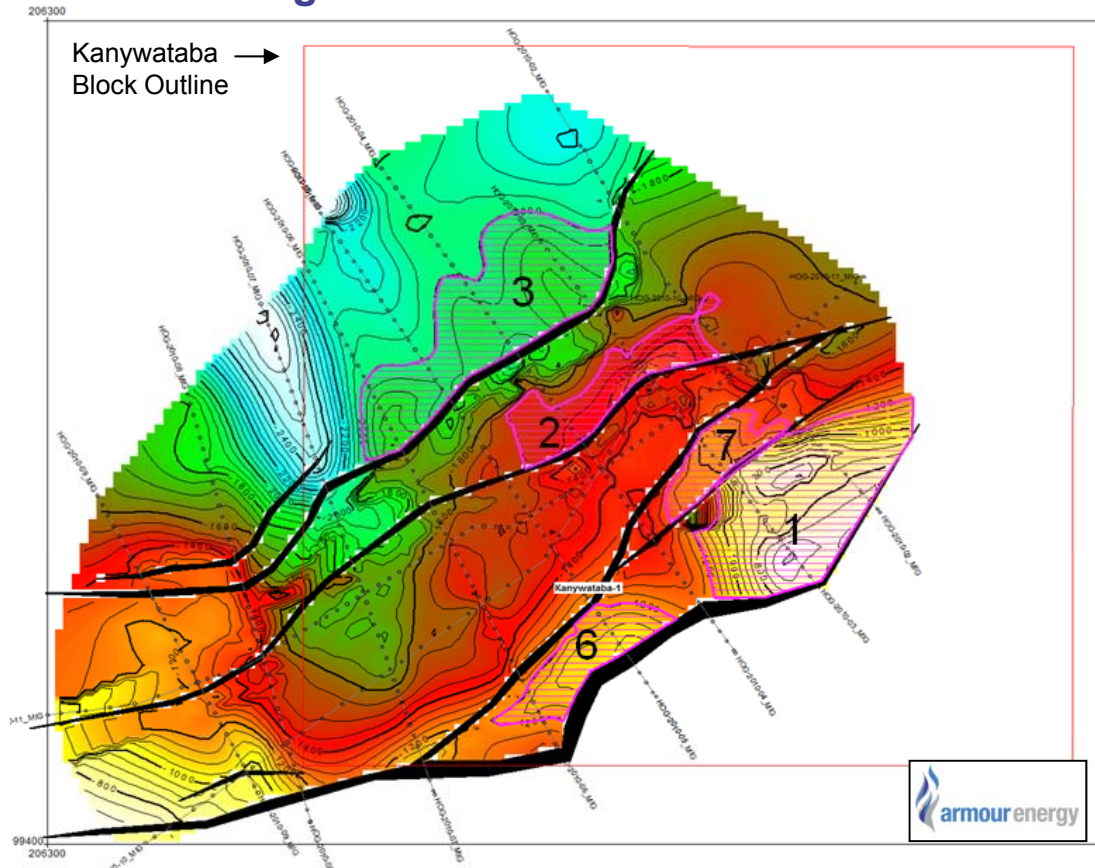
Phase 3 - Uganda opportunity – Kanywataba Block



- Multiple untested stratigraphic traps; multiple well untested on-trend structural traps (3-way and 4-way dip closures)
- The discovery of oil at Kingfisher (analogous discovery) and presence of oil seeps confirm working petroleum system in block
- Block structures and stratigraphic-traps in proximity to hydrocarbon generation kitchen (hosts source rock- Type II)
- Modern 2D over block; petroleum potential is manifested at shallow to deep levels. Drilling and testing both shallow (600-1500m) and deep (1500m-3000m) recommended
- 83.18% Kanywataba project divested on a no promote no discount basis to mitigate risk and provide funding for the tenement grant, performance guarantee and first 2 years exploration expenditure commitments.
- Funding pursuant to an Agreement between Armour and DGR Global Limited, a major shareholder in Armour, by which DGR is to fund US\$873k for security deposit, US\$442k to complete grant of lease and US\$1.98m for years 1 and 2 exploration commitment. In return, Armour will, subject to Government of Uganda consent, transfer the tenement to a project specific company in which Armour will have a 16.82% interest and DGR Global a 83.18% interest based on pro-rata expenditure. ⁽¹⁾

⁽¹⁾ Source: Armour Energy ASX Announcement on 13 September 2017. Read the ASX announcement for full details.

Phase 3 - Uganda opportunity – Kanywataba Block Prospective Unrisked Oil Resource Best Estimate Stacked targets 2 and 3 – 145 to 217 MMBLS



Kanywataba Block	Unrisked Prospective Oil Resource Estimate (MMBLS)		
Prospect Number	Low	Best	High
Stacked 1	479	599	719
Stacked 2	86	107	128
Stacked 3	59	74	89
Stacked 4	1	2	2
Stacked 5	2	2	3
Stacked 6	13	16	19
Stacked 7	7	9	11
SUM ALL PROSPECTS	646	808	969

Note: Armour internal numbers, based on the Highly Prospective Oil Columns Kanywataba Block internal report dated 13 September 2017. The prospects considered by Armour Energy to be most prospective are highlighted in pink above.

Cautionary Statement:

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Armour Energy's Internal Prospective Oil Resources have a chance of discovery and a chance of development. Uncertainty in the resource estimate is captured as a range of values with different levels of confidence being achieved and in this instance a probabilistic aggregation of all the estimated prospects in the Kanywataba Block into a Low-Best-High estimation category. Chance of success is a function of geological parameters including source, migration, reservoir, trap and seal. Chance of commerciality is a function of technical and commercial parameters, volume discovered, future development and operating costs, production profiles, markets, prices and economics.

In this presentation and its appendix, geological parameters that were used for the resource estimate are described. A wide range of outcomes is possible, however, and further definition and data acquisition is required to better define the best estimated prospective resource potential and commerciality of the Kanywataba Block.

Take Away - ARMOUR IS GROWING

- Capital Raising program is rejuvenating Armour
 - Fuelling the 3 Phases of Growth
- First (restart) gas from Kincora expected to commence September 2017
 - From gas storage and existing wells
 - 5 TJ/d sales to APLNG
 - 9 TJ/d anticipated production and sales
- Drilling program planned to commence 2Q 18
 - Planning for drilling program commencing 4Q 17
 - Building production potential to 20 TJ/d (sales subject to facilities capacity and available capacity in regulated gas transportation pipelines)
- Subsurface development plans
 - Innovative technologies, including 3D seismic
 - Delineation of new oil & gas reserves and resources
 - Options for recompletes and behind-pipe pay
- Surface facility refurbishment, debottlenecking and upgrades to increase production
- Kincora cash flow will fuel Armour's other growth assets
 - Armour's shale resources position in NT and N QLD is second to none
 - Shale will renew its appeal in the medium term
- Armour is building for a big future.....



Armour Energy 3 Phases of Growth



For further information contact:

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