



ASX Announcement

Armour Energy Limited (ASX: ANW)

14 September 2017

Non-Renounceable Entitlement Offer

Armour Energy Limited (ASX:AJQ) is pleased to announce that it is seeking to raise approximately \$4,256,202 by undertaking a pro-rata non-renounceable entitlement offer of approximately 56,002,662 new fully paid ordinary shares (**New Shares**) with an offer ratio of 1 New Share for every 6 Shares held on the Record Date, at an offer price of 7.6 cents (\$0.076) per New Share (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Bizzell Capital Partners Pty Ltd, an entity controlled by Armour Director Stephen Bizzell. Full details of the underwriting arrangements are outlined in the Offer Booklet which will be sent to eligible shareholders and published as a market announcement.

Assuming no existing options or Convertible Notes on issue in the Company are exercised or converted, approximately 56,002,662 New Shares will be made available under the Entitlement Offer. New Shares issued pursuant to the Entitlement Offer will rank equally with all existing shares on issue.

Upon completion of the Entitlement Offer, and assuming that no existing options or Convertible Notes are exercised or converted, the issued capital of the Company will comprise approximately 392,018,634 shares, 302,795,182 unlisted Convertible Notes and 29,825,000 unlisted options with various exercise prices (from 20cents to 50cents) and various expiry dates.

The Entitlement Offer is being made without a disclosure document pursuant to Section 708AA of the *Corporations Act 2001* (Cth). A copy of the Entitlement Offer Booklet lodged with the ASX today (and available on the Company's website www.armourenergy.com.au and the ASX website) will be sent to shareholders on or about 22 September 2017 in accordance with the timetable outlined below.

The Entitlement Offer will be available to all registered shareholders at 7pm Sydney time on 19 September 2017 (**Record Date**) with a registered address in Australia, New Zealand, Hong Kong, Singapore and the British Virgin Islands (the **Prescribed Jurisdictions**) or any other jurisdiction in which the Company subsequently determines it may extend the Entitlement Offer (**Eligible Shareholders**).

In accordance with the Listing Rules of the ASX, the Company has considered the number of shareholders with registered addresses in various jurisdictions outside of the Prescribed Jurisdictions and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of the Prescribed Jurisdictions, the Company has formed the view that it is unreasonable to extend the Entitlement Offer to those shareholders. Accordingly, shareholders outside of the Prescribed Jurisdictions will not be entitled to participate in the Entitlement Offer (**Ineligible Shareholders**).

There are a number of holders of options and Convertible Notes in the Company. Optionholders that have registered addresses in the Prescribed Jurisdictions are eligible for participation, subject to first exercising their options. However, as the exercise price of all options on issue is currently higher than the share price, it is unlikely that any optionholders will exercise and participate in the Entitlement Offer. Similarly, Convertible Note holders that have registered addresses in the Prescribed Jurisdictions are eligible for participation, subject to first converting their Convertible Notes. However, as the exercise price of the Convertible Notes on issue is currently higher than the share price, it is unlikely that any Convertible Note holders will convert and participate in the Entitlement Offer. Accordingly, it is expected that approximately 56,002,662 New Shares will be available under the Entitlement Offer. Shares issued pursuant to the Entitlement Offer will rank equally with all existing shares on issue.

You should consider the Entitlement Offer Booklet in full in deciding whether to participate in the Entitlement Offer. Any shareholder wishing to participate in the Entitlement Offer will need to complete the “Entitlement and Acceptance Form” that will be in, or will accompany, the Entitlement Offer Booklet.

The Entitlement Offer is non-renounceable, which means that rights to participate in the Entitlement Offer cannot be sold, and therefore to the extent that shareholders entitled to participate in the Entitlement Offer do not take up their entitlement, they will not receive any value in respect of those entitlements not taken up. Eligible Shareholders may also apply for additional New Shares over and above their entitlement.

Purpose of the Offer

It is proposed that the funds raised from the Entitlement Offer and Additional Placement 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.

Key dates for investors

Announcement of Entitlement Offer and Offer Booklet and Appendix 3B lodged with ASX	14 September 2017 (pre-market open)
Notice of Entitlement Offer sent to Option Holders	14 September 2017
Notice of Entitlement Offer sent to Shareholders	15 September 2017
Trading on Ex basis	18 September 2017
Record Date for the Entitlement Offer (7:00pm Sydney time)	19 September 2017
Despatch of Offer Booklet to Shareholders	22 September 2017
Opening Date of Entitlement Offer (9:00am Sydney time)	22 September 2017
Closing Date of Entitlement Offer (5:00pm Sydney time)	13 October 2017
Trading on deferred settlement basis commences	16 October 2017
ASX notified of under subscriptions	18 October 2017
Allotment Date - expected date of allotment of the New Shares issued under the Entitlement Offer	20 October 2017
Despatch Date - expected date of despatch of New Shares holding statements, and deferred settlement trading ends	20 October 2017
Normal trading begins	23 October 2017

The dates set out in the above table are subject to change and are indicative only. The Company 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.

Cleansing Notice under Section 708AA of the Corporations Act

Pursuant to section 708AA(7) of the *Corporations Act*, the Company provides notice of the following:

1. Armour Energy will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act*.
2. Armour Energy is providing this notice under section 708AA2(f) of the *Corporations Act*.
3. As at the date of this notice, Armour Energy has complied with:
 - (a) the provisions of Chapter 2M of the *Corporations Act* as they apply to Armour Energy; and
 - (b) section 674 of the *Corporations Act*.
4. As at the date of this notice there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules other than as set out below; and
 - (b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (2) the rights and liabilities attaching to the New Shares.

5. If all Eligible Shareholders take up their entitlement under the Entitlement Offer, the Entitlement Offer will only have a minimal effect on the control of the Company. As the Entitlement Offer is only being extended to registered shareholders in the Prescribed Jurisdictions, Ineligible Shareholders will be diluted to the extent that the Entitlement Offer is subscribed. However, the Company has minimal shareholders resident outside of the Prescribed Jurisdictions.
6. If an Eligible Shareholder takes up their full entitlement, they can also apply for additional New Shares (**Additional New Shares**) under the Entitlement Offer. 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. However, the Shortfall Shares will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act, which restrict a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exemptions. Related Parties of the Company and their associates who are Eligible Shareholders must not apply for, and will not be issued, Additional New Shares.
7. If an Eligible Shareholder does not take up their entitlement in full there may be a dilutionary effect on their proportionate shareholding.

An Appendix 3B applying for quotation of the New Shares is **attached** to this announcement.

The Directors of Armour Energy encourage all Eligible Shareholders to participate in the capital raising.



On behalf of the Board
Karl Schlobohm
Company Secretary

Email: info@armourenergy.com.au

Electronic copies and more information are available on the Company website:
www.armourenergy.com.au

For further information contact:

Mr Roger Cressey
CEO, Armour Energy Limited
Ph: 07 3303 0620

Karl Schlobohm
Company Secretary, Armour Energy Limited
Ph: 07 3303 0661

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Armour Energy Limited

ABN

60 141 198 414

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 56,002,662 (subject to rounding) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares offered pursuant to a 1:6 non-renounceable entitlement issue. |

+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>All new shares issued will rank pari passu with existing shares on issue.</p>
5	Issue price or consideration	\$0.076 per share
6	<p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The purpose of the Offer is to raise approximately \$4.25 million, by way of cash and the conversion of debt owed by the Company primarily to DGR Global Ltd. The funds raised from the Entitlement Offer (after payment of expenses in connection with the 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, and to provide additional working capital.</p>
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
6b	The date the security holder resolution under rule 7.1A was passed	14 December 2016
6c	Number of +securities issued without security holder approval under rule 7.1	
6d	Number of +securities issued with security holder approval under rule 7.1A	

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<ul style="list-style-type: none">▪ 120,974,908 Convertible Notes (2016.12.16 pre-approved at 2016 AGM)▪ 4,545,455 Convertible Notes (2017.01.16 pre-approved at 2016 AGM)▪ 9,100,000 Convertible Notes (2017.01.30 pre-approved at 2016 AGM)▪ 1,500,000 Convertible Notes (2017.02.24 pre-approved at 2016 AGM)▪ 5,620,358 Convertible Notes – Interest Payment (2017.04.06 approved at 2016 AGM)▪ 37,340,912 Convertible Notes (2017.03.15 & 2017.04.06 approved at 2017 EGM)▪ 52,272,727 Convertible Notes (2017.06.01, pre-approved at 2017 EGM)▪ 18,213,637 Convertible Notes (2017.06.13, pre-approved at 2017 EGM)▪ 36,363,636 Convertible Notes (2017.06.16, pre-approved at 2017 EGM)▪ 7,909,092 Convertible Notes (2017.06.30, pre-approved at 2017 EGM)▪ 6,818,183 Convertible Notes (2017.07.11, pre-approved at 2017 EGM)▪ 2,136,364 Convertible Notes (2017.08.31, pre-approved at 2017 EGM)				
6f	Number of securities issued under an exception in rule 7.2	<u>3 tranches of options</u> 2,524,998 Unlisted Options (\$0.22@14/12/2019) 2,525,001 Unlisted Options (\$0.27@14/12/2019) 2,525,001 Unlisted Options (\$0.32@14/12/2019)				
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.					
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements					
6i	Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	84,003,993				
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	20 October 2017				
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>392,018,634</td><td>Ordinary Shares (AJQ)</td></tr></table>	Number	+Class	392,018,634	Ordinary Shares (AJQ)
Number	+Class					
392,018,634	Ordinary Shares (AJQ)					

+ See chapter 19 for defined terms.

9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Number	+Class
		<u>Unrestricted Securities</u>	<u>Unrestricted Securities</u>
		550,000	Unlisted Employment Options (\$0.30@6/02/2018)
		3,150,000	Unlisted Employment Options (\$0.20@29/03/2021)
		3,150,000	Unlisted Employment Options (\$0.35@29/03/2021)
		3,150,000	Unlisted Employment Options (\$0.50@29/03/2021)
		1,500,000	Unlisted Options (\$0.22@14/12/2019)
		1,500,000	Unlisted Options (\$0.27@14/12/2019)
		1,500,000	Unlisted Options (\$0.32@14/12/2019)
		5,000,000	Unlisted Underwriting Options (\$0.20@30/08/2018)
		666,666	Unlisted Options (\$0.22@29/05/2020)
		666,667	Unlisted Options (\$0.27@29/05/2020)
		666,667	Unlisted Options (\$0.32@29/05/2020)
		250,000	Unlisted Options (\$0.22@14/12/2019)
		250,000	Unlisted Options (\$0.27@14/12/2019)
		250,000	Unlisted Options (\$0.32@14/12/2019)
		2,524,998	Unlisted Options (\$0.22@14/12/2019)
		2,525,001	Unlisted Options (\$0.27@14/12/2019)
		2,525,001	Unlisted Options (\$0.32@14/12/2019)
		302,795,182	Unlisted Convertible Notes

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 new share for every 6 shares currently held
14	+Class of +securities to which the offer relates	Fully Paid Ordinary Shares
15	+Record date to determine entitlements	19 September 2017
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N-A
17	Policy for deciding entitlements in relation to fractions	Fractional entitlements will be rounded down to the nearest whole number
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Canada China India Japan Jersey Malaysia Solomon Islands UAE UK Tanzania USA
19	Closing date for receipt of acceptances or renunciations	13 October 2017
20	Names of any underwriters	Bizzell Capital Partners Pty Ltd
21	Amount of any underwriting fee or commission	6% (Underwriting 5% and Management 1%) of so much of the value of funds raised under the Offer from subscribers other than DGR Global Limited or parties who subscribe for Shares sub-underwritten by DGR Global Limited.
22	Names of any brokers to the issue	N-A
23	Fee or commission payable to the broker to the issue	N-A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N-A

+ See chapter 19 for defined terms.

25	If the issue is contingent on +security holders' approval, the date of the meeting	N-A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	22 September 2017
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	14 September 2017
28	Date rights trading will begin (if applicable)	N-A
29	Date rights trading will end (if applicable)	N-A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N-A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N-A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N-A
33	+Despatch date	20 October 2017

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☐ Securities described in Part 1
- (b) ☐ All other securities
- Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities

held by those holders

- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period
- (if issued upon conversion of another security, clearly identify that other security)
- 42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)
- | Number | +Class |
|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> |

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



KM Schlobohm
Company Secretary

14 September 2017

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for ⁺ eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	322,858,077
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	13,157,895 (private placement, 2017.04.26)
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	
“A”	336,015,972

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	50,402,396
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	50,402,396
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	nil
Total [“A” x 0.15] – “C”	50,402,396

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	336,015,972
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	33,601,597
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A

“A” x 0.10

33,601,597

Note: number must be same as shown in Step 2

Subtract “E”

nil

Note: number must be same as shown in Step 3

Total [“A” x 0.10] – “E”

33,601,597

Note: this is the remaining placement capacity under rule 7.1A