



15 September 2017

Dear Shareholder

Armour Energy Limited – Non-Renounceable Entitlement Offer - Notice to Eligible Shareholders

Armour Energy Limited (**Armour Energy** or the **Company**) is pleased to announce a non-renounceable entitlement offer (**Entitlement Offer**) to eligible shareholders on the basis of 1 new fully paid ordinary share for every 6 shares held (**New Shares**), at an issue price of \$0.076 per share (**Issue Price**).

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.

The Entitlement Offer is seeking to raise approximately \$4,256,202 (before costs). 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.

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

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

If an Eligible Shareholder takes up their full entitlement, they can also apply for additional New Shares (**Additional New Shares**) under the Entitlement Offer at the price of \$0.076 each. 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 (**Shortfall Shares**). Related Parties of the Company and their associates who are Eligible Shareholders must not apply for, and will not be issued, Additional New Shares.

The proposed timetable for the Offer is set out in the table below:

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 (no more than 3 business days after Closing Date)	18 October 2017
Allotment Date - expected date of allotment of the New Shares issued under the Entitlement Offer	20 October 2017
Normal trading begins	20 October 2017
Despatch Date - expected date of despatch of New Shares holding statements, and deferred settlement trading ends	23 October 2017

This timetable is indicative only and may be subject to change subject to the requirements of the Corporations Act and the ASX Listing Rules.

Excluded information

The Company advises that as at the date of this notice there is no information:

1. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
2. that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (b) the rights and liabilities attaching to the New Shares.

Further information – Appendix 3B

An Appendix 3B applying for quotation of the New Shares has been lodged with the ASX.

The Company anticipates that approximately 56,002,662 New Shares will be issued under the Entitlement Offer. The New Shares will be issued for \$0.076 each. Upon completion of the Entitlement Offer, and assuming that no existing options or Convertible Notes on issue 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 exercisable with various exercise prices (from 20cents to 50cents) and various expiry dates.

The New Shares will rank equally in all respects with Armour Energy's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded down to the nearest whole number. Allotment of New Shares is expected to occur on 20 October 2017 and trading in the New Shares is expected to commence on 23 October 2017.

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

Yours faithfully



Karl Schlobohm
Company Secretary
Armour Energy Ltd