

# **Notice of Annual General Meeting and Explanatory Memorandum**

## **Armour Energy Limited**

Date of Meeting: 21 November 2017

Time of Meeting: 11:00am (Brisbane time)

Place of Meeting: Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000

Notice is hereby given that the 2017 Annual General Meeting of shareholders of Armour Energy Limited ACN 141 198 414 (**Company**) will be held at the offices of HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 on 21 November 2017, at 11:00am (Brisbane time).

## Agenda

### ORDINARY BUSINESS

#### Annual Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2017.

See Explanatory Statement below for further information.

#### Resolution 1. Remuneration Report

To consider and, if thought fit, pass the following Advisory Resolution:

"That the Remuneration Report for the year ended 30 June 2017 (as set out in the Directors' Report) is adopted."

##### **VOTING RESTRICTION PURSUANT TO SECTION 250R(4) OF THE CORPORATIONS ACT**

Terms used in this Notice of Meeting are defined in the "Interpretation" section of the accompanying Explanatory Memorandum.

The vote on Resolution 1 is advisory only and does not bind the Directors of the Company.

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the Key Management Personnel ("KMP") details of whose remuneration are included in the Remuneration Report; or
- a Closely Related Party of a KMP.

However, the above persons **may** cast a vote on Resolution 1 if:

- the person does so as a proxy appointed in writing;
- the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of a KMP; and
- either:
  - the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
  - the voter is the Chairman of the Meeting and the appointment of the Chairman as proxy:
    - does not specify the way the proxy is to vote on the resolution; and
    - expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

##### **VOTING INTENTION OF CHAIRMAN**

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act.

**See Explanatory Memorandum for further information.**

## Resolution 2. Re-Election of Stephen Bizzell as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*“That Stephen Bizzell, who retires by rotation in accordance with Article 38 of the Company’s Constitution and, being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

**See Explanatory Memorandum for further information.**

## Resolution 3. Re-Election of Matthew Beach as a Director

To consider and, if thought fit, pass the following Ordinary Resolution, without amendment:

*“That Matthew Beach, who retires by rotation in accordance with Article 36 of the Company’s Constitution and, being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

**See Explanatory Memorandum for further information.**

## Resolution 4. Pre-approval or Ratification of the Issue of up to 111,915,995 Convertible Notes

To consider and, if thought fit, pass the following ordinary resolution, without amendment:

*“That in the event, but in each case subject to the granting of any approvals required for the issued of more than 111,915,995 Convertible Notes in total (the Notes):*

- a) If the issue of up to 111,915,995 Notes at an issue price of \$0.11 per Note has not taken place prior to the Meeting, then for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for up to 111,915,995 Notes to be issued; and*
- b) to the extent that up to 111,915,995 Notes at an issue price of \$0.11 per Note have been issued between the date of this Notice of Meeting and the date of the Meeting, for the purpose of Listing Rule 7.4 and for all other purposes, shareholders ratify the issue.”*

### NOTES:

- The rights attaching to the Convertible Notes are as previously published and available on the Company’s website <https://www.armourenergy.com.au/terms-of-convertible-notes/>
- The funds raised by the issue will be used by the Company to:
  - progress the Company’s ongoing business plans associated with its Kincora Oil and Gas Project;
  - pay other corporate and offer costs and to provide additional working capital.

### VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Any person who may participate in or directly benefit from the proposed issue; and
- any associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by an excluded person as proxy for a person who is entitled to vote in, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**See Explanatory Memorandum for further information.**

## SPECIAL BUSINESS

### **Resolution 5. Approval to Issue an Additional 10% of the Issued Capital of the Company over a 12 Month Period Pursuant to Listing Rule 7.1A**

To consider and, if thought fit, pass the following Resolution, as a Special Resolution, of the Company:

*“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions described in the Explanatory Memorandum (Placement Securities).”*

#### **VOTING EXCLUSION STATEMENT FOR THIS SPECIAL RESOLUTION**

The Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:

- may participate in the issue of the Placement Securities; and
- might obtain a benefit, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

#### **IMPORTANT NOTE**

The proposed allottees of any Placement Securities are not as yet known or identified. In these circumstances, for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the Placement Securities), shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

**See Explanatory Memorandum for further information.**

## GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By Order of the Board



Karl Schlobohm  
Company Secretary  
9 October 2017

## Explanatory Memorandum

This Explanatory Memorandum is provided to shareholders of Armour Energy Limited ACN 141 198 414 (**Company**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 on 21 November 2017 at 11:00am (Brisbane time).

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions to be put to the Meeting as contained in the Notice of Meeting material. The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Memorandum are defined in the “Interpretation” section of the Explanatory Memorandum.

## ORDINARY BUSINESS

### Consider the Company’s Annual Report

The Company’s Annual Report comprising the Directors’ Report and Auditors’ Report, Directors’ Declaration, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2017. The Company’s Annual Report for the financial year ended 30 June 2017 was released on 28 September 2017 and is available on the Company’s website: [www.armourenergy.com.au](http://www.armourenergy.com.au).

No voting is required for this item.

### Resolution 1. Remuneration Report

The Board has submitted its Remuneration Report (included in the 2017 Annual Report) to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with section 250R of the Corporations Act. The Remuneration Report is set out in the Directors’ Report section of the 2017 Annual Report. The Report, amongst other things:

- explains the Board’s policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- explains the relationship between the Board’s remuneration policy and the Company’s performance;
- sets out remuneration details for each member of the Company’s Key Management Personnel including details of performance related remuneration and options granted as part of remuneration; and
- details and explanations of any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution is advisory only and does not bind the Directors of the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act.

## **Resolution 2. Re-Election of Stephen Bizzell as a Director**

Mr Bizzell was originally appointed to the Board of the Company on 9 March 2012. In accordance with the Company's Constitution, Mr Bizzell will retire at the Annual General Meeting, and will stand for re-election.

Mr Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. Mr Bizzell was previously an Executive Director of Arrow Energy Ltd from 1999 until its acquisition by Shell and Petro China, for \$3.5 billion in August 2010. He was instrumental in Arrow Energy's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. He was also a co-founder and Non-Executive Director of Bow Energy Ltd until its takeover \$0.55 billion in January 2012. He has had further experience in the unconventional oil and gas sector as a Director of Dart Energy Ltd, Apollo Gas Ltd, and UIL Energy Ltd.

Mr Bizzell qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions and has over 20 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.

Mr Bizzell is chair of the audit and risk committee, and a member of the remuneration committee. He is also on the Board of ASX-listed Renascor Resources Ltd, Stanmore Coal Ltd, Laneway Resources Ltd and UIL Energy Ltd.

The Directors (with Mr Bizzell abstaining) recommend that you vote in favour of this Ordinary Resolution.

## **Resolution 3. Re-Election of Matthew Beach as a Director**

Mr Beach was appointed to the Board of the Directors on 8 June 2017. In accordance with the Company's Constitution, Mr Beach will retire at the Annual General Meeting, and will stand for re-election.

Mr Beach joined the Board as part of the Company's strategic alliance with M.H Carnegie & Co, a private equity fund and brings to Armour a wealth of expertise in acquiring, building and selling businesses across a range of domestic and international industries.

He was the founding CEO of Global Aviation Asset Management (GAAM), an international aircraft leasing business. He grew GAAM from a start-up to a fleet of 53 commercial aircraft, valued at \$2bn, and successfully sold the portfolio to the NYSE-listed FLY Leasing Limited in October 2011. He also was an Executive Director at the Liberman Family's LJC Investment Group, one of Australia's largest family offices. He has experienced in capital markets transactions, preparing businesses for IPO, managing the underwriting of equity capital raisings and preparing bidder's statements for ASX takeovers.

Mr Beach is a Chartered Accountant and holds a Bachelor of Commerce, majoring in Accounting and Finance, from the University of NSW.

The Directors (with Mr Beach abstaining) recommend that you vote in favour of this Ordinary Resolution.

## **Resolution 4. Pre-Approval or Ratification of the issue up to 111,915,995 Convertible Notes**

At the Company's AGM of 16 December 2016 and at its Extraordinary General Meeting of 31 May 2017, shareholders approved various capital raising initiatives which had the effect of providing approval for the Company to raise up to \$45 million via the issue of up to 409,090,909 Convertible Notes. The other approvals and consents required (trustee, existing Noteholders) were duly obtained by the Company.

To date, the Company has issued a combined total of 297,174,914 Convertible Notes under the approval capital raising arrangements. Accordingly, the Company is now seeking pre-approval and / or ratification for the allotment of up to 111,915,995 Convertible Notes pursuant to this resolution. If approved, the Convertible Notes will be issued at a price of 11 cents (\$0.11) per Note, and otherwise on terms and conditions identical to those Notes already on issue and as previously approved by the Company's shareholders, and as set out on the Company's website at <https://www.armourenergy.com.au/terms-of-convertible-notes/>.

In summary, the Convertible Notes have a coupon rate of 15% (with the interest payable in cash or further Notes at the Company's election), a maturity date of 30 September 2019 (unless converted earlier by the holder) and convert on a 1 Note : 1 ordinary share basis (subject to an adjustment formula for pro-rata issues of ordinary shares).

### **Listing Rule 7.3 and 7.4**

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing new equity securities equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders.

The Company is currently finalising the identities of investors for the further issue of up to 111,915,995 Convertible Notes and may include funds managed or parties nominated by MH Carnegie & Co. This issue may either:

- a) be approved by Shareholders for the purposes of Listing Rule 7.1 in accordance with Listing Rule 7.3, or
- b) be subsequently ratified by Shareholders for the purposes of Listing Rule 7.1 in accordance with Listing Rule 7.4.

The Company seeks Shareholder approval to issue and / or the ratification of the issue of 111,915,995 Convertible Notes as appropriate in order to refresh the Company's ability to issue up to 15% of its share capital (in a 12 month period) under Listing Rule 7.1.

### **Listing Rule 7.3 Information**

Where the issue of up to 111,915,995 Notes has not taken place prior to the Meeting, then for the purposes of Listing Rule 7.3, the Company provides the following information:

- (a) the Company may issue up to 111,915,995 Convertible Notes to raise up to approximately \$12.3 million;
- (b) while the identities of specific investors are yet to be identified they will include parties that qualify as sophisticated investors (in accordance with sections 708 (8) and (10) of the Corporations Act), professional investors (in accordance with section 708(11) of the Corporations Act), and other institutional and accredited investors to whom no disclosure is required under the Corporations Act. No Convertible Notes will be issued to related parties under this resolution;

- (c) if approved the Convertible Notes will be issued at \$0.11 per Note, and the terms and conditions are the same as for all existing Notes on issue, and as set out in full on the Company's website at <https://www.armourenergy.com.au/terms-of-convertible-notes/> ;
- (d) if approved, Convertible Notes will be issued on or before 3 months after the date of this Meeting as required by the Listing Rules;
- (e) funds from the Convertible Note issue will be primarily used for the restart activities at the Company's Kincora Project as previously described in various market releases, and for additional growth initiatives. There may also be an element of corporate costs, creditor payments and a provision for working capital;
- (f) voting exclusions are as outlined in the Notice of Meeting.

#### **Listing Rule 7.4**

To the extent that some or all of the 111,915,995 Convertible Notes have been issued between the Notice of Meeting and the time of the Meeting, then in accordance with Listing Rule 7.4 and 7.5, the Company advises as follows:

- (a) the Convertible Notes were issued between Notice of Meeting and the time of the Meeting;
- (b) the Convertible Notes were issued at \$0.11 per Note;
- (c) the terms and conditions upon which the Convertible Notes were issued were the same as for all existing Notes on issue, and as set out in full on the Company's website at <https://www.armourenergy.com.au/terms-of-convertible-notes/> ;
- (d) the investors qualified as sophisticated investors (in accordance with sections 708 (8) and (10) of the Corporations Act), professional investors (in accordance with section 708(11) of the Corporations Act), and other institutional and accredited investors to whom no disclosure is required under the Corporations Act. No Notes will be issued to related parties under this resolution;
- (e) the funds raised will be used to finance the re-start of oil and gas production from the Kincora Project, for additional growth initiatives, general working capital and costs of the issue;
- (f) a Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.

#### **Directors' Recommendation**

The Board recommends Shareholders vote in favour of this Resolution.

## **SPECIAL BUSINESS**

### **Resolution 5. Approval to Issue an Additional 10% of the Issued Capital of the Company over a 12 Month Period Pursuant to Listing Rule 7.1A**

#### **Introduction**

Pursuant to Resolution 7, the Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**Placement Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's equity securities in that class (calculated over the last 15 days on which trades in the equity securities are recorded immediately before the date on which the price at which the Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (**Issue Price**).



This approval is sought pursuant to Listing Rule 7.1A, under which small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by Special Resolution at the Annual General Meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the Annual General Meeting (**Additional 10% Placement**).

The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the Placement Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the acquisition of new assets or investments (including expenses associated with such acquisitions), continued exploration and feasibility study expenditure on the Company's current assets and general working capital.

The Directors unanimously recommend that Shareholders vote in favour of this Special Resolution.

### **Listing Rule 7.1A**

#### Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its Annual General Meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 6 October 2017, the Company's market capitalisation was approximately \$28.9 million based on the closing share price on that date. The calculation of market capitalisation will be based on the Closing Price of the Shares, on the last Trading Day on which trades in the Shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this Annual General Meeting, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A. In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholder approval pursuant to this Resolution, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities during the 12 month period following this AGM.

#### Special Resolution

Listing Rule 7.1A requires this Resolution to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the Meeting.

#### Shareholder Approval

The ability to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

#### **10% Placement Period - Listing Rules 7.1A.1**

Assuming Resolution 7 is passed, Shareholder approval of the Additional 10% Placement under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- the date that is 12 months after the date of the AGM; or

- the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),
- or such longer period if allowed by ASX.

If approval is given for the issue of the Placement Securities then the approval will expire, on 21 November 2018 unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

### **Formula for calculating 10% Placement Facility - Listing Rule 7.1A.2**

Listing Rule 7.1A2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

#### **(A x D) – E**

**A** is the number of shares on issue 12 months before the date of issue or agreement:

**plus** the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

**plus** the number of partly paid shares that became fully paid in the 12 months;

**plus** the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

**less** the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### **Listing Rule 7.1A.3**

#### Equity Securities

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 336,015,972 Shares. The Company will have the capacity to issue the below Equity Securities immediately following the Meeting:

- 50,402,396 Equity Securities under Listing Rule 7.1; and
- subject to Shareholder approval being obtained under Resolution 7, a further 33,601,597 Placement Securities under Listing Rule 7.1A.

The actual number of Placement Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Placement Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

#### **Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 5 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

1. a list of allottees of the Placement Securities and the number of Placement Securities allotted to each placee (this list will not be released to the market); and
2. the following information required by rule ASX Listing Rule 3.10.5A, which will be released to the market on the date of issue:
  - details of the dilution to the existing holders of Ordinary Securities caused by the issue;
  - where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
  - details of any underwriting arrangements, including any fees payable to the underwriter; and
  - any other fees or costs incurred in connection with the issue.

#### **Specific Information required by Listing Rule 7.3A**

##### **1. Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.1A.3, the Placement Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- the date on which the price at which the Placement Securities are to be issued is agreed; or
- if the Placement Securities are not issued within five trading days of the date in paragraph (1) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Placement Securities.

##### **2. Risk of Economic and Voting Dilution - Listing Rule 7.3A.2**

As provided by Listing Rule 7.3A.2, if this Resolution is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 336,015,972 Shares. Subject to the passing of Resolutions 5 of this Meeting, the Company could issue pursuant to Listing Rule 7.1A will be 33,601,597 Shares (however, it is important to note that the exact number of Placement Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2, details of which are set out above). Any issue of Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the Meeting; and
- the Placement Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued share capital has doubled and the Market Price of the shares has halved. Table 1 also shows additional scenarios in which the issued share capital has increased (by both 50% and 100%) and the Market Price of the shares has:

- (1) decreased by 50%; and
- (2) increased by 100%.

**Table 1**

Issued Share Capital	50% decrease in Market Price \$0.043		Current Market Price \$0.086		100% increase in Market Price \$0.172	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
<b>Present Issued Share Capital = 336,015,972 Shares</b>	33,601,597	\$1,444,869	33,601,597	\$2,889,737	33,601,597	\$5,779,475
<b>50% Increase in Share Capital = 504,023,958 Shares</b>	50,402,396	\$2,167,303	50,402,396	\$4,334,606	50,402,396	\$8,669,212
<b>100% Increase in Share Capital = 672,031,944 Shares</b>	67,203,194	\$2,889,737	67,203,194	\$5,779,475	67,203,194	\$11,558,949

Assumptions and Explanations

- The Market Price is \$0.086, based on the closing price of the Shares on ASX on 6 October 2017.
- The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued), and not any Shares issued under the 15% capacity under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. It shows the number of shares that the Company's share capital will increase by.
- The Company issues the maximum number of Placement Securities.
- The issued Share capital has been calculated in accordance with the formula in Listing Rule 7.1A (2) as at 6 October 2017.
- The issue price of the Placement Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).
- Variable A is the issued capital of the Company.
- The table above does not show the potential dilutionary effect to a particular shareholder.

3. Final Date for Issue - Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the Placement Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 21 November 2018. The approval under this Resolution for the issue of the Placement Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

4. Purpose - Listing Rule 7.3A.4

As noted above, the purpose for which the Placement Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of Placement Securities, if undertaken, would be applied towards the acquisition of new assets or investments (including expenses associated with such acquisitions), continued exploration and feasibility study expenditure on the Company’s current assets and general working capital.

5. Shares Issued for Non-Cash Consideration - Listing Rule 7.3A.4

The Company may issue Placement Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Placement Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Placement Securities complies with Listing Rule 7.1A.3.

6. Company’s Allocation Policy - Listing Rule 7.3A.5

The Company’s allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Placement Securities. The identity of the allottees of Placement Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing shareholders can participate;
- (2) the effect of the issue of the Placement Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Placement Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Furthermore, if the Company is successful in acquiring new assets or investments for which Placement Securities are issued as consideration, it is likely that the allottees of some of the Placement Securities will be the vendors of the new assets or investments.

7. Details of all equity securities issued where shareholder approval under listing rule 7.1A previously obtained – Listing Rule 7.3A.6

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the previous Annual General Meeting held on 17 November 2015. No shares were issued pursuant to the approval during the year. As the Company previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6 regarding the total number of Equity Securities (quoted and unquoted) issued in the past 12 months preceding the date of the Meeting (that is, since 21 November 2016).

(i) Number of equity securities on issue at commencement of 12 month period	322,858,077 FPO
(ii) Equity securities issued in prior 12 month period	13,157,895 FPO 321,700,950 Unlisted CNs 19,825,000 Unlisted Options
(iii) Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	101.6%

Specific details that are required to be provided for each issue of equity securities in the prior 12 month period are outlined below.

Securities	Terms	Details of Issue	Issue Date	Number Issued	Name of recipient or basis on which recipient determined	Issue price of Equity Securities and Discount to market price on the trading day prior to issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds.
							If issued for non-cash consideration – a description of the consideration and the current value of the consideration
Unlisted Options	Over ordinary shares	Exercisable at \$0.22, expiring 29 March 2021	14/12/2016	1,500,000	Directors Options approved at 14 December 2016 AGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.22, expiring 29 March 2021	08/06/2017	250,000	Directors Options approved at 31 May 2017 EGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.27, expiring 29 March 2021	14/12/2016	1,500,000	Directors Options approved at 14 December 2016 AGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.27, expiring 29 March 2021	08/06/2017	250,000	Directors Options approved at 31 May 2017 EGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.32, expiring 29 March 2021	14/12/2016	1,500,000	Directors Options approved at 14 December 2016 AGM	Nil	Nil
FPO	FPO	Private Placement	26/04/2017	13,157,895	Sophisticated investors	\$0.076	\$1M cash raised. Used to progress the Company's ongoing business plans associated with its Kincora oil and gas project and provide additional working capital.
Unlisted Options	Over ordinary shares	Exercisable at \$0.32, expiring 29 March 2021	08/06/2017	250,000	Directors Options approved at 31 May 2017 EGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.22, expiring 29 March 2021	31/07/2017	2,524,998	Eligible employees under a ESOP	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.27, expiring 29 March 2021	31/07/2017	2,525,001	Eligible employees under a ESOP	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.32, expiring 29 March 2021	31/07/2017	2,525,001	Eligible employees under a ESOP	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.20, expiring 30 August 2018	19/12/2016	5,000,000	Underwriter Options approved at 14 December 2016 AGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.27, expiring 29 March 2021	01/06/2017	666,666	MH Carnegie & Co approved at 31 May 2017 EGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.32, expiring 29 March 2021	01/06/2017	666,667	MH Carnegie & Co approved at 31 May 2017 EGM	Nil	Nil
Unlisted Options	Over ordinary shares	Exercisable at \$0.20, expiring 30 August 2018	01/06/2017	666,667	MH Carnegie & Co (approved at 31 May 2017 EGM)	Nil	Nil
Unlisted Convertible Notes	Unlisted Convertible Notes	\$0.11 per note	Issued from 16 December 2016 to 4 October 2017	321,700,950	<ul style="list-style-type: none"> <li>- Sophisticated investors; and</li> <li>- Mr Bizzell and Mr Mather (approved from the 2016 AGM and 2017 EGM)</li> </ul>	\$0.11 per note	\$32,689,241 cash raised, plus interest met via Note issues. Used to progress the Company's ongoing business plans associated with its Kincora oil and gas project and provide additional working capital.

## Interpretation

**Additional 10% Placement** means the additional 10% of issued capital over a 12 month period from the date of the Annual General Meeting under Listing Rule 7.1A;

**ASX** means the ASX Limited ACN 008 624 691;

**Board** means the board of directors of the Company;

**Closely Related Party** (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph;

**Company** means Armour Energy Limited ACN 141 198 414;

**Convertible Notes** means debt securities issued, or to be issued, by the Company on the Terms and Conditions outlined on the Company's website at <https://www.armourenergy.com.au/terms-of-convertible-notes/>;

**Corporations Act** means the Corporations Act 2001 (Cth) as amended, varied or replaced from time to time;

**Director** means a director of the Company;

**Explanatory Memorandum** means this explanatory memorandum accompanying the Notice of Meeting;

**Issue Price** the price per security the Placement Securities may be issued;

**Key Management Personnel** or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

**Meeting** or **Annual General Meeting** means the annual general meeting to be held on 21 November 2017;

**Notice of Meeting** means this Notice of Meeting convening the Meeting and the Explanatory Memorandum;

**Ordinary Resolution** means a Resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

**Placement Securities** means the new Equity Securities for the purposes of Listing Rule 7.1A;

**Resolution** means a resolution proposed at the Meeting;

**Share** means an ordinary fully paid share in the issued capital of the Company;

**Shareholder** means a holder of Shares in the Company; and

**Special Resolution** means a Resolution passed by more than 75% of the votes cast at a general meeting of shareholders;

**VWAP** means volume weighted average price.

## ENQUIRIES

Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Karl Schlobohm (Company Secretary), at Level 27, 111 Eagle Street Brisbane QLD 4000, or on (07) 3303-0620.

## Notes

### ***Entitlement to Vote***

For the purposes of determining those shareholders entitled to attend and vote at the Annual General Meeting of the Company, shall be those persons recorded in the register of shareholders as at 6:00 pm (AEST) 19 November 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### ***How to Vote***

You may vote by attending the Annual General Meeting in person, by proxy or authorised representative.

### ***Voting in Person***

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### ***Voting by Proxy***

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to vote on their behalf. Where a shareholder is entitled to cast two or more votes, they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company. Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the Corporations Act 2001 (Cth).

If a representative of the Company is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

### ***Signing instructions***

You must sign the proxy form as follows in the spaces provided:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, either security holder may sign.
- Power of Attorney:** To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

To vote by proxy, the proxy form provided with this notice (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company not less than forty eight (48) hours before the scheduled time for the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

**Completed proxies can be returned to the Company Secretary by either mail to GPO Box 5261, Brisbane, Qld 4001; or facsimile to (07) 3303-0681, or scanned and emailed to [kschlobohm@armouenergy.com.au](mailto:kschlobohm@armouenergy.com.au)**



# Proxy Form

## STEP 1: APPOINTMENT OF PROXY

<u>Name of Shareholder</u>	<u>Number of Shares</u>
	<input style="width: 100%; height: 20px;" type="text"/>

I/We being Shareholder(s) of Armour Energy Limited (Company) hereby appoint as my proxy for the Annual General Meeting of the Company to be held at 11:00 am (Brisbane time) on **21 November 2017** and any adjournment thereof:

the Chairman of the Meeting **OR**  
(mark with an "X")

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting

The Chairman intends to vote any undirected proxies in favour of each resolution. If you do not wish for this to be the case, please direct your votes for each resolution in Step 2 below.

If you have not appointed a proxy, and you have not directed your proxy how to vote, your votes will not be cast on any resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. If the Chairman is appointed as your proxy, or may be appointed by default, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain, subject to compliance with the Corporations Act. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/s he has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest, subject to compliance with the Corporations Act. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is .....%. (An additional proxy form will be supplied by the Company on request). If you wish to appoint the proxy to exercise voting power over only some of your Shares, the number of Shares in respect of which this proxy is to operate is ..... Shares (Note: proxy will be over all Shares if left blank).

## STEP 2: VOTING DIRECTIONS

I/we direct my/our proxy to vote as indicated below:

Resolutions	For	Against	Abstain
1. Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Stephen Bizzell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Matthew Beach as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Pre-approval or Ratification of the Issue of up to 111,915,995 Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to issue additional 10% of issued share capital pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sole Director and Secretary  
(if appointed)

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

## How to Complete this Proxy Form

### 1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### 2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

### 3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses, except in relation to Resolution 1 where you have appointed a member of the Key Management Personnel of the Company (other than the Chairman) or their closely related parties as your proxy, in which case there are additional restrictions explained below. If you mark more than one box on an item your vote on that item will be invalid.

### 4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together.

### 5 Signing Instructions

You must sign this form as follows in the spaces provided:

- Individual:** where the holding is in one name, the holder must sign.
- Joint Holding:** where the holding is in more than one name, either security holder may sign.
- Power of Attorney:** To sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### 6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 11:00am on 19 November 2017, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Completed proxies can be returned to the Company Secretary by either mail to GPO Box 5261, Brisbane, Qld 4001; or facsimile to (07) 3303-0681, or scanned and emailed to [kschlobohm@armouenergy.com.au](mailto:kschlobohm@armouenergy.com.au)**