

Notice of Annual General Meeting and Explanatory Memorandum

Armour Energy Limited

Date of Meeting: 27 November 2018

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 2018 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 27 November 2018, 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 2018.

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 2018 (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 Nicholas Mather as a Director

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

“That Nicholas Mather, 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 Roland Sleeman as a Director

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

“That Roland Sleeman, 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 4. Re-Election of Eytan Uliel as a Director

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

“That Eytan Uliel, 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 5. Ratification of Placement Shares Issued

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

*“That for the purposes of Listing Rule 7.4, and for all other purposes, shareholders ratify the previous issue of 2,485,856 fully paid ordinary shares at an issue price of 7.6 cents per share (**Placement Shares**) on 19 December 2017, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

NOTES:

- The rights attaching to the Placement Shares are identical in all aspects to the existing ordinary shares on issue in the Company.
- The funds raised will continue to be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

Further details of the Placement Shares are contained within the Explanatory Memorandum.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- any person who participated in or directly benefit from the issues excluded from voting; or
- any associate of those persons.

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 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.

Resolution 6. Approval for the Issue of Shares to Stephen Bizzell

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

“That in accordance with the provisions of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of up to 1,000,000 ordinary shares (Bizzell Shares) by the Company to Stephen Bizzell (or his nominee), a Director of Armour Energy Limited, at an issue price of \$0.10 per share on the terms and conditions contained in the Explanatory Memorandum accompanying this Notice of Meeting.”

NOTES:

- The rights attaching to the Bizzell Shares are identical in all aspects to the existing ordinary shares on issue in the Company.
- The funds raised will continue to be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Stephen Bizzell excluded from voting; or
- any associate of Stephen Bizzell.

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 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.

Resolution 7. Approval for the Issue of Shares to Nicholas Mather

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

“That in accordance with the provisions of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of up to 850,000 ordinary shares (Mather Shares) by the Company to Nicholas Mather (or his nominee), a Director of Armour Energy Limited, at an issue price of \$0.10 per share on the terms and conditions contained in the Explanatory Memorandum accompanying this Notice of Meeting.”

NOTES:

- The rights attaching to the Mather Shares are identical in all aspects to the existing ordinary shares on issue in the Company.
- The funds raised will continue to be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Nicholas Mather excluded from voting; or
- any associate of Nicholas Mather.

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 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.

Resolution 8. Approval for the Issue of Shares to DGR Global Limited

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

“That in accordance with the provisions of Listing Rule 10.11, and for all other purposes, shareholders approve the issue of up to 8,000,000 ordinary shares (DGR Shares) in the Company to DGR Global Limited, at an issue price of \$0.10 per share on the terms and conditions contained in the Explanatory Memorandum accompanying this Notice of Meeting.”

NOTES:

- The rights attaching to the DGR Shares are identical in all aspects to the existing ordinary shares on issue in the Company.
- The funds raised will continue to be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- DGR Global Limited excluded from voting; or
- any associate of DGR Global Limited.

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 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.

Resolution 9. Ratification of Tribeca Options Issued

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

“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, shareholders ratify the previous issue of 41,000,000 unlisted options to subscribe for Shares to two investment funds managed by Tribeca Investment Partners Pty Ltd for the purposes, and on the terms, set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- Tribeca Investment Partners Pty Ltd excluded from voting; or
- any associate of Tribeca Investment Partners Pty Ltd.

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 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.

Resolution 10. Ratification of Convertible Notes Issued

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

“That in accordance with the provisions of Listing Rule 7.4, and for all other purposes, Shareholders ratify the previous issue by the Company of 954,546 Convertible Notes at an issue price of \$0.11 per note on 27 March 2018 to those recipients set out and in those proportions and otherwise on terms set out in the Explanatory Memorandum, accompanying this Notice of Meeting.”

NOTES:

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

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- the recipients of the Convertible Notes excluded from voting; or
- any associate of those recipients.

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 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.

Resolution 11. Approve the issue, or Ratify the issue, of up to 30,000,000 Placement Shares

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

“That:

- (a) subject to (b), for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 30,000,000 ordinary shares (2018 Placement Shares) to various parties at the price and on the terms and conditions outlined in the Explanatory Memorandum; and*
- (b) in the event, and to the extent, that the issue of the 2018 Placement Shares has taken place prior to the meeting, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of up to 30,000,000 2018 Placement Shares to various parties at the price and on the terms and conditions outlined in the Explanatory Memorandum.”*

VOTING EXCLUSION STATEMENT

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

- Recipient parties or intended recipient parties; and
- any associates of any actual or intended recipient party.

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 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 12. 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 the 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 in favour of 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 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
25 October 2018

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 27 November 2018 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 2018. The Company’s Annual Report for the financial year ended 30 June 2018 was released on 28 September 2018 and is available on the Company’s website: 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 2018 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 2018 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 Nicholas Mather as a Director

Mr Mather was originally appointed to the Board of the Company on 18 December 2009. In accordance with the Company's Constitution, Mr Mather will retire at the Annual General Meeting, and will stand for re-election.

Mr Mather's special area of experience and expertise is the generation of and entry into undervalued or unrecognised resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 25 years. In that time he has been instrumental in the delivery of major resource projects that have delivered significant gains to shareholders. As an investor, securing projects and financiers, leading exploration campaigns and managing emerging resource companies, Mr Mather brings a wealth of valuable experience.

Mr Mather is currently the Managing Director and co-founder of DGR Global Limited (ASX), an Executive Director of SolGold Plc (LSE / TSX), and a Non-Executive Director of IronRidge Resources Ltd (AIM), Aus Tin Mining Ltd (ASX), Lakes Oil NL (ASX) and Dark Horse Resources Ltd (ASX). As an Executive Director (and co-founder) of Arrow Energy NL until 2004, Mr Mather was responsible for the generation of its Surat Basin Coal Bed Methane project. Arrow Energy was the subject of an on-market take over in 2011 at a value of approximately \$3.5 billion.

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

Resolution 3. Re-Election of Roland Sleeman as a Director

Mr Sleeman was originally appointed to the Board of the Company on 11 October 2011. In accordance with the Company's Constitution, Mr Sleeman will retire at the Annual General Meeting, and will stand for re-election.

Mr Sleeman has over 35 years' experience in oil and gas as well as utilities and infrastructure. Mr Sleeman has served senior management roles, including with Eastern Star Gas as Chief Commercial Officer and AGL as General Manager of the Goldfields Gas Pipeline. He has extensive engineering and business experience including negotiation of gas sales agreements that provided a foundation for development of the North West Shelf Project, and commercialisation of new gas and power station opportunities and management of major gas transmission pipeline infrastructure. Mr Sleeman has provided specialist commercial, regulatory and project development advice to both the public and private sectors. Mr Sleeman currently acts as the CEO of ASX-listed Lakes Oil NL.

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

Resolution 4. Re-Election of Eytan Uliel as a Director

Mr Uliel was appointed to the Board of the Directors on 20 November 2017. In accordance with the Company's Constitution, Mr Uliel will retire at this Annual General Meeting, and will stand for re-election.

Mr Uliel is an experienced oil and gas industry professional. Since 2015 he has served as the Commercial Director of Bahamas Petroleum plc (BPC), a UK-listed company with extensive conventional oil exploration acreage offshore in the Bahamas. Prior to working with BPC, from 2009 to 2014 Mr Uliel was Chief Financial Officer and Chief Commercial Officer of Dart Energy Ltd, an ASX listed company that had coal bed methane and shale gas assets in Australia, Asia and Europe, and Chief Commercial Officer of its predecessor company, Arrow Energy International Ltd.

From 2006 – 2008 Mr Uliel was Asian Regional Head of the Corporate & Structured Finance Group at Babcock & Brown. Prior to that, he was with direct investment and advisory firm Carnegie, Wylie & Company, where he was most recently Managing Director, and was with corporate advisory firm Wentworth Associates prior to joining Carnegie Wylie in 1999. He commenced his career as a corporate lawyer in Sydney, with the law-firm Freehills.

Mr Uliel was previously Chairman and Chair of the audit committee of Easycall International Ltd (dual ASX / SGX listed), a Director and Chair of the audit committee of Strike Energy Limited (ASX listed) and Jasper Investments Ltd (SGX listed), an Alternate Director of Thakral Corporation Limited (SGX listed), a Director of CH4 Gas Ltd (ASX listed until merged with Arrow Energy Ltd), and an Alternate Director of Neverfail Springwater Ltd (ASX listed). He was also previously a Director and member of the audit committee of Lonely Planet Publications Pty Ltd, Chairman and Director of Golden Pages Ltd (Israel), and Director of various Arrow Energy and Dart Energy entities across Asia and Europe, and a number of other investment related entities.

Mr Uliel holds a Bachelor of Arts (Political Science) and Bachelor of Laws (LLB) degree from the University of New South Wales.

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

Resolution 5. Ratification of Placement Shares Issued

As part of the Company's previously published capital raising plans, a share placement of 2,485,856 fully paid ordinary shares was undertaken on 19 December 2017. All of the shares were allotted to third parties at a price of \$0.076 per share raising \$188,925 (**Placement Shares**).

Listing Rule 7.4

As noted above, in accordance with Listing Rule 7.4, the Company is seeking Shareholders to ratify the previous issue of Placement Shares, being issues of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

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 seeks Shareholder approval to ratify the issue of 2,485,856 Placement Shares accordance with Listing Rule 7.4 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.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1); and
- holders of the ordinary securities subsequently approve the issue.

Listing Rule 7.4 provides that a Company may reinstate its additional placement capacity under Listing Rule 7.1A where any shares issued during the relevant period are subsequently ratified by the Company's shareholders.

Terms of the Placement Share issue

For the purpose of Listing Rules 7.4 and 7.5 the Company advises as follows:

- (1) 2,485,856 Placement Shares were issued on 19 December 2017.
- (2) The Placement Shares were all issued to the Placement Recipients outlined in Table 1, at a price of \$0.076 per Share.
- (3) The Placement Shares rank *pari passu* with the existing Shares on issue, are not subject to escrow restrictions and are subject to the rights and obligations set out in the Company's Constitution.
- (4) The funds raised will continue to be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, and to fund additional growth initiatives, corporate costs and general working capital.
- (5) The Placement Recipients, and the number of Placement Shares issued to each, are as follows:

Table 1:

Subscriber	Price	Number	Amount
Shares issued on 19 December 2017			
PETER HARDING-SMITH <HS FAMILY TRUST>	\$ 0.076	131,579	\$ 10,000
BRUCE MUIRHEAD	\$ 0.076	150,000	\$ 11,400
TENSTAR TRADING LIMITED	\$ 0.076	410,000	\$ 31,160
BAM COOLABAH INVESTMENTS PTY LTD <BAM COOLABAH FUND>	\$ 0.076	1,794,277	\$ 136,365
		2,485,856	\$ 188,925

A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.

Directors Recommendation

The Directors recommend that shareholders vote in favour of this Resolution.

Resolution 6 and 7. Approval for the Issue of Shares to Stephen Bizzell and Nicholas Mather

Resolution 6 and the Bizzell Shares

Resolution 6 seeks the approval of shareholders for the issue of up to 1,000,000 fully paid ordinary shares to Stephen Bizzell or his nominee (the **Bizzell Shares**). Stephen Bizzell is a Director of Armour Energy Limited. The Bizzell Shares will have an issue price of \$0.10 per share, which is the same issue price as the Company's most recent Entitlement Offer to all eligible participants in August-September 2018. The shares issued will rank *pari passu* with the existing Shares on issue in the capital of the Company.

Resolution 7 and the Mather Shares

Resolution 7 seeks the approval of shareholders for the issue of up to 850,000 fully paid ordinary shares to Nicholas Mather or his nominee (the **Mather Shares**). Nicholas Mather is a Director of Armour Energy Limited. The Mather Shares will have an issue price of \$0.10 per share, which is the same issue price as the Company's most recent Entitlement Offer to all eligible participants in August-September 2018, and on the same terms as and rank *pari passu* with the existing Shares on issue in the capital of the Company.

Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party.

A "related party" for the purposes of the Listing Rules is defined widely and includes a Director of the public company or an entity controlled by a Director of the public company.

Approval for the issue of each of:

- The Bizzell Shares to Stephen Bizzell (or his nominee) is sought in accordance with the provisions of Listing Rule 10.11; and
- The Mather Shares to Nicholas Mather (or his nominee) is sought in accordance with the provisions of Listing Rule 10.11.

If approval is given under Listing Rule 10.11 for the issue of the Bizzell Shares, approval will not be required in respect of the allotment under Listing Rule 7.1. If approval is given, the Company intends to allot the Shares within one (1) month.

If approval is given under Listing Rule 10.11 for the issue of the Mather Shares, approval will not be required in respect of the allotment under Listing Rule 7.1. If approval is given, the Company intends to allot the Shares within one (1) month.

The Company believes that all information required pursuant to Listing Rule 10.13 is contained in the Notice of Meeting and this Explanatory Memorandum and in particular immediately below:

Information required by Listing Rule 10.13 for each of Resolution 6 and 7

For the purposes of Listing Rule 10.13, the Company advises as follows in relation to Resolution 6:

- (1) The Bizzell shares are being issued to Mr Bizzell (or his nominee).
- (2) Up to 1,000,000 shares are to be issued to Mr Bizzell (or his nominee) at an issue price of \$0.10 per share, which is aligned with the pricing of the shares issued to all eligible participants in the Company's most recent Entitlement Offer in August-September 2018.
- (3) If the approval is given, the Company intends to issue and allot the Bizzell Shares within one (1) month of the date of the Meeting.
- (4) As noted above, Stephen Bizzell is a Director of the Company.
- (5) The Bizzell Shares will be issued at the issue price as noted above, and on the same terms as and rank *pari passu* with the existing Shares on issue in the capital of the Company. The rights and obligations of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at the following link <https://www.armourenergy.com.au/corporategovernance/>. The Bizzell Shares issued will be listed on the ASX (code: AJQ)
- (6) A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.
- (7) The funds raised will be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

For the purposes of Listing Rule 10.13, the Company advises as follows in relation to Resolution 7:

- (1) The Mather Shares are being issued to Mr Mather (or his nominee).
- (2) Up to 850,000 shares are to be issued to Mr Mather (or his nominee) at an issue price of \$0.10 per share, which is aligned with the pricing of the shares issued to all eligible participants in the Company's most recent Entitlement Offer in August-September 2018.
- (3) If the approval is given, the Company intends to issue and allot the Mather Shares within one (1) month of the date of the Meeting.
- (4) As noted above, Nicholas Mather is a Director of the Company.
- (5) The Mather Shares will be issued at the issue price as noted above, and on the same terms as and rank *pari passu* with the existing Shares on issue in the capital of the Company. The rights and obligations of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at the following link <https://www.armourenergy.com.au/corporategovernance/>. The Mather Shares issued will be listed on the ASX (code: AJQ)
- (6) A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.
- (7) The funds raised will be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, and to fund additional growth initiatives, corporate costs and general working capital.

Dilutionary Effect

The dilutionary effect of the issue of the proposed allotments covered by Resolution 6 and 7 (together with Resolution 8 below) is shown in Table 2 on Page 13 of this Explanatory Memorandum.

Voting Restrictions

There are restrictions on voting on Resolution 6 (Mr Bizzell and his associates) and Resolution 7 (Mr Mather and his associates). For additional details please refer to the Voting Exclusion Statement to Resolutions 6 and 7 within the Notice of Meeting.

Directors' Recommendation

Messrs Sleeman, Stubbs and Uliel recommend that shareholders vote in favour of these Resolutions 6 and 7. As each of Mr Bizzell and Mr Mather has a personal interest in the outcome of one of these Resolutions, they have both abstained from making a recommendation in respect of either of these Resolutions.

Resolution 8. Approval to Issue up to 8,000,000 Shares to DGR Global Ltd

Resolution 8 seeks the approval of Shareholders for the issue of up to 8,000,000 fully paid ordinary shares by the Company to DGR Global Ltd (the **DGR Shares**). DGR Global Ltd does not control the Company for the purpose of Chapter 2E of the Corporations Act. Accordingly, Shareholder approval will not be required for the issue of the DGR Shares for the purposes of those provisions.

If the issue of the DGR Shares is approved by Shareholders, the DGR Shares will have an issue price at \$0.10 per share, which is the same issue price as the Company's most recent Entitlement Offer to all eligible participants in August-September 2018. The DGR Shares will rank *pari passu* with the existing Shares on issue in the capital of the Company.

Listing Rules 7.1 and 10.11

Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party, or a person whose relationship with the entity is such that in ASX's opinion, shareholder approval should be obtained.

A "related party" for the purpose of the Listing Rules is defined widely and includes an entity controlled by a director of the public company.

As noted above DGR Global Limited does not control the Company for the purposes of the Corporations Act. However, for the purpose of the ASX Listing Rules the issue of Shares to DGR Global Ltd may require approval under Listing Rule 10.11. While DGR Global Limited does not control the Company for the purposes of Chapter 2E of the Corporations Act, the Company notes that DGR Global Limited is a substantial Shareholder in the Company (currently holding 22.36% of the fully paid ordinary Shares of the Company) and has two (2) nominee Directors on the Board, being Messrs Mather and Stubbs.

Accordingly, Shareholder approval for the issue of the DGR Shares is sought in accordance with the provisions of Listing Rule 10.11.

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 7.1 Capacity). If approval is required and given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. By obtaining approval under Listing Rule 10.11, the Company will be able to issue the DGR Shares while preserving its 7.1 Capacity.

The 3% Creep Exception

As DGR currently holds 22.36% of the fully paid ordinary Shares in the Company which exceeds the 20% Takeover provision in the Corporations Act. As a result, the Directors will have to comply with the ASIC requirement of the Creep Exception rules, that means the Directors have a discretion to limit the number of the DGR Shares to be issued, to that number which will not result in DGR Global Ltd's voting power to a point no greater than 3% higher than it was within a six month period before the meeting.

Information required by Listing Rule 10.13

For the purpose of Listing Rule 10.13 the Company advises as follows:

- (a) Up to 8,000,000 ordinary Shares are to be issued to DGR Global Ltd.
- (b) The DGR Share will be issued to DGR Global Ltd at a price of \$0.10 per share, which is in line with the pricing the Company issued to all eligible participants in the Company's most recent Entitlement Offer in August-September 2018.
- (c) If approval is given, the Company intends to issue and allot the DGR Shares within one (1) month the date of the Meeting.
- (d) As noted above, DGR Global is a substantial Shareholder in the Company (currently holding 22.36% of the ordinary fully paid Shares of the Company), and has two (2) nominee Directors on the Board, being Messrs Mather and Stubbs.
- (e) The DGR Shares will rank pari passu with the existing shares on issue, are not subject to escrow restrictions and are subject to the rights and obligations set out in the Company's Constitution.
- (f) A Voting Exclusion Statement in relation to this Resolution is set out in the Notice of Meeting.
- (g) The funds raised will continued to be used to finance the ongoing oil & gas exploration and production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

The Company believes that all information required pursuant to Listing Rule 10.13 is contained in the Notice of Meeting and this Explanatory Memorandum.

Directors' Recommendation

Messrs Bizzell, Sleeman and Uliel recommend that Shareholders vote in favour of this Resolution. As Messrs Mather and Bizzell are Directors of DGR Global Limited they have abstained from making a recommendation.

Dilutionary Effect of Issues pursuant to Resolution 6, 7 and 8

The dilutionary effect of the issue of the shares to be approved pursuant to each of Resolutions 6, 7 or 8 at the issue price of \$0.10 per share, as outlined in Table 2 below.

Table 2:

	Total number of Shares on issue post Meeting date	Percentage dealt with in Resolution(s)	Percentage owned by all other holders
Number of Shares on issue if none of Resolutions 6, 7 or 8 are passed	500,555,321	0%	100%
Number of Shares on issue if only Resolution 6 is passed	501,555,321	0.20%	99.80%
Number of Shares on issue if only Resolution 7 is passed	501,405,321	0.17%	99.83%
Number of Shares on issue if only Resolution 8 is passed	508,555,321	1.57%	98.43%
Number of Shares on issue if all of Resolutions 6, 7 and 8 are passed	510,405,321	1.93%	98.07%

Resolution 9. Ratification of Tribeca Options Issued

Resolution 9 seeks shareholder approval to ratify the previous issue of 41,000,000 unlisted options to two investment funds managed by Tribeca Investment Partners Pty Ltd (Tribeca) pursuant to the terms of a credit facility agreement for the provision of up to \$6,800,000 in secured debt funding, the details of which were announced to the market on 26 July 2018.

Listing Rule 7.4

As noted above, in accordance with Listing Rule 7.4, the Company is seeking Shareholders to ratify the previous issue of the unlisted options, being issues of securities made by the Company during the previous 12 months for which shareholder approval has not already been obtained.

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 seeks shareholder approval to ratify the issue of 41,000,000 unlisted options in accordance with Listing Rule 7.4 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.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1); and
- holders of the ordinary securities subsequently approve the issue.

For the purpose of Listing Rules 7.4 and 7.5 the Company advises as follows:

- (a) 41,000,000 unlisted options were issued on 31 July 2018.
- (b) The options were issued to two investment funds managed by Tribeca, as follows:
 1. Walkers Corporate Ltd <Tribeca Global Natural Resources Credit Master Fund> - 14,350,000 Options
 2. Equity Trustees Ltd <Tribeca Global Natural Resources Credit Fund> - 26,650,000 Options
- (c) The options were exercisable at \$0.166 each at the time they were issued. However, subsequent to the Company's September 2018 entitlement offer, the options have an adjusted exercise price of \$0.161 each. The options expire on 31 July 2021;
- (d) The options were issued as part of the contractual arrangements for a secured debt facility with Tribeca, as announced to the market on 26 July 2018;
- (e) No funds were raised from the issue of the options, but up to \$6,601,000 may be raised via the subsequent exercise of the options;
- (f) Subject to the timing of any exercise of the options, any funds raised will continue to be used to fund the ongoing oil & gas exploration and production or operations at the Kincora Project, additional growth initiatives, corporate costs and general working capital.

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.

Resolution 10. Ratification of Convertible Notes Issued

Resolution 10 seeks shareholder approval to ratify the previous issue of 954,546 Convertible Notes to those investors identified in Table 3 below, each being an investor that falls within one or more of the classes of exemptions specified in section 708 of the Corporation Act.

The Convertible Notes were issued to investors on 27 March 2018 as part of the Company's previously published capital raising program. The Convertible Notes were issued on terms identical to all previous Convertible Notes approved and / or ratified by shareholders.

Listing Rule 7.4

As noted above, in accordance with Listing Rule 7.4, the Company is seeking Shareholders to ratify the previous issue of Convertible Notes, being issues of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

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 seeks Shareholder approval to ratify the issue of 954,546 Convertible Notes in accordance with Listing Rule 7.4 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.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1); and
- holders of the ordinary securities subsequently approve the issue.

For the purpose of Listing Rules 7.4 and 7.5 the Company advises as follows:

- 954,546 Convertible Notes were issued on 27 March 2018;
- The Convertible Notes were issued at \$0.11 per note;
- The terms and conditions upon which the Convertible Notes are to be issued are as previously published and as set out in full on the Company's website at <http://www.armourenergy.com.au/investors/terms-of-convertible-notes>
- The funds raised will continue to be used to finance the ongoing exploration and oil & gas production activities at the Kincora Project, additional growth initiatives, corporate costs and general working capital.
- The Convertible Notes Recipients, and the number of Convertible Notes issued to each, are as follows:

Table 3:

Name	Price per Note	Amount (\$)	Number of Notes
BAM OPPORTUNITIES FUND PTY LTD	\$ 0.11	\$ 55,000	500,000
MR WARWICK HUGH SYDNEY MICHAEL AND MRS ELIZE MARY MICHAEL <ZANZIBAR SUPERFUND A/C>	\$ 0.11	\$ 50,000	454,546
TOTAL		\$ 105,000	954,546

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.

Resolution 11. Approval for the Issue of up to 30,000,000 Placement Shares or the Ratification of the Issue of up to 30,000,000 Placement Shares

Resolution 11 seeks to either:

- approve the issue of up to 30,000,000 ordinary shares (**2018 Placement Shares**) to various parties to be identified by the Company as being Sophisticated, Professional or otherwise exempt investors under Section 708 of Australia's Corporations Act; or
- if, and to the extent that, the issue of the 2018 Placement Shares has taken place before the meeting, ratify the issue of up to 30,000,000 shares as allocated by the Company at an issue price and on the terms and conditions to be published by the Company as an addendum to these materials before the date of the meeting.

Terms of the Issue of the 2018 Placement Shares

For the purposes of Listing Rules 7.3, 7.4 and 7.5 the Company advises as follows:

- (1) A total of up to 30,000,000 ordinary shares are intended to be issued. If the shares are issued ahead of the meeting, details of the recipients will be provided ahead of the meeting, as an addendum to these materials. It is intended that the shares only be issued to Sophisticated and Professional (or otherwise exempt) investors for the purposes of Section 708 of Australia's Corporations Act.
- (2) It is intended that the 2018 Placement Shares be issued at 10 cents per share, but will be issued at a price of at least 80% of the 5 Day VWAP for Armour Energy shares immediately preceding the issue. If the shares are issued ahead of the meeting, details of the issue price will be provided ahead of the meeting in an addendum to these materials.
- (3) The 2018 Placement Shares will rank *pari passu* with the Company's existing shares on issue.
- (4) Funds from the issue of the 2018 Placement Shares will be used to continue the Company's exploration and production activities at Kincora, fund other growth initiatives, and contribute to the funding of corporate costs and working capital.

Listing Rule 7.3

In accordance with Listing Rule 7.3, the Company provides the following information.

- (a) If approved by shareholders (and not yet issued) up to 30,000,000 2018 Placement Shares will be issued by the Company within 3 months of the date of this meeting as required by the Listing Rules.
- (b) It is intended that the 2018 Placement Shares be issued at 10 cents per share, but will be issued at a price of at least 80% of the 5 Day VWAP for Armour Energy shares immediately preceding the issue.
- (c) Funds from the issue of the 2018 Placement Shares will be used to continue the Company's exploration and production activities at Kincora, fund other growth initiatives, and contribute to the funding of corporate costs and working capital.
- (d) Voting exclusions are as outlined in the Notice of Meeting.

Listing Rule 7.4

It is possible the Company may issue the 2018 Placement Shares ahead of the meeting under its existing placement capacity.

However, if it does so, in accordance with Listing Rule 7.4, the Company is seeking Shareholder approval to ratify the previous issue of the 2018 Placement Shares, being issues of securities made by the Company during the previous 12 months for which Shareholder approval has not already been obtained.

If any 2018 Placement Shares are issued ahead of the meeting, details of the recipients and issue price will be provided ahead of the meeting in an addendum to these materials, addressing all of the requirements of Listing Rule 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. In this case, the Company seeks Shareholder approval to ratify the previous issue of the 2018 Placement Shares to various parties in accordance with Listing Rule 7.4 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.

Under Listing Rule 7.4, an issue of securities made without approval under Listing Rule 7.1 is treated as having been made with approval if the issue:

- did not breach Listing Rule 7.1 (i.e. the issue did not exceed the 15% limit under Listing Rule 7.1); and
- holders of the ordinary securities subsequently approve the issue.

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 12. 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 12, 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 the 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 12 October 2018, the Company's market capitalisation was approximately \$44.6 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 12 is passed, Shareholder approval of the Additional 10% Placement under the 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 the approval is given for the issue of the Placement Securities then the approval will expire, on 27 November 2019 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 the Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

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 the 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 500,555,321 Shares. The Company will have the capacity to issue the below Equity Securities immediately following the Meeting:

- 75,083,298 Equity Securities under Listing Rule 7.1; and
- subject to Shareholder approval being obtained under this Special Resolution, a further 50,055,532 Placement Securities under Listing Rule 7.1A.

The actual number of the Placement Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of the 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 12 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 the 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 the 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 500,555,321 Shares. Subject to the passing of this Special Resolution, the Company could issue pursuant to Listing Rule 7.1A will be 50,055,532 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 the 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 4 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 4:

Issued Share Capital	50% decrease in Market Price \$0.048		Current Market Price \$0.096		100% increase in Market Price \$0.192	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
Present Issued Share Capital = 500,555,321 Shares	50,055,532	\$2,402,666	50,055,532	\$4,805,331	50,055,532	\$9,610,662
50% Increase in Share Capital = 750,832,982 Shares	75,083,298	\$3,603,998	75,083,298	\$7,207,997	75,083,298	\$14,415,993
100% Increase in Share Capital = 1,001,110,642 Shares	100,111,064	\$4,805,331	100,111,064	\$9,610,662	100,111,064	\$19,221,324

Assumptions and Explanations

- The Market Price is \$0.096, based on the closing price of the Shares on ASX on 12 October 2018.
- 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 12 October 2018.
- 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 27 November 2019. 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 21 November 2017. 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 2017).

(i) Number of equity securities on issue at commencement of 12 month period	336,015,972
(ii) Equity securities issued in prior 12 month period	128,729,924 FPO 53,5000,000 Unlisted Convertible Notes 41,000,000 Unlisted Options
(iii) Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period	66.43%

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
FPO	FPO	Entitlement Offer	20/10/2017	56,002,074	Existing shareholders	\$0.076	\$4.25M cash raised. Used to fund the re-commencement and re-start activities at the Company's Kinocra Project in Queensland, and other growth initiatives, pay creditors and provide additional working capital.
FPO	FPO	Private Placement	Issued from 20 October to 19 December 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.
FPO	FPO	Accelerated Non-Renounceable Entitlement Offer - Institutional component	16/08/2018	25,865,099	Existing shareholders	\$0.10	\$2.58M cash raised. Funds to be used, together with operational cash flows, to support the drilling of the Company's 2018/19 Kincora area development well program, commencing with Myall Creek Well 4A, and also to be used to meet an element of corporate costs, Kincora operating costs, creditor payments and the costs associated with the Entitlement Offer.
FPO	Unlisted Convertible Notes converted to FPO	Unlisted convertible notes convert to FPO based on the adjusted conversion ratio of 1.0047 due to the recent Accelerated Non-renounceable Entitlement Offer	24/08/2018	980,176	Existing noteholders	1 convertible Note being adjusted to 1.0047 FPO as a result of the recent Accelerated Non-renounceable Entitlement Offer	Unlisted Convertible Notes has been converted in accordance with the terms & conditions of the issue of Notes. The consideration of this conversion issue is \$97K based on the closing share price of \$0.099 as at 24 August 2018.
FPO	FPO	Accelerated Non-Renounceable Entitlement Offer - retail component	07/09/2018	32,724,680	Existing shareholders	\$0.10	\$3.2M cash raised. Funds to be used, together with operational cash flows, to support the drilling of the Company's 2018/19 Kincora area development well program, commencing with Myall Creek Well 4A, and also to be used to meet an element of corporate costs, Kincora operating costs, creditor payments and the costs associated with the Entitlement Offer.
Unlisted Convertible Notes	Unlisted Convertible Notes	\$0.11 per note	Issued from 1 November 2017 to 27 March 2018	53,500,000	- Sophisticated investors; and - DGR Global Ltd (approved at 2017 EGM)	\$0.11 per note	\$5.88K 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 \$0.161, expiring 31 July 2021	31/07/2018	41,000,000	Equity Trustees Ltd in its capacity as the trustee of the Tribeca Global Natural Resources Credit Fund and Tribeca Global Natural Resources Credit Master Fund	Nil	Nil

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 27 November 2018;

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 (Brisbane Time) 25 November 2018. 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@armourenergy.com.au

Proxy Form

STEP 1: APPOINTMENT OF PROXY

<u>Name of Shareholder</u>	<u>Number of Shares</u> <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
<p>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 27 November 2018 and any adjournment thereof:</p> <div style="display: flex; align-items: flex-start;"> <div style="flex: 1;"> <input type="checkbox"/> the Chairman of the Meeting OR (mark with an "X") <div style="border: 1px solid black; width: 200px; height: 30px; margin-top: 10px;"></div> </div> <div style="flex: 2; padding-left: 10px;"> <p>Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting</p> </div> </div> <p>The Chairman intends to vote any undirected proxies <u>in favour</u> 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.</p> <p>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.</p> <p>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).</p>	

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 Nicholas Mather as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Roland Sleeman as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of Eytan Uliel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of Placement Shares issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval to issue Shares to Stephen Bizzell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval to issue Shares to Nicholas Mather	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Approval to issue Shares to DGR Global Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Ratification of Tribeca Options issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Ratification of Convertible Notes issued	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Approval or Ratification of the issue of the 2018 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. 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 (Brisbane time) on 25 November 2018. 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@armourenergy.com.au