

Armour Energy Limited

29 March 2019

Corporate Bond Financing Update: Redemption of Existing Convertible Notes Settlement of New Notes

Further to its previous market announcements of 19 and 20 March 2019, Armour Energy Ltd (ASX: AJQ, the **Company** or **Armour**) is pleased to advise that it has now finalised the settlement and early redemption of all of the existing Convertible Notes on issue (including those held by funds managed by M.H. Carnegie & Co Pty Ltd) and has issued \$55 million worth of secured and amortising notes arranged by FIIG Securities Limited (**New Notes**).

For full terms and conditions of the New Notes please refer to the final information memorandum that is attached to this announcement and lodged with ASX. The information memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act 2001 (Cwlth) and the New Notes were only offered to eligible professional and sophisticated investors.

The Board of Directors of Armour would like to take this opportunity to thank the existing Convertible Noteholders for their support of the Company through their original subscription to the Notes as part of the Company's 2016 and 2017 capital raising program.

The Company is continuing to work through Phase 3 of its Growth Strategy, which involves the drilling of new wells together with investigations into the workover and stimulation of existing wells. This, together with any necessary further work on the Kincora Gas Plant, is targeted to increase gas production to 20 TJ/day over the course of 2019.

Armour's CEO, Mr Roger Cressey commented:

"This \$55 million re-financing of the Company is transformational for Armour and enables the Company to deliver a material work program toward its growth objectives. Armour's 2019 development program is now being finalised with a focus on the 20TJ/day production target. Armour is growing its footprint, its production and its revenues and is well positioned to take advantage of the strong commercial environment for gas producers on the east coast. This year the Company has already achieved some significant outcomes; it has completed this re-finance, increased production and sales from 9TJ/day to 11TJ/day, commenced selling into the spot market, and has advised the market of increased 2P reserves to 123.6PJ. The Company is now poised to move to the next level of growth in its four phase strategy."

FIIG Securities Head of Fixed Income, John Ricciotti, said bond investors were attracted to Armour Energy's business model and strong management team.

"As a producing Oil & Gas company with strong resource prospects, Armour has seen the value in tapping investor demand for unrated corporate paper. The long term nature of Armour's assets and contracted revenue streams make it an ideal candidate for long term bond funding. We are seeing strong industry growth in gas supported by increased demand for cleaner energy solutions and are delighted to be supporting the highly credentialed Board and Management of Armour in this transaction."

FIIG Securities Limited is Australia's largest specialist fixed income dealer having raised over \$2.3 billion in funding across 64 bond issues.



On behalf of the Board
Karl Schlobohm
Company Secretary

For further information contact:

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Information Memorandum



Armour Energy Limited

(ABN 60 141 198 414)

Issue of Australian Dollar Secured Amortising Notes

The Notes have the benefit of the security, and are initially unconditionally and irrevocably guaranteed by certain subsidiaries of the Issuer (the “**Guarantors**”), each as described in this Information Memorandum. However, each Noteholder’s ability to receive amounts owing to it under the Notes is also subject to the terms of the Priority Deed.

Lead Manager and Initial Subscriber

FIIG Securities Limited

(ABN 68 085 661 632)

27 March 2019

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Important Notice

Introduction

This Information Memorandum relates to an issue of Australian dollar notes ("**Notes**") by Armour Energy Limited (ABN 60 141 198 414) ("**Issuer**").

This Information Memorandum is dated 27 March 2019. This Information Memorandum should be read in its entirety before deciding whether to purchase any Notes, as the information contained in individual sections is not intended to and does not provide a comprehensive review of the Notes, the business and the financial affairs of the Issuer.

The Notes are initially unconditionally and irrevocably guaranteed by certain subsidiaries of the Issuer (together, the "**Initial Guarantors**") pursuant to the guarantee ("**Guarantee**") set out in the note trust deed dated 25 March 2019 ("**Note Trust Deed**") between the Issuer, the Initial Guarantors and Perpetual Corporate Trust Limited (ABN 99 000 341 533) ("**Note Trustee**"). The Issuer may, from time to time, and in accordance with the terms of the Note Trust Deed, appoint or procure the appointment of certain subsidiaries of the Issuer as additional guarantors (each such guarantor, a "**New Guarantor**" and together with the Initial Guarantors, the "**Guarantors**") and, in accordance with the terms of the Note Trust Deed, obtain a release of the guarantee provided by a Guarantor (and such released entity shall no longer be a Guarantor).

The Notes will have the benefit of each Security applicable to the Notes. Each Noteholder's ability to receive payment of amounts owing to it under the Notes is subject to the terms of the Priority Deed (as defined below). See the paragraph 3 (Priority Deed) of the section entitled "Security Arrangements" below for a summary of these arrangements.

References to the "**Group**" are to the Issuer, the Guarantors and each of their respective Subsidiaries, which includes a subsidiary within the meaning of Division 6 of Part 1.2 of the Corporations Act 2001 of Australia (as amended) ("**Corporations Act**"), incorporated in Australia from time to time.

References to "**Information Memorandum**" are to this Information Memorandum together with any other document incorporated by reference and to any of them individually.

Prospective investors should read this Information Memorandum carefully prior to making any decision in relation to purchasing, subscribing for or investing in the Notes.

Terms used in this Information Memorandum but not otherwise defined have the meaning given to them in the Conditions (as defined below).

Issuer's responsibility

This Information Memorandum has been prepared and issued by, and with the authority of, the Issuer. The Issuer, having made all reasonable enquiries, confirms that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading or deceptive or likely to mislead or deceive in any material respect.

Other than to the extent required by law, neither the Issuer, nor any of its affiliates, directors, employees, representatives or advisors makes any representation or warranty, express or implied, as to the accuracy or completeness of any of the information contained in this Information Memorandum or any other information (whether communicated in written or oral form) transmitted or made available to potential investors, and each of such parties expressly disclaims any and all liability relating to or resulting from the use of this Information Memorandum or such other information by a potential investor or any of its subsidiaries, affiliates or representatives.

Except to the extent implied by law, no representation or warranty as to the validity, certainty or completeness of any of the assumptions or the accuracy of the information, opinions, estimates or forecast contained in this Information Memorandum is made by the Issuer or its advisors or any of their respective officers, employers, agents or advisors.

Place of issuance

Subject to applicable laws and directives, the Issuer may issue the Notes in any country including Australia but not in the United States of America unless an exemption from the registration requirements under the United States Securities Act of 1933 (as amended) ("**Securities Act**") is available.

Terms and conditions of issue

EACH NOTEHOLDER'S ABILITY TO RECEIVE PAYMENT OF AMOUNTS OWING TO IT UNDER THE NOTES IS SUBJECT TO THE TERMS OF THE PRIORITY DEED.

The Notes will be issued in a single series under the Note Trust Deed. The series may comprise one or more tranches (each a "**Tranche**") having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and date of the first payment of interest).

A pricing supplement ("**Pricing Supplement**") will be issued for each Tranche of Notes. A Pricing Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest payable (if any) together with any other terms and conditions not set out in the section entitled "Conditions" below that may be applicable to that series of Notes. The terms and conditions ("**Conditions**") applicable to each series of Notes are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes.

A Pricing Supplement or another supplement to this Information Memorandum may also supplement, amend, modify or replace any statement or information incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

To the extent that there is an inconsistency between the Conditions contained in this Information Memorandum and the Pricing Supplement, the Pricing Supplement will prevail.

Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether to purchase any Notes.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- the Note Trust Deed;
- the Security Trust Deed;
- the Priority Deed;
- each Security applicable to the Notes;
- the most recent audited consolidated financial statements and unaudited semi-annual financial statements (if any) of the Group which are available on its website at <https://www.armourenergy.com.au/>;
- all announcements made by the Issuer on the Australian Securities Exchange ("**ASX**") website at www.asx.com.au;
- all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time and all documents stated herein or therein to be incorporated in this Information Memorandum;
- all other documents issued by the Issuer and stated to be incorporated in this Information Memorandum; and
- the Pricing Supplement and all documents stated therein to be incorporated in this Information Memorandum.

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (including whether expressly or by implication).

Copies of the Note Trust Deed, the Security Trust Deed, the Priority Deed, each of the Securities applicable to the Notes, each Pricing Supplement and any other documents incorporated by reference in this Information Memorandum may be obtained from the office of the Issuer, the Note Trustee or such other person specified in the Pricing Supplement.

Except as provided above, no other information, including any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Any internet site addresses provided in this Information Memorandum are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum.

Disclosing entity

The Issuer is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its securities are enhanced disclosure securities quoted on ASX and, as such, the Issuer is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX listing rules (“**ASX Listing Rules**”). Specifically, the Issuer is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, the Issuer has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Information Memorandum should be read in conjunction with the publicly available information in relation to the Group which has been notified to ASX.

All announcements made by the Issuer are available from the ASX website: www.asx.com.au.

No independent verification

The only role of the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuer that their respective details in the sections entitled “Summary of the Notes” and “Directory” below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents have independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of, or any errors or omissions in, this Information Memorandum or any further information supplied by the Issuer in connection with the Notes.

The Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents expressly do not undertake to any holder of a Note to review the financial condition or affairs of the Issuer, the Guarantors or any of their affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to the Issuer or a Guarantor or any of their affiliates and make no representations as to the ability of the Issuer or a Guarantor to comply with their respective obligations under the Notes.

The Note Trustee's duties and obligations are limited to those expressly set out in the Conditions and in the Note Trust Deed. In particular, the Note Trustee is not required to monitor or supervise the performance by the Issuer or any Guarantor of their obligations.

Forward looking statements

To the extent that any forward looking statements are made in this Information Memorandum, those statements reflect the views of the Issuer as at the Preparation Date. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Issuer to differ materially from the results, performance or achievements expressed, implied or projected in this Information Memorandum. Forward looking statements are inherently uncertain, and therefore undue reliance should not be placed on forward looking statements contained in this Information Memorandum. This Information Memorandum may also contain financial projections which are based on the Issuer's estimates of future financial performance. Many of the factors affecting such future financial performance are impossible to predict with certainty, and as such are outside the Issuer's ability to control.

None of the Issuer, the Guarantors or any of their officers or any other party associated with the preparation of this Information Memorandum make any representation or warranty (either express or implied) as to the accuracy or likelihood of any forward looking statement or any performance, achievement, events or results expressed or implied in any forward looking statement. None of the Issuer, the Guarantors or any of their officers or any other party associated with the preparation of this Information Memorandum guarantee that any specific objective of the Issuer or a Guarantor will be achieved.

Intending purchasers to make independent investment decision and obtain tax advice

This Information Memorandum contains only summary information concerning the Issuer, the Guarantors, the Notes, the Security Trust Deed, the Priority Deed and each Security and should be read in conjunction with all of the documents which are deemed to be incorporated by reference herein. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer, any Guarantor, any Notes, the Security Trust Deed, the Priority Deed or any Security and should not be considered or relied on as a recommendation or a statement of opinion (or a representation or report of either of those things) by any of the Issuer, any Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer, the Guarantors and the Notes;
- determine for themselves the relevance of the information contained in this Information Memorandum (including the Priority Deed), and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- consult their own tax advisers concerning the application of any tax (including stamp duty) laws applicable to their particular situation.

No advice is given and no recommendation is made in respect of an investment in the Notes, the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them or any other matter and each investor should consult their own professional adviser.

Investing in the Notes entails a number of risks as more fully described in the section entitled "Key Risk Factors" below. However, this Information Memorandum does not describe all of the risks associated with the Group's business, those associated with an investment in any Notes or the market generally. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances. If you are in any doubt about any of the contents of this Information Memorandum, you should obtain independent professional advice.

No offer

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, any Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents (or, without limitation, their respective shareholders, subsidiaries, affiliates, related entities, officers, employees, representatives or advisors) to any person to subscribe for, purchase or otherwise deal in any Notes.

Selling restrictions and no disclosure

EACH INVESTOR SUBSCRIBING FOR, PURCHASING OR OTHERWISE DEALING IN ANY NOTES IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS A PERSON TO WHOM IT IS LAWFUL TO MAKE ANY OFFER OF NOTES AND IT IS A PERSON TO WHOM AN OFFER OF NOTES FOR ISSUE OR SALE MAY BE MADE WITHOUT DISCLOSURE UNDER PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law or directive in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents which would permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Persons who come into possession of this Information Memorandum should seek advice on and observe any restrictions on subscribing, purchasing or otherwise dealing in the Notes or distributing the Information Memorandum. Any failure to comply with restrictions may constitute a violation of applicable securities laws.

Neither this Information Memorandum nor any other disclosure document in relation to the Notes has been lodged with the Australian Securities and Investments Commission (“ASIC”). Accordingly, the contents of this Information Memorandum have not been reviewed by any regulatory authority in Australia and you are advised to exercise caution in relation to this Information Memorandum. A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in another currency, in each case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act and such action complies with all applicable laws and directives.

This Information Memorandum is not a ‘prospectus’ or other ‘disclosure document’ for the purposes of the Corporations Act and is therefore not required to be lodged with ASIC under section 718 of the Corporations Act and does not contain all the information contained in a prospectus, including any and all information that potential investors and their professional advisors would reasonably require to make an informed assessment of the Issuer’s assets and liabilities, financial position and performance, profits, losses and prospects.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled “Selling Restrictions” below.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation complies with all applicable laws, regulations and directives.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer, the Guarantors or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents.

No registration in the United States

Neither the Notes nor the Guarantee have been, and will not be, registered under the Securities Act. Neither the Notes nor the Guarantee may be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

Agency and distribution arrangements

The Issuer has agreed or may agree to pay fees to the Note Trustee, the Security Trustee and the Agents for undertaking their respective roles and reimburse them for certain of their expenses properly incurred in connection with the Notes.

The Issuer will also pay a fee to the Lead Manager and Initial Subscriber in respect of the placement of the Notes, and has agreed to reimburse the Lead Manager and Initial Subscriber for certain expenses properly incurred in connection with the Notes and will indemnify the Lead Manager and Initial Subscriber against certain liabilities in connection with the offer and sale of Notes.

The Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents, and their respective related entities, affiliates, directors, officers and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agents which would permit a public offering of any Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

Confidentiality

The contents of this Information Memorandum are being made available to potential investors only in connection with the Notes, are confidential and may not be disclosed or used other than for the purposes of the recipient considering the Notes. Unauthorised use or disclosure may give rise to significant loss to the Issuer and civil liability for the discloser.

Currency

In this Information Memorandum, references to "\$", "A\$" or "**Australian dollars**" are to the lawful currency of the Commonwealth of Australia.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer or any Guarantor at any time subsequent to the Preparation Date. In particular, neither the Issuer nor any Guarantor nor any other person is under any obligation to any person to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, "**Preparation Date**" means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended, or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to any annual reports and financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Summary of the Notes

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Notes, the Note Trust Deed, the Security Trust Deed, the Priority Deed, each Security applicable to the Notes, the applicable Conditions and any relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit provisions or features which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to an issue of Notes. If there is any inconsistency between the Conditions and a Pricing Supplement, the Pricing Supplement prevails.

Issuer:	Armour Energy Limited (ABN 60 141 198 414). Further information (which information is not incorporated by reference in this Information Memorandum) regarding the Issuer and the Group can be obtained from the website: https://www.armourenergy.com.au/ or from the documents which are specifically incorporated by reference in this Information Memorandum.
Initial Guarantors and Guarantee:	(a) Armour Energy (Surat Basin) Pty Limited (ABN 61 607 504 905); (b) Ripple Resources Pty Ltd (ABN 83 127 220 768); and (c) Armour Energy (Victoria) Pty Ltd (ACN 167 298 240). The Notes are issued with the benefit of the Guarantee and the payment of principal and interest in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors as more fully set out in the Note Trust Deed. As more fully described below, the Issuer may, from time to time, as required under Condition 5.7 ("Guarantor Group") and in accordance with the terms of the Note Trust Deed, appoint or procure the appointment of any Subsidiary of the Issuer incorporated in Australia which is not an Initial Guarantor as an additional guarantor and may also obtain a release of a guarantor (each entity from time to time appointed as a guarantor which has not been released, a " Guarantor ").
Lead Manager and Initial Subscriber:	FIIG Securities Limited (ABN 68 085 661 632).
Registrar:	Perpetual Trustee Company Limited (ABN 42 000 001 007) or such other person appointed by the Issuer under an Agency Agreement to perform registry functions and establish and maintain the Register (as defined below) on the Issuer's behalf from time to time (" Registrar ").
Issuing & Paying Agent:	Perpetual Trustee Company Limited (ABN 42 000 001 007) or any other person appointed by the Issuer under an Agency Agreement to act as issuing or paying agent on the Issuer's behalf from time to time (" Issuing & Paying Agent ").
Calculation Agent:	Perpetual Trustee Company Limited (ABN 42 000 001 007) or any other person appointed by the Issuer under an Agency Agreement to act as calculation agent on the Issuer's behalf from time to time (" Calculation Agent ").
Agents:	Each of the Registrar, Issuing & Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Tranche or series of Notes (each an " Agent " and, together, the " Agents ").

Note Trustee:	Perpetual Corporate Trust Limited (ABN 99 000 341 533) or such other person appointed under the Note Trust Deed as trustee of the Armour Energy Note Trust from time to time (" Note Trustee ").
Security Trustee:	P.T. Limited (ABN 67 004 454 666) or such other person appointed under the Security Trust Deed as trustee of the Armour Energy Security Trust (as defined in the Security Trust Deed) from time to time (" Security Trustee ").
Form of Notes:	<p>Notes will be issued in registered form and will be debt obligations of the Issuer which are constituted by, and owing under, the Note Trust Deed. Notes take the form of entries in a register ("Register") maintained by the Registrar.</p> <p>No certificates in respect of any Notes will be issued unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.</p>
Negative pledge:	Notes will have the benefit of a negative pledge, as described in Condition 5.2 (" Negative pledge ").
Financial undertakings:	Notes will have the benefit of certain financial undertakings as described in Condition 5.1 (" Financial undertakings ").
Status and ranking of the Notes:	Notes will be direct, secured, unsubordinated and unconditional obligations of the Issuer and will at all times rank equally among themselves and at least equally with all other present and future direct, unsecured unsubordinated and unconditional obligations of the Issuer, but subject to any prior ranking Permitted Security Interest and liabilities mandatorily preferred by law.
Status and ranking of the Guarantee:	<p>The Notes are issued with the benefit of the Guarantee. Pursuant to the Guarantee. Each Guarantor unconditionally and irrevocably guarantees on a joint and several basis to the Noteholders, among other things, the due and punctual performance by the Issuer of its obligations under the Notes.</p> <p>The obligations of each Guarantor under the Guarantee will be direct, secured, unsubordinated and unconditional obligations of that Guarantor and will at all times rank equally among themselves and at least equally with all other present and future direct, unsecured and unsubordinated obligations of that Guarantor, but subject to any prior ranking Permitted Security Interest and liabilities mandatorily preferred by law.</p> <p>In addition, the Issuer undertakes that all of its Subsidiaries incorporated in Australia are, or will accede as, a Guarantor pursuant to the Note Trust Deed.</p>
Security:	<p>The Notes will be secured by the following securities granted in favour of the Security Trustee:</p> <ul style="list-style-type: none"> • a general security deed ("General Security Deed") over all of the Issuer's and each Guarantor's present and after-acquired property (including over the shares in each wholly owned Subsidiary incorporated in Australia other than Armour Energy International Pty Ltd (ACN 622 043 654)); and • a real property mortgage over the properties located at: <ul style="list-style-type: none"> • 2943 Kincora Road, Oberina, Queensland, 4417 (being the land described in Lot 1 in Registered Plan 186132 and contained in Title Reference 16568099); • Lot 2/RP201473 Eulorel Road, Ballaroo, Queensland, 4455 (being the land described in Lot 2 in Registered Plan 201473 and contained in Title Reference 16812024); and • Lot 31 Dunkeld Road, Tingun (being the land described in Lot 31 in Crown Plan WV1790 and contained in Title Reference 16561151), <p>(together, the "Securities").</p>

As at the date of this Information Memorandum, Armour Energy International Pty Ltd (ACN 622 043 654) represents 0% of the Group's total assets and 0% of the Group's EBITDA (as defined below).

The Security Trustee will hold the Securities for the benefit of the Note Trustee and all Noteholders, subject to the Priority Deed.

Details of the security arrangements for the Notes are more fully described in the section entitled "Security Arrangements" below.

Priority Deed:

Priority arrangements in respect of the Environmental Bond Bank Account is as follows:

- (a) firstly, Westpac Banking Corporation ("**Westpac**") for an amount up to the lesser of A\$6,800,000 and the face value of bank guarantees issued by Westpac;
- (b) secondly, Tribeca Securities (as defined below) for an amount up to the lesser of A\$6,800,000 and the face value of bank guarantees issued by Westpac,
- (c) thirdly, the Securities for all amounts owing under the Notes.

Priority arrangements in respect of all other assets of the Obligors is as follows:

- (a) firstly, the Securities for all amounts owing under the Notes; and
- (b) secondly, Tribeca Securities for an amount up to A\$10,000.

Details of the priority arrangements with respect to the Securities for the Notes are more fully described in the section entitled "Security Arrangements" below.

Issue restrictions:

Notes may only be offered for issue in accordance with the Conditions.

In particular, the Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes, if:

- (a) where the offer or invitation is made in, or into Australia:
 - (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the offeror or its associates to the offeree or its associates) or if the offer or invitation (including any resulting issue) otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act;
 - (ii) the offer or invitation (including any resulting issue) does not constitute an offer to a "retail client" as defined for the purposes of section 761G of the Corporations Act; and
 - (iii) such action does not require any document to be lodged with ASIC; and
- (b) at all times, the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

Interest:	<p>Each Note bears interest on its Outstanding Principal Amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date (unless redeemed earlier) at the Interest Rate.</p> <p>Interest is payable in arrear on each Interest Payment Date or such other date on which a Note is redeemed, and adjusted, if necessary, in accordance with the Business Day Convention.</p> <p>All such information will be set out in the relevant Pricing Supplement.</p>
Amortisation Period:	Means the period commencing from (and including) 29 March 2021 to (but excluding) the Maturity Date.
Scheduled Amortisation:	Each Note will amortise quarterly during the Amortisation Period and be partially redeemed in the Scheduled Amortisation Amount on each Interest Payment Date. A detailed amortisation schedule for the Notes is set out on page 85 of this Information Memorandum.
Amortisation Step Up:	If the Debt Service Cover Ratio falls below 2.50 times during the Amortisation Period, the Issuer must apply an amount equal to 40% of its “Free Cash after Debt Servicing” (as defined in the Conditions) of the Group for that quarter towards amortisation of the Notes on the next Interest Payment Date. Such amounts will be allocated on a pro rata basis across all of the Notes and rounded down to the nearest A\$1.00 per Note.
Denomination:	Notes will be issued in the single denomination of A\$1,000. The principal amount of each Note will be adjusted by the Amortisation Amount during the Amortisation Period.
Minimum parcel size on initial issue:	A\$50,000.
Clearing System:	<p>Notes may be transacted either within or outside a clearing system.</p> <p>The Issuer intends to apply to Austraclear Ltd (ABN 94 002 060 773) (“Austraclear”) for approval for Notes to be traded on the clearing and settlement system operated by Austraclear (“Austraclear System”). Upon approval by Austraclear, the Notes will be traded through Austraclear in accordance with the rules and regulations of the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes.</p> <p>Transactions relating to interests in the Notes may also be carried out through the settlement system operated by Euroclear Bank SA/NV (“Euroclear”) or the settlement system operated by Clearstream Banking S.A. (“Clearstream”).</p> <p>Interests in the Notes traded in the Austraclear System may be held for the benefit of Euroclear or Clearstream. In these circumstances, entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited) while entitlements in respect of holdings of interests in Notes in Clearstream would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream.</p> <p>The rights of a holder of interests in a Note held through Euroclear or Clearstream are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, the terms and conditions of agreements between Euroclear and Clearstream and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration as set out in the Conditions.</p>

None of the Issuer, any Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agent will be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

Title: Entry of the name of the person in the Register in respect of Notes in the registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or error.

Title to Notes which are held in the Austraclear System will be determined in accordance with the rules and regulations of the Austraclear System.

Notes which are held in the Austraclear System will be registered in the name of Austraclear.

Payments: Payments to persons who hold Notes through the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.

Payment Date: A Payment Date for a Note is the Maturity Date, an Interest Payment Date or any other relevant date on which a payment in respect of that Note is due, adjusted in accordance with the applicable Business Day Convention.

Record Date: The Record Date is the close of business (in the place where the Register is maintained) on the eighth day before the Payment Date.

Maturity and redemption: Subject to compliance with all relevant laws and directives, each Note will be redeemed on its Maturity Date at its then Outstanding Principal Amount, unless the Note has been previously redeemed or purchased and cancelled.

Notes are also redeemable prior to the Maturity Date:

- at the option of the Issuer on certain Optional Redemption Dates; or
- at the option of the Issuer for changes in tax law which result in the Issuer being required to pay an Additional Amount under the Conditions; or
- at the option of the Issuer to prevent or cure a breach of a Financial Undertaking; or
- at the option of a Noteholder following the occurrence of a Change of Control,

in each case, on the terms as more fully set out in the Conditions and the relevant Pricing Supplement.

Notes entered in the Austraclear System will be redeemed through the Austraclear System in a manner that is consistent with the rules and regulations of the Austraclear System.

Selling restrictions: The offer, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes is subject to such restrictions as may apply in any country in connection with the offer and sale of the Notes. In particular, restrictions on the offer, sale or delivery of Notes in Australia and Singapore are set out in the section entitled "Selling Restrictions" below.

**Transfer
procedure:**

Notes may only be transferred in whole and in accordance with the Conditions.

In particular, the Notes may only be transferred if the offer or invitation for the sale or purchase of Notes is received by a person:

- (a) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
- (b) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

Transfers of Notes held in the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.

**Investors to obtain
independent
advice with respect
to investment and
other risks:**

Investing in the Notes entails a number of risks. Certain risks associated with the Group's business are outlined in the section entitled "Key Risk Factors" below. However, this Information Memorandum does not describe all of the risks associated with the Issuer's or the Group's business and those associated with an investment in any Notes or the market generally.

As such, prospective investors or purchasers should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

**Taxes,
withholdings,
deductions and
stamp duty:**

All payments in respect of Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, levies, duties, assessments or governmental charges of any nature whatsoever imposed or levied by or on behalf of the Commonwealth of Australia or any political subdivision thereof or any authority therein or thereof unless such withholding or deduction is required by law.

It is intended that the Notes will be offered, and interest will be paid from time to time, in a manner which satisfies the exemption from interest withholding tax contained in section 128F of the Australian Tax Act (see the section entitled "Australian Taxation" below for further information).

If a withholding or deduction is required by law by any party in relation to a payment on the Notes, that party will account to the relevant authority for the amount required to be withheld or deducted and an additional amount in respect of such withholding or deduction will be paid to the relevant Noteholder (other than on account of the exceptions set out in Condition 11.3 ("Gross-up exceptions")), including, without limitation, for or on account of any withholding or deduction arising under or in connection with FATCA or any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with FATCA, or pursuant to any agreement with the U.S. Internal Revenue Service ("IRS") in connection with FATCA).

Investors should obtain their own taxation and other applicable advice regarding the taxation and other fiscal status of investing in any Notes and none of the Issuer, a Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agent makes any representation regarding the taxation treatment of the Notes for any particular investor.

FATCA and CRS: The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") establish a due diligence, reporting and withholding regime. FATCA aims to detect U.S. taxpayers who use accounts with "foreign financial institutions" ("**FFIs**") to conceal income and assets from the IRS.

Under FATCA, a 30% withholding may be imposed (i) in respect of certain U.S. source payments and (ii) in respect of "foreign passthru payments" (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements ("**FATCA withholding**").

A FATCA withholding may be required if (i) an investor does not provide information sufficient for the Issuer or the relevant financial institution through payments on the Notes to determine whether the investor is subject to FATCA withholding or (ii) an FFI to or through which payments on the Notes are made is a "non-participating FFI".

If the Notes are treated as debt for U.S. federal income tax purposes and payment is made under a grandfathering obligation, FATCA withholding is not expected to apply. Generally, a grandfathering obligation is any obligation issued on or before the date that is six months after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

In any event, FATCA withholding is not expected to apply on payments made before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are filed with the U.S. Federal Register.

Australia and the United States signed an intergovernmental agreement ("**Australian IGA**") in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia ("**Tax Administration Act**") to give effect to the Australian IGA ("**Australian Amendments**").

Australian financial institutions which are Reporting Australian Financial Institutions under the Australian IGA must comply with specific due diligence procedures to identify their account holders (for example, the Noteholders) and provide the Australian Taxation Office ("**ATO**") with information on financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders and on payments made to non-participating FFIs. The ATO is required to provide that information to the IRS. Consequently, Noteholders may be requested to provide certain information and certifications to a financial institution through which payments on the Notes are made in order for such financial institution to comply with its FATCA obligations.

A Reporting Australian Financial Institution that complies with its obligations under the Australian IGA will not generally be subject to FATCA withholding on amounts it receives, and will not generally be required to deduct FATCA withholding from payments it makes with respect to the Notes, other than in certain prescribed circumstances.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

FATCA is particularly complex legislation. Investors should consult their own tax advisers to determine how FATCA and the Australian IGA may apply to them under the Notes.

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information ("**CRS**") will require certain financial institutions to report information regarding certain accounts (which may include the Notes) to their

local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. The Australian Government has enacted legislation amending, among other things, the Tax Administration Act to give effect to the CRS. The CRS has applied to Australian financial institutions since 1 July 2017.

- Listing:** It is not intended that the Notes be listed or quoted on any stock or securities exchange.
- Rating:** Neither the Issuer nor the Notes have been, nor is it intended that they will be, rated by any credit ratings agency.
- Governing law:** The Notes and all related documentation will be governed by the laws of Queensland, Australia.
- Use of proceeds:** The Issuer will use the proceeds from the issue of the Notes to:
- (a) fully repay its existing Convertible Notes;
 - (b) pay the capital expenditure associated with the drilling of new wells and maintenance of the Kincora Project; and
 - (c) for general corporate purposes.

Security Arrangements

*This section contains a summary of the Security Trust Deed dated 25 March 2019 between, amongst others, the Issuer, the Guarantors and P.T. Limited (ABN 67 004 454 666) ("**Security Trustee**") ("**Security Trust Deed**") and the Securities applicable to the Notes (as defined in the Security Trust Deed). This summary is qualified in its entirety by reference to the provisions of the Conditions of the Notes, the Security Trust Deed and the Securities applicable to the Notes and the other underlying documents described below and elsewhere in this Information Memorandum.*

Capitalised terms used in this section have the meaning given to them in the Security Trust Deed unless otherwise defined.

1 Overview

1.1 Securities

The obligations of the Issuer under the Notes and the Guarantors under the Guarantee will be secured by:

- (a) a General Security Deed dated 25 March 2019 granted by the Issuer and the Initial Guarantors ("**General Security Deed**") in favour of the Security Trustee over all of the present and after acquired property of the Issuer and each Guarantor (including over the shares in each wholly owned subsidiary incorporated in Australia but excluding its shares in Armour Energy International Pty Ltd (ACN 622 043 654)); and
- (b) a real property mortgage ("**Real Property Mortgage**") over the properties located at:
 - (i) 2943 Kincora Road, Oberina, Queensland, 4417 (being the land described in Lot 1 on Registered Plan 186132 and contained in Title Reference 16568099);
 - (ii) Lot 2/RP201473 Eulorel Road, Ballaroo, Queensland, 4455 (being the land described in Lot 2 in Registered Plan 201473 and contained in Title Reference 16812024); and
 - (iii) Lot 31 Dunkeld Road, Tingun (being the land described in Lot 31 in Crown Plan WV1790 and contained in Title Reference 16561151).

The Real Property Mortgage is governed by the law of Queensland, being the state of Australia where the property is located.

The General Security Deed and the Real Property Mortgage (together, the "**Securities**") described in this section have been granted in favour of the Security Trustee, who holds them on trust for the Beneficiaries in accordance with the terms of the Security Trust Deed.

On settlement of the Notes, the Issuer will redeem the Convertible Notes in full and the existing securities in favour of holders of the Convertible Notes will be discharged.

1.2 Environmental Bond Bank Account

Armour Energy (Surat Basin) Pty Ltd procured the issuance of bank guarantees with an aggregate face value of A\$6,800,000 by Westpac Banking Corporation ("**Westpac**") in favour of the Department of Natural Resources, Mines and Energy of Queensland ("**QLD Department**") ("**Environmental Bonds**") to secure certain potential environmental liabilities of Armour Energy (Surat Basin) Pty Ltd to the QLD Department.

If an environmental liability arises, the QLD Department may make a claim under the Environmental Bonds. If a claim is made, Westpac, as issuing bank, will be required to pay

the claim and upon doing so, will be entitled to recover amounts it has paid under Environmental Bonds pursuant to an indemnity from Armour Energy (Surat Basin) Pty Ltd.

To secure its indemnity obligations to Westpac, Armour Energy (Surat Basin) Pty Ltd has provided Westpac with cash cover in a secured bank account of an amount of A\$6,800,000, being the full face value of the Environmental Bonds ("**Environmental Bond Bank Account**").

In addition, Armour Energy (Surat Basin) Pty Ltd has procured an A\$6,800,000 interest only facility from Equity Trustees Limited (ABN 46 004 031 298) in its capacity as the trustee of the Tribeca Global Natural Resources Credit Fund (ABN 92 233 562 005) and the Tribeca Global Natural Resources Credit Master Fund ("**Tribeca Financiers**") ("**Tribeca Facility**"). As at the date of this Information Memorandum, the facility is fully drawn and has a scheduled repayment date of 31 July 2021.

Armour Energy (Surat Basin) Pty Ltd has granted security over the Environmental Bond Bank Account firstly, in favour of Westpac (to secure its indemnity obligations to Westpac in respect of the Environmental Bonds), secondly, the Tribeca Financiers (to secure repayment of the Tribeca Facility) and lastly, the Noteholders. Accordingly, it is not expected that any amounts held in the Environmental Bond Bank Account will be available to pay amounts owing under the Notes. The obligations of Armour Energy (Surat Basin) Pty Ltd under the Tribeca Facility to the Tribeca Financiers are (together, the "**Tribeca Securities**"):

- (a) guaranteed by the Issuer; and
- (b) secured by a credit account security deed granted by Armour Energy (Surat Basin) Pty Ltd in favour of EQT Australia Pty Ltd in its capacity as security trustee under a trust established in favour of the Tribeca Financiers ("**Tribeca Security Trustee**") over the Environmental Bond Bank Account and a featherweight charge over all of its other assets ("**Credit Account Security Deed**").

The Issuer has not provided any security in favour of the Tribeca Security Trustee to secure its obligations under the guarantee.

The Security Trustee has, or will, enter into a Priority Deed with the Tribeca Security Trustee to, among other things, provide that except in the case of the Environmental Bond Bank Account the Securities will rank in priority to the Tribeca Securities for amounts owing to Noteholders (see paragraph 3 below).

2 The Security Trust Deed

2.1 Beneficiaries under the Security Trust Deed

The Beneficiaries (as defined below) will have the benefit of the Securities granted to the Security Trustee under the Security Trust Deed. The Security Trustee, the Note Trustee, each Agent, the Noteholders and each other person which the Security Trustee acknowledges is a Beneficiary for the purposes of the Security Trust Deed will be the Beneficiaries under the Security Trust Deed (each a "**Beneficiary**", and together, the "**Beneficiaries**").

2.2 Powers of the Security Trustee

The Security Trustee has all the powers of a natural person or corporation in connection with the exercise of its rights and compliance with its obligations under the Transaction Documents to which it is a party. The Security Trustee will be under no obligation to act unless it is properly instructed and adequately indemnified. The Security Trust Deed contains provisions that govern the performance by the Security Trustee of its duties and obligations in connection with the Securities and the protections afforded to the Security Trustee in doing so. In addition, it contains provisions which govern the steps that are to be taken by the Security Trustee upon the occurrence of an Event of Default.

2.3 Instructions to the Security Trustee

The rights under the Securities are granted in favour of the Security Trustee. The Security Trust Deed provides that, in the exercise of all such rights, the Security Trustee shall act in accordance with the instructions of the Beneficiaries given by way of Ordinary Resolution or by way of a Special Resolution or by unanimous instruction of all Beneficiaries as set out in clauses 4.1 ("Instructions; extent of discretion") and 4.2 ("Matters requiring a Special Resolution") of the Security Trust Deed. In the absence of such instructions, the Security Trustee need not act. If the Security Trustee consults the Beneficiaries to seek instructions in connection with a matter in respect of which the Security Trustee is required under the Security Trust Deed to act reasonably or not to unreasonably withhold or delay consent or approval, each Beneficiary must act reasonably in giving instructions to the Security Trustee. If the Security Trustee receives such instructions, it may rely on them and it has no duty to consider whether a Beneficiary has acted reasonably and is deemed to have complied with any reasonableness requirement in the relevant clause of the Security Trust Deed. Any action taken by the Security Trustee in accordance with the instructions of the relevant Beneficiaries binds all the Beneficiaries.

Under the Security Trust Deed, an "Ordinary Resolution" means a resolution passed at a meeting of Beneficiaries of at least 50% of the votes cast or a circulating resolution signed by Beneficiaries representing at least 50% of the Secured Money and a "Special Resolution" means a resolution passed at a meeting of Beneficiaries by at least 75% of the votes cast or a circulating resolution signed by Beneficiaries representing at least 75% of the Secured Money.

2.4 Unanimous instructions under the Security Trust Deed

Under the Security Trust Deed, there are certain circumstances in which the Security Trustee must only act on the instructions of all Beneficiaries (with the Note Trustee acting as the representative for all Noteholders). These include:

- (a) a change to certain definitions in the Security Trust Deed;
- (b) an exercise of any discretion in distribution of moneys received or recovered by the Security Trustee; and
- (c) a change to the clauses which govern the ability to instruct the Security Trustee and the order of distribution of moneys received or recovered by the Security Trustee.

2.5 Events of Default

In general, if any Event of Default is continuing, the Security Trustee agrees to as soon as possible and in any event within 5 Business Days of becoming aware of the Event of Default notify all Beneficiaries of, among other things, the Event of Default and convene a meeting of the Beneficiaries to obtain directions as to what actions the Security Trustee should take in respect of the Securities. Any meeting of Beneficiaries will be held in accordance with the terms of the Security Trust Deed.

2.6 Procedures for seeking instructions

Under the Security Trust Deed, when seeking instructions from the Beneficiaries, the Security Trustee must specify in writing a period within which instructions are to be provided. The period will be as set out in the Transaction Documents to which the Security Trustee is a party if specified or, if not specified, a period of at least 21 days (or any shorter period agreed by the Beneficiaries).

If a Beneficiary does not provide instructions in writing within the period specified it will be disregarded for the purpose only of determining whether instructions have been given by a specified majority of, or by all, Beneficiaries.

Under the Note Trust Deed, if the Security Trustee requests instructions from the Note Trustee for the taking of any action which requires a direction, approval, consent or determination of all or a specified majority of the Beneficiaries under the Security Trust Deed (or any class of them), the Note Trustee must:

- (a) notify each Noteholder and seek directions and instructions;
- (b) calculate the aggregate Exposure of Noteholders directing in favour or and against the approval, consent, determination or direction;
- (c) if the required majority have been satisfied, then all Noteholders will be deemed to have provided the relevant approval, consent, determination or direction; and
- (d) notify the Security Trustee of the outcome of the request for approval, consent, determination or direction and if requested by the Security Trustee, provide the Security Trustee with details of Exposure of Noteholders directing in favour for and against the approval, consent, determination or direction.

2.7 Distribution of recovered moneys

Under the Security Trust Deed, the Security Trustee will apply all money received or recovered by it which is available for distribution to the Beneficiaries in the following order of priority (unless otherwise agreed unanimously by the Beneficiaries):

- (a) **First:** *pari passu* and rateably, all Costs (as defined in the Security Trust Deed) of the Security Trustee, the Note Trustee or any Receiver or Attorney, which are incurred in or are incidental to the actual or attempted exercise or performance of a right, power or remedy or otherwise in relation to any Transaction Document;
- (b) **Second:** any other outgoings which the Security Trustee, Receiver or Attorney thinks proper to pay;
- (c) **Third:** *pari passu* and rateably, to pay each Agent for any Costs owing to it personally in connection with performing its role as Agent;
- (d) **Fourth:** to each holder of a Security Interest of which the Security Trustee is aware and which has priority in relation to the relevant Collateral (as defined in the Security), to the extent, and in order, of priority;
- (e) **Fifth:** pro rata in reimbursement of any amount paid by the Beneficiaries to the Security Trustee pursuant to clause 9.9 ("Indemnity by Beneficiaries") of the Security Trust Deed;
- (f) **Sixth:** towards satisfaction of the Exposure of each Beneficiary in the same proportion as its Exposure bears to the aggregate Exposure of all Beneficiaries;
- (g) **Seventh:** to each holder of a Security Interest of which the Security Trustee is aware and which ranks after any Security in relation to the relevant Collateral (as defined in the Security), to the extent, and in order, of priority; and
- (h) **Eighth:** the surplus (if any) to or at the direction of the relevant Obligor. The surplus will not carry interest.

Notwithstanding the above, amounts distributed in accordance with the Security Trust Deed to the extent payable in respect of Notes will be paid to the Note Trustee (as required by clause 7.4 ("Distribution of recovered money under Security Trust Deed") of the Note Trust Deed) and distributed by it in the order described in clause 3.3 ("Issuer's undertaking to pay and perform obligations") of the Note Trust Deed.

2.8 Release of property from a Security

The Security Trustee must remove or release property from a Security if:

- (a) the Transaction Documents permit the sale, removal or release of property, the requirements of those Transaction Documents are satisfied; or
- (b) in all other cases, on the instructions of the Beneficiaries by way of Special Resolution.

2.9 Indemnity to Security Trustee

Under the Security Trust Deed, the Security Trustee has the benefit of an indemnity (including out of the Security Trust Fund (as defined in the Security Trust Deed)), from the Beneficiaries (other than the Note Trustee, the Security Trustee and each Agent), to the extent not reimbursed by the Obligors, against any Costs the Security Trustee may sustain or incur directly or indirectly other than in the case of its own fraud, gross negligence or wilful default.

2.10 Limitation of liability of Security Trustee

Under the Security Trust Deed, the Security Trustee is not liable except to the extent those liabilities are satisfied from its indemnity from the Security Trust Fund except to the extent its indemnity is lost or diminished by its own fraud, gross negligence or wilful default. This includes any action taken or not taken by it or them under any Transaction Document.

3 Priority Deed

Capitalised terms used but not otherwise defined in this section have the meaning given to them in the Priority Deed.

3.1 Priority

- (a) The Tribeca Security Trustee's security interest (being the Tribeca Securities) ranks ahead of the Security Trustee's security interest (being the Securities held for the benefit of the Note Trustee and the Noteholders) as follows. All money received by a Secured Party or any other Enforcing Party on enforcement of a Security Interest over the Environmental Bond Bank Account (only) shall be applied in the following order of priority after payment of enforcement costs and expenses:
 - (i) first, for the account of the Tribeca Security Trustee in reduction of the amount secured by the Tribeca Security Trustee's security interest; and
 - (ii) second, for the account of the Security Trustee in reduction of the amount secured by the Security Trustee's security interest.
- (b) The Security Trustee's security interest ranks ahead of the Tribeca Security Trustee's security interest as follows. All money received by a Secured Party or any other Enforcing Party on enforcement of a Security Interest over any Collateral that is not the Environmental Bond Bank Account shall be applied in the following order of priority after payment of the amounts referred to in clause 3.1 ("Account of proceeds") of the Priority Deed:
 - (i) first, for the account of the Security Trustee in reduction of the amount secured by the Security Trustee's security interest; and
 - (ii) second, for the account of the Tribeca Security Trustee in reduction of the amount secured by the Tribeca Security Trustee's security interest.

3.2 Enforcement

- (a) **(Priority of enforcement action)** While a Secured Party has priority described under paragraph 3.1 above in respect of any Collateral, then subject to clause 8 ("Administration") of the Priority Deed any enforcement action taken under its Security Interest over that Collateral (the "**Relevant Property**") takes precedence over any enforcement action taken under the other Secured Party's Security Interest over the Relevant Property.
- (b) **(Possession and control)** Without limiting paragraph (a), any Enforcing Party appointed by the Secured Party with priority may:
 - (i) take and have possession and control of the Relevant Property; and
 - (ii) do everything and make all decisions in connection with the disposal of, or other dealing with, the Relevant Property,to the exclusion of the other Secured Party and its Enforcing Parties.
- (b) **(Discharge)** If, as a result of any enforcement action taken by or on behalf of a Secured Party, any of the Relevant Property is to be disposed of or otherwise dealt with, then no later than the time of completion of the disposal or other dealing, the other Secured Party will:
 - (i) release the Relevant Property from its Security Interest and remove any caveats or mortgages filed by it in relation to the Relevant Property; and
 - (ii) if any of the Relevant Property consists of shares, release any Security, guarantee or other obligation granted or owed to it by the company who issued the shares or by any of that company's subsidiaries,if requested by the relevant Enforcing Party to do so. It shall do so even if the proceeds from the disposal or dealing, if applied in accordance with the priority described under paragraph 3.1 above may be insufficient to pay all amounts secured by its Security Interest. No release need be given if the disposal or dealing is prohibited under the Priority Deed.
- (c) **(Acknowledgement of recovery limit)** The Tribeca Security Trustee acknowledges and confirms that the amount recoverable under the security interest granted in favour of the Tribeca Security Trustee over all of Armour Energy (Surat Basin) Pty Ltd's present and after acquired property other than the Environmental Bond Bank Account pursuant to the Credit Account Security Deed will at all times be limited to the last A\$10,000 of the Tribeca Security Trustee's Secured Liabilities.

3.3 Notice of action

Nothing in the paragraph above requires or prevents the exercise by either Secured Party of any rights, powers or remedies but a Secured Party with second priority over Collateral shall not enforce its Security Interest over any Collateral without first giving the other Secured Party not less than three Business Days' notice of its intention to do so.

Description of the Issuer and the Group

The information in this section is a brief summary only of the Issuer and other members of the Group and their respective businesses and does not purport to be, nor is it, complete. It may contain details of past performance and is not a reliable indicator of future performance.

Investors should review, amongst other things, this Information Memorandum and the documents which are deemed to be incorporated in this Information Memorandum by reference in their entirety when deciding whether to purchase any Notes.

This Information Memorandum contains only summary information concerning the Issuer, the Group and the Notes. It should be read in conjunction with the Conditions, the documents which are deemed to be incorporated by reference in it (including the Note Trust Deed, the Security Trust Deed and the Securities applicable to the Notes). The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer, the Group or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a representation or report of either of those things) by any of the Issuer, the Group, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Investors should also consider information published by the Issuer on its website at www.armourenergy.com.au and on the ASX website at www.asx.com.au (ASX Code: AJQ).

1 Company History

Armour Energy Limited ("**Armour Energy**" or the "**Issuer**") is listed on the Australian Stock Exchange ("**ASX**") and focussed on the exploration and production of hydrocarbons, predominantly onshore in Australia. Armour Energy was established in 2009 as an exploration company and floated on the ASX in 2012 with the aim to explore and develop conventional and unconventional gas resources in the Mt Isa Super Basin, the South Nicolson and McArthur Basins in northern Australia.

Between 2011 and 2012, Armour Energy worked with Native Title holders to facilitate the award of tenure across the Northern Territory and Queensland. During the period from 2012 to 2014, Armour Energy drilled multiple wells across both the Northern Territory and Queensland leading to the discovery and third party certification of 160BCF of 2C Resources of natural gas, and a combined NT/QLD Prospective Gas Resource of 57 TCF (best estimate)¹.

Armour Energy's key operating asset is the Kincora Project, located in the Bowen-Surat Basin, which the Issuer acquired from Origin Energy pursuant to a contract executed in September 2015. Armour Energy restarted production at Kincora in December 2017 and is currently producing approximately 12TJ per day. The Issuer is targeting daily production of around 20TJ by the end of 2019 as part of its multi-phase growth strategy.

In September 2017, Armour Energy completed negotiations with the Government of Uganda which enabled the award of an onshore exploration licence for the Kanywataba block in conjunction with the signing of a Production Sharing Agreement with the Government of Uganda. Armour Energy was the first company to have been granted an exploration licence

¹ Source: Armour Energy ASX Announcement 21 September 2015.

out of the first licencing round tender which was issued by the Government of Uganda in late 2015².

2 Production and Exploration Overview



2.1 Kincora Project (Southern Queensland)

Armour Energy completed the acquisition of petroleum resources, tenures, production and transportation infrastructure assets on the Roma Shelf in the Bowen-Surat Basin, Queensland from Origin Energy in September 2016. At the time of acquisition, the Kincora Project Roma Shelf Assets included the Kincora Gas and LPG Plant and Infrastructure, consisting of:

- over 3,000km² of highly prospective western flank of the Taroom Trough of the Surat Basin, 19 Production Licences, 5 Authorities to Prospect and 4 Petroleum Pipeline Licences;
- gas, LPG condensate processing and gas compression facilities at Kincora, south of Roma;
- a number of in field gas compression and standalone oil gathering / processing facilities as well as inter-field pipelines;
- a Connection Agreement with APA Group securing access to the Roma Brisbane Pipeline at Wallumbilla from the Kincora Gas Plant via pipeline PPL3; and
- a gas storage facility with a capacity of 7.5PJ, which contained 2.3PJ of sales gas at the time of purchase.

² Armour Energy has agreed, subject to the consent of the Government of Uganda, to transfer the tenement to a project specific company in which Armour Energy will have a 16.82% interest and DGR Global Limited, a major shareholder in Armour Energy, shall hold the other 83.18% interest in the transferee entity.

Total Reserves – Kincora Project ⁽¹⁾	1P	2P (1P+2P)	3P (1P+2P+3P)
Estimated Net Total Gas (PJ)	39.6	123.6	294.0
LPG Yield (Tonne)	81,770	255,303	607,019
Condensate Yield (BBL)	393,524	1,228,670	2,921,336

Notes:

- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on a risked net basis with historical production removed.
- All reserves are listed 100% Armour (reserves exclude Waldgrave JV area)
- Petroleum Reserves have no deduction applied for gas used to run the process plant estimated at 7%.
- BSCF = billion cubic feet, PJ = petajoules, bbls = barrels, gas conversion 1.137 PJ/BCF.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2065 tonnes/petajoule, Condensate Yield 9938 barrels/petajoule.

Since the acquisition from Origin Energy, Armour Energy has increased its acreage position in the basin to in excess of 4,200km² with the award of new tenements (within government bid rounds) and through transactions with some of its Joint Venture partners, now holding 18 production licences and 9 authorities to prospect. Armour Energy has also increased its 2P reserves by over 100% to 123.6PJ, as shown in the table immediately above.

Armour Energy's Kincora assets, located near the Wallumbilla gas hub on the east coast of Australia, offer cashflow opportunities through the production of oil, gas, LPG and condensate and has positioned Armour Energy to be a significant producer in the region. Furthermore, the Newstead storage facility with a capacity of 7.5 PJs (currently 1.05 PJs of contained sales gas) provides Armour Energy with a significant business opportunity to manage this facility and to maximise returns during periods of high gas demand.

The Kincora Gas Plant has been recommissioned and became fully operational in December 2017. Raw gas from existing wells is now being processed and sold to Australia Pacific LNG Marketing Pty Ltd (“**APLNG**”) under a 5-year Gas Sales Agreement.

The Connection Agreement with APA Group allows Armour Energy to supply gas to APLNG under the Issuer's Gas Sales Agreement with them. The Connection Agreement with APA Group connects Armour Energy's production to APA Group's east coast pipeline network and is an essential component in Armour Energy being able to access the broader East Coast gas market, including a wide range of industrial customers, wholesale customers and traders.

The Issuer's target of increasing daily production from current rates of around 12 TJ/day up to around 20TJ/day by the end of calendar year 2019 is able to be managed utilising the existing Kincora Gas Plant and associated infrastructure. Significant maintenance work has been carried out over the last several months and an ongoing planned maintenance regime is being implemented.

2.2 Mt Isa Super Basin (North Queensland)

Armour Energy's North West Queensland Project is a promising shale gas prospect in Australia and is 100% owned by Armour Energy. Armour Energy has been granted ATP1087 and is preferred tenderer on ATP1107 in North West Queensland.

The tenements cover approximately 3.6 million acres and encompass the South Nicholson Basin and underlying Isa Super Basin which extends westward into the Issuer's Northern Territory applications. Armour Energy's Independent Experts have assessed 22.1 trillion cubic feet (Tcf) of Best Prospective Resource (gas) in the middle Proterozoic aged Lawn Hill and Riversleigh Shale in ATP1087.

2.3 McArthur Basin (Northern Territory)

Armour Energy has been granted 6 exploration permits in the McArthur Basin of the Northern Territory and 9 additional permits are pending award by the Northern Territory Government post completion of Native Title Agreements. These permits cover an area of approximately 121,560km². In September 2016, the Northern Territory Government (“**NT Government**”) announced a moratorium on hydraulic fracturing of onshore unconventional reservoirs. As a result of this Armour Energy has halted activities in the Northern Territory and before commencing further activity is waiting on the NT Government to provide clarity on the new regulations and guidelines it is implementing following the Final Report of the Scientific Inquiry into Hydraulic Fracturing In the Northern Territory.

2.4 Uganda

Armour Energy has agreed, subject to the consent of the Government of Uganda, to transfer the tenement to a project specific company in which Armour Energy will have a 16.82% interest and DGR Global Limited (“**DGR Global**”), a major shareholder in Armour Energy, shall hold the other 83.18% interest in the transferee entity. Until the time of transfer to a project specific company, or if such transfer does not occur, Armour Energy and DGR Global have agreed that the beneficial interest in the Kanywataba Block will be split 16.82% Armour Energy and 83.18% DGR Global. In consideration for the beneficial interest split, DGR Global has agreed to meet tenement expenditure and work program commitments for the first 2-year period of exploration and indemnify Armour Energy for these costs.

2.5 Ripple Resources (North Australia Minerals Projects)

Associated with Armour Energy’s Northern Australian Oil & Gas Projects and to take advantage of data gathered during the drilling of petroleum wells in the region, Armour Energy acquired 12,000km² of prospective mineral exploration permits in Northern Australia (100% owned), under a wholly owned company Ripple Resources Pty Ltd (“**Ripple Resources**”). This tenure is on trend with existing McArthur River (NT) and Century (QLD) mines. Ripple Resources has identified potential for zinc, lead, copper and other base metals hosted in stratiform and structural settings and discovered metals and indicators in recent drill/core holes that are based on new concepts, integrating mineral and petroleum exploration techniques.

2.6 Victoria – Lakes Oil JV

Armour Energy has a joint venture with Lakes Oil (“**JV**”) for onshore exploration tenements in the Otway and Gippsland Basins in Victoria. Under the JV, Armour Energy holds 51% in PEP169 and 25% in PEP166 (Otway), and has farm-in and acquisition rights to PRL2 (Gippsland). Armour Energy is a 7% shareholder in Lakes Oil and views the Victorian tenements as highly prospective stacked conventional and unconventional plays which are located near existing infrastructure and major gas users. Victoria has a ban on unconventional onshore exploration and a moratorium on conventional onshore exploration.

3 Armour Growth & Development Strategy

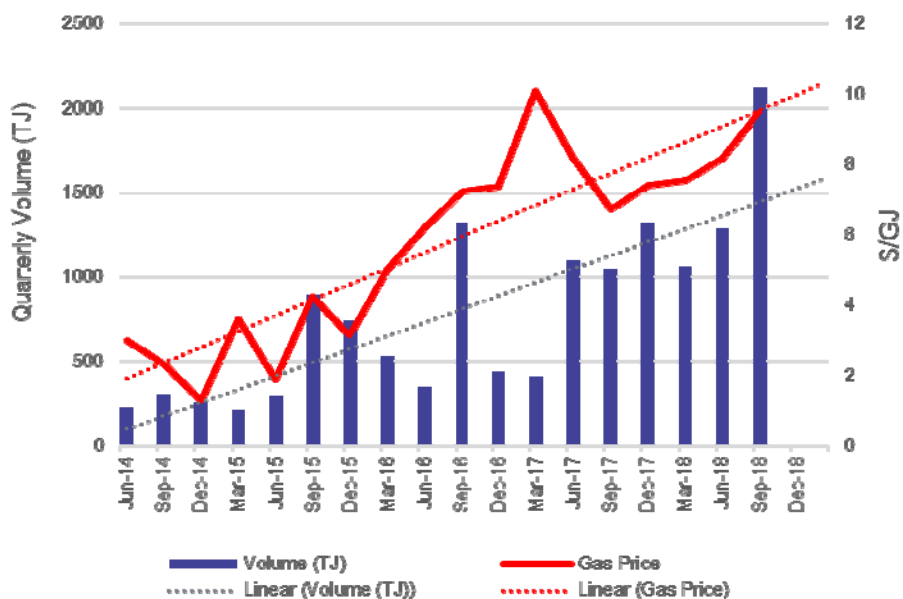
Armour Energy is progressing well through its stated objectives and growth strategies as published in the following 4-phase strategy for the development of the Kincora Project and are currently working through the Phase 3 objectives and have also commenced work on Phase 4 objectives. Armour Energy, together with some other operators firmly believe that there is opportunity for a multi TCF project in the basin and Armour Energy’s growth objectives in Phase 4 includes a thorough review and development of this opportunity.



<u>Kincora Acquisition</u> 2015 – 2016	<u>Kincora Restart</u> 2016 – 2017	<u>Kincora Production Growth</u> 2018 – 2019	<u>Armour Growth</u> 2019 – 2020+
<ul style="list-style-type: none"> Finalise Kincora Acquisition Planning & Design for Kincora Recommissioning Works Exploration Program Planning Commence Oil Production 	<ul style="list-style-type: none"> Restart Dry Gas Circuit Commission Newstead Gas Storage for Production Commence 5 TJ/day Sales Commission Wet Gas Circuit LPG, Condensate Sales 	<ul style="list-style-type: none"> Commence 9TJ/ Day Sales Commission Field Compressors Drill New Production Gas Wells Exploit New 3D Over Surat PL's Secure Further Gas Sales Agreements Target 20 TJ/day Sales 	<ul style="list-style-type: none"> Refinance Assets New Infrastructure Exploit Development Plans Target >30 TJ/Day Production and Sales Exploit All Acreage Across The Broader Portfolio

4 Gas Markets and Growth

Wallumbilla Gas Hub - Trade Volume and Gas Price (1)



The graph above is based on data from the Australian Energy Regulator. It shows a trending increase in gas prices at the Wallumbilla Gas Hub where Armour Energy delivers its gas. Points of note are:

- Armour Energy is contracted to Australia Pacific LNG for the supply of up to 3.65PJ per year for 5 years.
- For production volumes beyond this, Armour Energy will be able to take advantage of the strong East Coast gas market.

- Wallumbilla Gas Price has continued to increase in addition to quarterly volume increases.
- In 2017, the average gas price delivered to Brisbane/South East Queensland large industrial customers was A\$9.69/GJ(i) of which:
 - A\$9.00/GJ (93%) was the wholesale gas cost;
 - A\$0.69/GJ (7%) was pipeline transportation costs; and
 - increasing reserves based on drilling new wells increases current uncontracted volumes.

5 Financial Overview – Half year 2019

The Group ended 2018 with solid half-yearly results and continued to strengthen its position in and around the Kincora Project area with new tenements. The Group successfully tied back its first development well Myall Creek 4A to production and commercial sales, and drilled Myall Creek 5A as a future production well. Additionally, the Group increased its reserves over the Kincora Project area with a 100% increase to certified reserves over a 12-month period. On a corporate level the Group also established the Tribeca Loan Facility of A\$6.8 million and completed a fully underwritten entitlements issue which raised A\$10.1 million in equity funds.

Sales for the half-year were attributed to the Kincora Project and consist of gas, LPG, condensate and crude oil. As shown in the table below, sales in all products have significantly increased due to full recommissioning of the Kincora Gas Plant in December 2017. Current gas production is predominantly from existing wells with liquid rich gas, therefore providing LPG and condensate by-products which are contributing strongly to sales revenue.

Sales for the half -year period July to December	Half-year FY18	Half-year FY19	Movement
Sales revenue	A\$3.1m	A\$13.1m	A\$10m
Average Gas Sales per day (TJ/day)	5.0	8.4	3.4
Average LPG Sales per day (tonnes/day)	-	13.6	13.6
Average Oil/Condensate Sales per day (bbl/day)	35	161	126

Revenues are forecasted to continually increase in line with the Group's field development program and growth strategies of 30 TJ/day.

A gross profit for the half-year of A\$3.6 million was achieved, which was offset by the main expenditure areas of general administrative and financing costs, giving a total loss after income tax for the Group of A\$5.3 million. Backing out the interest, tax, depreciation and amortisation, the Group had earnings of A\$0.2 million.

As at 31 December 2018, the Group had net assets of A\$51.8 million which consists of:

- cash and cash equivalents of A\$7.7 million;
- other current assets, including receivables and inventory of A\$8.5 million;
- financial assets comprising cash-backed security deposits and bank guarantees of A\$11.6 million;

- exploration assets of A\$49.2 million, which primarily consist of the Group's Northern Territory and North Queensland assets; and
- oil and gas assets of A\$40 million which comprise all the land, licences and physical assets within the Kincora Project.

The above assets were offset by the liabilities of the Group which mainly consisted of:

- trade payables, leases and other miscellaneous of A\$12.4 million;
- Convertible Note liability at amortised cost of A\$40 million;
- non-current interest-bearing liability of A\$4 million which represents the liability component of a loan facility;
- restoration and rehabilitation provision of A\$6.7 million; and
- the present value of the deferred consideration payable to Origin Energy relating to the purchase of the Kincora Project of A\$1.9 million.

The Group reported a net cash outflow from operating activities of A\$1.6 million for the 31 December 2018 half-year. The Group expects to be in a positive operating cashflow position going forward, with gas sales expected to steadily increase from the current averaged rate of 8.4 TJ/day to the Issuer's longer-term target of 30 TJ/day.

Cashflows from investing activities primarily represents expenditure on the beginning of the Group's development program and first wells, Myall Creek 4A and 5A. Cashflows from financing activities relate to funding received from equity raisings and a loan facility which was established in July 2018. These funding receipts were offset by the payment of interest in relation to the Convertible Notes.

Armour Energy Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018



	Note	31 December 2018 \$	31 December 2017 \$
Revenue			
Revenue from sales	6	13,115,698	3,112,680
Cost of Goods Sold		<u>(9,526,287)</u>	<u>(2,689,714)</u>
Gross profit		<u>3,589,411</u>	<u>422,966</u>
Other income		6,029	5,241
Interest revenue		106,375	42,756
Expenses			
General and administrative expenses		(3,152,991)	(2,257,993)
Exploration expenditure written off		(71,329)	(4,107)
Finance costs		(5,343,955)	(4,211,492)
Other expenses		(48,196)	(170,569)
Pre-production costs		<u>-</u>	<u>(2,179,680)</u>
Loss before income tax expense	7	<u>(4,914,656)</u>	<u>(8,352,878)</u>
Income tax expense		<u>(371,118)</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Armour Energy Limited		<u>(5,285,774)</u>	<u>(8,352,878)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Change in fair value of financial assets at fair value through Other Comprehensive Income		(1,064,370)	-
Income tax on items that may be reclassified to profit or loss		<u>318,750</u>	<u>-</u>
Other comprehensive income for the half-year, net of tax		<u>(745,620)</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Armour Energy Limited		<u><u>(6,031,394)</u></u>	<u><u>(8,352,878)</u></u>
		Cents	Cents
Basic loss per share	22	(1.1)	(2.3)
Diluted loss per share	22	(1.1)	(2.3)

Armour Energy Limited
Consolidated statement of financial position
As at 31 December 2018



	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Current assets			
Cash and cash equivalents		7,683,834	5,104,627
Trade and other receivables		5,782,113	2,385,069
Inventories		2,113,409	1,388,333
Other		596,224	159,594
Total current assets		<u>16,175,580</u>	<u>9,037,623</u>
Non-current assets			
Other financial assets	8	11,579,405	12,560,501
Property, plant and equipment		35,015	32,466
Exploration and evaluation assets	9	49,185,757	48,903,126
Oil and Gas assets	10	39,826,357	30,987,611
Total non-current assets		<u>100,626,534</u>	<u>92,483,704</u>
Total assets		<u>116,802,114</u>	<u>101,521,327</u>
Liabilities			
Current liabilities			
Trade and other payables	11	11,349,323	7,621,297
Convertible notes	12	40,415,019	1,543,466
Provisions	13	1,221,819	1,130,249
Other current liabilities		-	178,806
Interest Bearing Liabilities		192,044	69,355
Total current liabilities		<u>53,178,205</u>	<u>10,543,173</u>
Non-current liabilities			
Interest Bearing Liabilities	14	4,189,991	67,167
Convertible notes	15	-	37,511,879
Provisions	16	7,615,893	8,553,277
Total non-current liabilities		<u>11,805,884</u>	<u>46,132,323</u>
Total liabilities		<u>64,984,089</u>	<u>56,675,496</u>
Net assets		<u>51,818,025</u>	<u>44,845,831</u>
Equity			
Issued capital	17	106,477,910	96,367,882
Reserves	18	9,622,702	7,474,762
Retained earnings/ (accumulated losses)		(64,282,587)	(58,996,813)
Total equity		<u>51,818,025</u>	<u>44,845,831</u>

Armour Energy Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2018



	31 December 2018	Consolidated 31 December 2017
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	14,602,888	2,383,336
Payments to suppliers and employees (inclusive of GST)	(5,765,574)	(2,437,320)
Payments for production	(10,546,097)	(2,422,696)
Interest received	112,973	84,487
Interest paid	(45)	-
Other income	1,985	-
	<u> </u>	<u> </u>
Net cash used in operating activities	(1,593,870)	(2,392,193)
Cash flows from investing activities		
Payments for security deposits	(214,079)	(345,168)
Payments for property, plant and equipment	(22,187)	(13,080)
Payments for oil and gas assets	(8,694,244)	(6,677,125)
Payments for exploration and evaluation	(350,792)	(160,778)
Research and Development funds in relation to oil and gas assets	-	1,958,526
Research and Development funds in relation to exploration assets	-	26,592
	<u> </u>	<u> </u>
Net cash used in investing activities	(9,281,302)	(5,211,033)
Cash flows from financing activities		
Proceeds from issue of shares	10,159,392	3,752,307
Proceeds from issue of convertible notes	-	1,765,000
Proceeds from borrowings	6,759,200	-
Repayment of borrowings	(3,188,770)	(1,000,000)
Transaction costs on the issue of shares and notes	(275,443)	(348,479)
	<u> </u>	<u> </u>
Net cash from financing activities	13,454,379	4,168,828
Net increase/(decrease) in cash and cash equivalents	2,579,207	(3,434,398)
Cash and cash equivalents at the beginning of the financial half-year	5,104,627	7,711,840
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	7,683,834	4,277,442

Key Risk Factors

As with all investments, investment in the Notes will be subject to risks. By investing in the Notes, a Noteholder will be lending money to the Issuer and may be exposed to a number of risks which can be broadly classified as risks associated with the Notes and risks associated with the Issuer's business that may affect the Notes.

This section describes potential risks associated with the Issuer's business and risks associated with an investment in the Notes and the Issuer. It does not purport to list every risk that may be associated with an investment in the Notes now or in the future and the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of the Issuer or its directors and senior management team. This assessment is based on the knowledge of the directors as at the date of this Information Memorandum but there is no guarantee or assurance that the importance of different risks will not change or other risks emerge.

Prospective investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described below. Prospective investors should also consult their own financial, legal, tax and/or other professional advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

Unless otherwise defined, capitalised expressions have the same meanings given to them in the Conditions.

Risks associated with the Issuer that may affect Notes

Risks associated with the Issuer's business and operations

(a) GAP funding

The Issuer has successfully applied for a grant under the Gas Acceleration Program ("GAP") and has entered into an agreement under which the Issuer can access some A\$6,000,000 up to 30 June 2019 to assist the Issuer in its planned expenditure programs. The Issuer has currently received A\$3.9 million (net of GST) under the grant. However, continued receipt of such funding is subject to satisfactory progress towards milestones and availability of program funds and no assurance can be given that the Issuer will be successful in receiving and retaining such GAP funding.

(b) Regulatory risk and government policy

The availability and rights to explore and produce oil and gas, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of the Issuer.

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

The Issuer notes that on 17 April 2018 the NT Government announced that the moratorium on fracture stimulation of unconventional onshore gas reservoirs is to be lifted and hydraulic fracturing will be able to occur under very strict conditions in tightly prescribed areas. On 17 July 2018, the NT Government released its plan to implement the recommendations of the independent scientific inquiry into unconventional hydraulic fracturing, and on 27 February 2019, the NT Government provided an update of the progress relating to the implementation of recommendations from the inquiry. The implementation plan includes new legislation,

regulations and guidelines that will apply to industry and a number of these are still being finalised and are not yet implemented. The Issuer continues to evaluate the NT Governments' new requirements which may affect the manner in which the Issuer can undertake operations on its tenements in the Northern Territory. The Issuer holds Exploration Permits 171, 174, 176, 190, 191 and 192s in the McArthur Basin, Northern Territory, which are considered highly prospective for large shale oil and gas resources.

(c) Uncertainty of development of projects and exploration risk

Oil and gas exploration involves significant risks. The Issuer's performance depends on the successful exploration and/or acquisition of resources or reserves and commercial production therefrom. There can be no assurances that the Issuer's exploration programs contained in any publically available information or those relating to any projects or tenements that the Issuer may acquire in the future, will result in the discovery of a significant gas and/or associated liquids target, and even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

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

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

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

(d) Health and safety risk

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

(e) Insurance risk

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

(f) Operational risks and costs

The Issuer is currently a producer of oil and gas which is sold under commercial contracts. The Issuer's immediate plans and objectives are dependent upon a continuation of such production generating operating surpluses to assist the Issuer in funding its planned expenditure programs. Whether it can do so will depend largely upon an efficient and successful, operation and exploitation of the resources and associated business activities and management of commercial factors.

Operation and exploitation may from time to time be hampered on occasions by unforeseen operating risks, as would any other industry. For example, force majeure events, power outages, critical equipment or pipe failures, and environmental hazards such as noise, odours, gas leaks, hazardous substances spills, other weather events, industrial accidents and other accidents, unforeseen cost changes and other incidents beyond the control of the Issuer can

negatively impact on the Issuer's activities, thereby affecting its profitability and ultimately, the value of its securities.

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

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

(g) Competition risk

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

(h) Business risks

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

(i) Contractual and joint venture risks

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

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

Additionally, some existing contractual arrangements have been entered into by the Issuer and its subsidiaries may be subject to the consent of third parties being obtained to enable the Issuer to carry on all of its planned business and other activities and to obtain full contractual benefits.

No assurance can be given that any such required consent will be forthcoming. Failure by the Issuer to obtain such consent may result in the Issuer not being able to carry on all of its planned business and other activities or proceed with its rights under any of the relevant contracts requiring such consent.

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

(j) Product sales, commodity prices and transportation

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

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

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

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

(k) Tenements

A failure to adhere to the requirements to exceed certain levels of expenditure on concessions and tenements held by Armour Energy (or its subsidiaries) in various jurisdictions may make certain concessions and tenements subject to possible forfeiture. All granted concessions and tenements are currently in good standing and, in accordance with normal industry practice, Armour Energy surrenders some or all un-prospective parts of its concessions and tenements at the appropriate time so as to manage its minimum expenditure obligations and to retain the capacity to apply for additional prospective areas. In this regard Armour Energy submits tenders from time to time to seek to obtain further prospective areas and has recently tendered for one new tenement in Queensland and is in the process of submitting a tender for a further tenement.

In respect of granted tenements, no assurance can be given that the Issuer will be successful in managing its minimum expenditure obligations and retaining such tenements, and in respect of tendered tenements there is no assurance that Armour Energy will be successful in being awarded the tenements.

(l) Unforeseen expenses

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

(m) Additional requirements for capital

The Issuer's capital requirements depend on numerous factors. Depending on such factors as:

- (i) the continuation of receipt of operating revenue from producing wells;
- (ii) the outcome of the Issuer's exploration programs; and

(iii) successfully accessing all of the GAP funding,

the Issuer may require further financing in addition to amounts raised under this Information Memorandum.

If the Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs. In addition, the Issuer's ability to continue as a going concern may be diminished.

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

(n) Contractors

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

(o) Reliance on key personnel

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

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

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

(p) Employees

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

(q) Australian Native Title risk and Aboriginal Cultural Heritage

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

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

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

(r) Environmental risks

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

(s) Dispute with drilling contractor

In July 2018 an incident occurred which resulted in a tool being stuck down the Issuer's well at Myall Creek which resulted in all further work on that well being halted for a period whilst the tools were recovered.

In response the Issuer commenced an investigation (utilising the services of independent third parties) in order to determine the causes of the incident.

The Issuer has invoices for approximately A\$2 million for work on that well, including certain activities relating to the recovery of the tool. As a result of its enquiries, the Issuer has refused to pay the outstanding amount. The parties continue to negotiate on a no fault basis.

General risks associated with the Issuer

(a) General economic conditions

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

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

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

(b) Industrial risk

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

(c) Management actions

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

(d) Taxation and royalties

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

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

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

(e) Commodity price risks

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

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

(f) Foreign exchange

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

(g) Resource estimates

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

(h) Speculative nature of investment

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Issuer. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Issuer. Potential investors should consider that an investment in the Issuer is highly speculative and should consult their professional advisers before deciding whether to invest in the Notes.

Risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of its investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on

its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes may be complex financial instruments. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- Notes are legal investments for it;
- Notes can be used as collateral for various types of borrowing; and
- other restrictions apply to its purchase or pledge of any Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Conditions may be modified by defined majorities of Noteholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Changes of law may have an impact on the interests of the Noteholders

The Conditions are based on Queensland law in effect as at the date of this Information Memorandum. Possible judicial decisions or changes to Queensland law or administrative practice after the date of this Information Memorandum may have an adverse impact on the interests of Noteholders.

Liquidity of Notes may be low

The market for the Notes may not be liquid.

If liquidity is low, there is a risk that, if you wish to sell your Notes prior to the Maturity Date, you may not be able to do so at a price acceptable to you, or at all. There is also a risk that the market price will become more volatile in general.

It is not intended that the Notes will be quoted on ASX or any other public stock exchange. The Issuer does not guarantee that you will be able to sell your Notes.

Noteholders have no rights if the Issuer's shares are suspended or de-listed from trading on the ASX

The ordinary shares of the Issuer are quoted on the ASX. If those shares are no longer quoted on the ASX or are suspended from trading for whatever reason:

- this will not, of itself, constitute an Event of Default under the Notes nor will Noteholders be able to exercise any of its rights to require the Issuer to redeem the Notes except if an Optional Redemption Date has occurred; and
- this may have a significant adverse effect on the market price for the Notes and/or a Noteholder's ability to sell the Notes.

Transferability of the Notes

Notes may only be transferred if the offer or invitation for the sale or purchase of those Notes is received by a person:

- in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
- if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

The Issuer may default on payment

Depending upon its performance and financial position, the Issuer may default on payment of some or all of the interest on the Notes, or repayment of some or all of the outstanding principal amounts of the Notes.

If the Issuer does not pay some or all of the interest or outstanding principal amounts on the Notes as and when payable under the Conditions, then a Noteholder may not receive some or all of the money that the Noteholder had invested in the Notes or interest that is due to be paid to that Noteholder.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any taxes, withholdings, levies, imposts, charges and duties imposed by or on behalf of the Commonwealth of Australia or any political subdivision thereof or any authority or agency therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, the Notes may be redeemable at the Issuer's option in certain other circumstances, and the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Noteholders may only request that their Notes be redeemed early in limited circumstances

A Noteholders' ability to request redemption of their Notes prior to the Maturity Date is subject to the Conditions. Alternatively, to realise an investment in the Notes, Noteholders may be able to sell their Notes on Austraclear at the prevailing market price but, depending on market conditions at the time, it is possible that Notes may be trading at a market price below their outstanding principal amount and/or the market for Notes may not be liquid.

Taxation considerations

A summary of potential Australian taxation implications for Noteholders is included in the section of the Information Memorandum entitled “Australian Taxation”. This is a general summary and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, Noteholders should seek independent advice in relation to their own individual taxation circumstances.

Risks associated with the security arrangement in relation to the Notes

Beneficiaries must act to effect enforcement of the Securities

If an Event of Default occurs and is subsisting, the Security Trustee must obtain instructions from the Beneficiaries as to what actions the Security Trustee is to take under the Securities.

If the Beneficiaries have not directed the Security Trustee to do so, enforcement of the Securities will not occur, but the Security Trustee may, in its absolute discretion, take enforcement action where in its opinion, the delay required to obtain instructions from the Beneficiaries would be materially prejudicial to the interests of the Beneficiaries.

Enforceability of the Securities or the Guarantee

The enforceability of a Security or the Guarantee is subject to various limitations including:

- (a) statutes of limitations, laws relating to administration, moratoria, bankruptcy, liquidation, insolvency, receivership, reorganisation, schemes of arrangement and similar laws affecting generally creditors’ and counterparties’ rights and specific court orders that may be made under such laws;
- (b) defences such as set-off, laches, forbearance, election, abatement or counterclaim, the doctrine of frustration and the doctrine of estoppel and waiver and the fact that guarantees, security interests and certain other documents and obligations may be discharged as a matter of law in certain circumstances;
- (c) a security interest may not be effective in relation to licences or certain other rights arising under statute because such right may not constitute property or may require a particular authorisation or consent of, or be registered with, an authority or satisfy other particular requirements;
- (d) certain rights are not assignable, because of their nature, because they are connected with other rights and obligations or for reasons of public policy, and accordingly may not be subject to the security interest;
- (e) a security interest over a right or an interest in property that arises under a contract or other instrument may not be, and in certain cases clearly will not be, effective if the grant of the security interest over, or an assignment of, the right or interest would breach or not be effective under the terms of that contract or instrument; and
- (f) a security interest will not arise in any personal property expressed to be subject to a security interest until the relevant security provider has rights in the personal property for the purposes of the PPSA.

Administration risk of the Issuer

The Security will not include security over all of the Issuer's assets. In particular, it excludes the Issuer's shares in Armour Energy International Pty Ltd (ACN 622 043 654), being the entity incorporated to undertake Uganda Project (as defined below).

An exception to the ability of a secured creditor to enforce against property subject to a security interest is where the provider of that security seeks protection from its creditors by appointing an administrator under the Corporations Act. An administrator may be appointed by the directors of the security provider (among other ways). During the period of the administration all actions against the security provider (and its directors) and enforcement of security following the appointment are stopped without the consent of the administrator or leave of the court.

There is a limited exception where the security comprises security over all or substantially all of the security provider's assets. An administrator has to give immediate notice of his or her appointment to all secured creditors and a creditor who has a security interest over all or substantially all of the security provider's assets has a period of 13 business days to decide whether it will displace the administrator by appointing a receiver. If it does so, the receivership proceeds in the normal way.

As the Security may not comprise security over all or substantially all of the Issuer, there is a risk that if the Issuer is placed into administration the Security may not be enforced until the administration comes to an end.

Certain enforcement action pursuant to a security interest begun before the appointment of an administrator may continue during the administration. The period of administration commences on the date of the appointment. It concludes after the "second meeting". The second meeting must be convened within 20 business days after the appointment (or 25 business days after the appointment if Christmas or Easter intervene) unless the period is extended by a court.

At the second meeting, creditors can resolve to end the administration, wind up the company or execute a deed of company arrangement. A deed of company arrangement cannot prevent a secured creditor from realising or otherwise dealing with the security unless the creditor has voted in favour of the deed or a court otherwise orders.

The proceeds from the enforcement of the Securities may be insufficient to pay amounts owing on the Notes

If the Security Trustee enforces the Securities after an Event of Default, there is no assurance that there will be at that time an active and liquid market for the assets the subject of the Security or that the market value of the assets will be equal to or greater than the outstanding amount owed on the Notes.

The Security Trustee, the Note Trustee, the Agents and any Receiver or Attorney will generally be entitled to receive the proceeds of any sale of the assets the subject of the Security, to the extent they are owed fees, expenses and other amounts, before Noteholders. Consequently, the proceeds from the sale of the assets the subject of the Security after an Event of Default may be insufficient to pay amounts owing under the Notes in full.

Conditions

The following are the Conditions which, as supplemented, amended, modified or replaced in relation to any Tranche of Notes by the relevant Pricing Supplement, will apply to that Tranche of Notes. References to a "Pricing Supplement" in these Conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement.

The Notes are constituted by the Note Trust Deed. Each Noteholder, and any person claiming through or under any Noteholder, is entitled to the benefit of, is bound by and is deemed to have notice of, all of the provisions of the Note Trust Deed, the Security Trust Deed, the Priority Deed, the Securities applicable to the Notes, these Conditions and the relevant Pricing Supplement. Each such person is also deemed to have notice of the Information Memorandum. Copies of each such document are available for inspection at the Specified Office of the Issuer and the Note Trustee.

1 Interpretation

1.1 Terms defined in Pricing Supplement

Terms which are specified in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions.

1.2 Definitions

In these Conditions, the following meanings apply unless the contrary intention appears:

1P means the equivalent of Proved Reserves as defined under the 2007 Definitions;

2P means the equivalent of the sum of Proved Reserves plus Probable Reserves, each as defined under the 2007 Definitions;

2007 Definitions means the 2007 Definitions for Oil and Gas Reserves Adopted by the Society of Petroleum Engineers and World Petroleum Congress, as updated from time to time;

Accepted Accounting Practices means the accounting practices and standards generally accepted in Australia from time to time;

Additional Amount means an additional amount payable by the Issuer under Condition 11.2 ("Withholding tax");

Agency Agreement means:

- (a) the agreement entitled "Agency and Registry Services Agreement" between the Issuer, the Initial Guarantors, the Registrar, the Issuing & Paying Agent and the Calculation Agent dated on or around 27 March 2019;
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and/or
- (c) any other agency agreement entered into between the Issuer and an agent in connection with any issue of Notes;

Agent means each of the Registrar, the Issuing & Paying Agent, the Calculation Agent and any other agent appointed under an Agency Agreement, or any of them as the context requires;

APA Connection Agreement means the agreement entered into by Armour Energy (Surat Basin) Pty Ltd and APT Petroleum Pipelines Pty Ltd dated 2 March 2017 to connect the Kincora Project to the Wallumbilla gas hub;

APLNG Gas Sales Agreement means the gas sales agreement entered into between Armour Energy (Surat Basin) Pty Ltd, Australia Pacific LNG Marketing Pty Ltd and Australia Pacific LNG CSG Marketing Pty Ltd dated 21 December 2016;

Amortisation Amount means, in respect of a Note and an Interest Payment Date, the amount specified in, or calculated in accordance with, the Pricing Supplement;

Amortisation Period means, in respect of a Note, specified in, or calculated in accordance with, the Pricing Supplement;

Amortisation Step Up Amount means, in respect of a Note and an Interest Payment Date, the amount specified in, or calculated in accordance with, the Pricing Supplement;

Amortised Face Amount means, in respect of a Note, an amount equal to its Denomination on the Issue Date less the aggregate of all Amortisation Amounts paid with respect to that Note;

Austraclear means Austraclear Ltd (ABN 94 002 060 773);

Austraclear Regulations means the regulations known as “Austraclear Regulations” together with any instructions or directions established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Australian Tax Act means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as applicable;

Business Day means a day (not being a Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney and, if a Note held in the Austraclear System is to be issued or payment made in respect of a Note held in the Austraclear System on that day, a day on which the Austraclear System is operating;

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) **Following Business Day Convention** means that the date is postponed to the first following date that is a Business Day; and
- (b) **Modified Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;

Calculation Agent means Perpetual Trustee Company Limited (ABN 42 000 001 007);

Calculation Date means 31 March, 30 June, 30 September and 31 December in each year;

Cash Balance means the aggregate amount of cash and cash at bank credited to an account in the name of an Obligor with a reputable financial institution and to which the Obligor alone is beneficially entitled and over which the Notes have first ranking security. For the avoidance of doubt, the Cash Balance excludes any cash in the Environmental Bond Bank Account;

Change of Control means, on any date, an event where a person:

- (a) not in control of the Issuer acquires control of the Issuer; or
- (b) the Issuer is removed from the official list of the Australian Securities Exchange.

For this purpose, a person has “control” if they have voting power (as defined in section 610 of the Corporations Act) of more than 50%;

Code means the United States of America Internal Revenue Code of 1986;

Compliance Certificate has the meaning given to it in Condition 5.10 (“Delivery of compliance certificates”);

Conditions means, in relation to the Notes, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Note and references to a particular numbered Condition shall be construed accordingly;

Controller has the same meaning given to it in the Corporations Act;

Convertible Notes means the convertible notes on issue by the Issuer as constituted by the convertible redeemable notes trust deed between the Issuer and Perpetual Corporate Trust Limited dated 9 December 2016 including any variations thereto;

Corporations Act means the Corporations Act 2001 of Australia;

Day Count Fraction means, in respect of the calculation of interest on a Note for any period of time (“**Day Count Period**”), the day count fraction specified in the Pricing Supplement and:

- (a) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Day Count Period divided by 365; and
- (b) if “**RBA Bond Basis**” is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Day Count Period does not constitute an Interest Period, the actual number of days in the Day Count Period divided by 365 (or, if any portion of the Day Count Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Day Count Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Day Count Period falling in a non-leap year divided by 365));

Debt Service Cover Ratio or **DSCR** means the ratio of A:B for the preceding 12 month period ending on each Calculation Date occurring after 31 December 2019 where:

A = EBIT of the Group for the period; and

B = the aggregate interest (and amounts in the nature of interest) and scheduled principal payments made on Financial Indebtedness. For the avoidance of doubt, this will not include any interest or scheduled principal payments on the Convertible Notes that are to be redeemed with the funds of the issue of the Notes;

Debt Incurrence Event has the meaning give to it in Condition 5.3(b) (“Limit on incurring Financial Indebtedness”);

Denomination means A\$1,000, being the notional face value of a Note on its Issue Date, as subsequently adjusted for each payment of an Amortisation Amount during the Amortisation Period;

Distribution means:

- (a) any dividend, charge, interest, fee, payment or other distribution (whether cash or assets) or redemption, repurchase, defeasance, retirement or repayment on or in respect of any shares or any other ownership interest issued by an Obligor (including any trust or similar distributions);
- (b) any interest payment, any repayment or prepayment of any amount of principal or any other payment in respect of any liability of an Obligor to any holder (in that capacity) of shares, or other ownership interest, whether direct or indirect, or shareholder subordinated loans; and/or
- (c) any bonus payment, management, advisory or other fee payable to, or to the order of, any shareholder of the Issuer (or to any Related Entity of any shareholder of the Issuer);

EBIT means, for any for any particular period, EBITDA of the Group for that period less goodwill amortisation and depreciation;

EBITDA means, for any particular period, the total consolidated operating profit (or loss) of the Group determined in accordance with Accepted Accounting Practices excluding for that period:

- (a) goodwill amortisation, depreciation and amortisation;
- (b) interest expense;
- (c) tax;
- (d) unusual items (within the meaning given to that term in the Accepted Accounting Practices);
- (e) any amounts relating to non-cash revaluations or any impairment losses; and
- (f) any costs related to any stock option incentive plan or any other similar share based employee compensation or management equity plan;

Environmental Bonds means the performance bonds issued by Westpac Banking Corporation in favour of the State of Queensland of an aggregate face value of not more than A\$6,800,000;

Environmental Bond Bank Account means the accounts with Westpac Banking Corporation (ABN 33 007 457 141) in the name of Armour Energy (Surat Basin) Pty Ltd with the details set out in the table below and any replacement or additional account (or accounts) which secure the obligations of Armour Energy (Surat Basin) Pty Ltd in relation to the Environmental Bonds:

Account name	BSB	Account Number
Armour Energy (Surat Basin) Pty Ltd	034 – 001	436346
Armour Energy (Surat Basin) Pty Ltd	034 – 001	436338

Equity Contribution means all form of equity contributions to the Issuer including by way of subscription for ordinary or preference shares, subscription for units, capital contributions and by way of Equity Loans (whether or not combined with an issue of options over unlisted shares, rights or warrants);

Equity Loans means shareholder loans which are fully subordinated to the rights and claim of the Note Trustee and Noteholders under the Notes;

Event of Default means the occurrence of any event set out in Condition 13.1 (“Events of Default”);

FATCA means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement under the implementation of paragraphs (a) or (b) above, with the United States of America Internal Revenue Service, the United States of America government or any governmental or taxation authority in any other jurisdiction;

Financial Accommodation includes every form of financial accommodation including:

- (a) making an advance or loan;
- (b) drawing, accepting, endorsing, discounting, collecting or paying a bill of exchange, cheque or other negotiable instrument; and
- (c) entering into any agreement or transaction of any kind as a result of which a debt or liability or a contingent debt or liability arises to a person or for a person’s benefit (including any finance lease or capitalised lease);

Financial Indebtedness of a person means, without double counting, any liability, obligation or indebtedness (whether present or future, actual or contingent) of that person for or in respect of:

- (a) money borrowed or raised;
- (b) any amount raised under any acceptance credit, bill acceptance or bill endorsement facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with Accepted Accounting Practices, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than receivables to the extent they are sold on a non-recourse basis);
- (f) any redeemable shares where the holder has the right or the right in certain conditions, to require redemption;
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) consideration for the acquisition of assets or services payable more than 90 days after acquisition;
- (i) any interest rate or foreign exchange derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any derivative transaction, only the marked to market value shall be taken into account (or, if the transaction has been terminated or closed out

and any actual amount is due as a result of the termination or close out of that derivative transaction, that amount));

- (j) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; or
- (k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above;

Financial Statements means, in relation to an entity, the following financial statements and information in relation to that entity:

- (a) an income statement;
- (b) a statement of financial position or balance sheet; and
- (c) a statement of cashflows,

together with any notes to them and any accompanying reports, statements, declarations and other documents or information;

Financial Undertakings each undertaking set out in Condition 5.1 ("Financial undertakings, negative pledge and other covenants");

First Optional Redemption Date means the date so specified in the Pricing Supplement;

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the applicable Pricing Supplement;

Free Cash after Debt Servicing means, for any period, the net cash flow from operating activities less the aggregate interest (and amounts in the nature of interest) and scheduled principal payments (including Scheduled Amortisation Amounts) made on all Financial Indebtedness;

Gearing Ratio means, on any date, the ratio (expressed as a percentage) of A:B where:

- A = the aggregate amount of all drawn (secured and unsecured) Financial Indebtedness of the Group less the aggregate Cash Balance held by all Obligors on that date; and
- B = the aggregate amount of all drawn (secured and unsecured) Financial Indebtedness of the Group less the aggregate Cash Balance held by all Obligors on that date plus the Total Equity of the Group;

General Security Deed means the agreement entitled "General Security Deed" dated 25 March 2019 between the Obligors and the Security Trustee;

Group means the Issuer, the Guarantors and each of their respective Subsidiaries from time to time;

Guarantee means the guarantee of the Notes set out in the Note Trust Deed;

Guarantors means each Initial Guarantor and each other entity that has provided a Guarantee of the Notes (and has not been released from such Guarantee) under the Note Trust Deed from time to time;

Guarantor Group Test has the meaning given in Condition 5.7 ("Guarantor Group Test");

Information Memorandum means the information memorandum, disclosure document or other offering document referred to in a Pricing Supplement in each case prepared by, or on behalf of, and approved by, the Issuer in connection with the issue of Notes and all documents incorporated by reference in it;

Initial Guarantors means each of:

- (a) Armour Energy (Surat Basin) Pty Limited (ABN 61 607 504 905);
- (b) Ripple Resources Pty Ltd (ABN 83 127 220 768); and
- (c) Armour Energy (Victoria) Pty Ltd (ACN 167 298 240);

Insolvency Event means, in respect of a person (including a trust):

- (a) an order being made, or the person passing a resolution, for its winding up;
- (b) an application being made to a court for an order for its winding up, unless the application is withdrawn or dismissed within 5 Business Days;
- (c) an administrator being appointed to the person;
- (d) the person resolving to appoint a Controller or analogous person to the person or any of the person's property;
- (e) an application being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property, unless the application is withdrawn or dismissed within 5 Business Days; or
- (f) an appointment of the kind referred to in paragraph (e) being made (whether or not following a resolution or application);
- (g) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand (except where the statutory demand is being contested in good faith);
- (h) the person:
 - (i) suspending payment of its debts, is unable to pay its debts, or being or becoming otherwise insolvent; or
 - (ii) being taken by applicable law to be unable to pay its debts or otherwise insolvent;
- (i) any application (which is not withdrawn or dismissed within 5 Business Days) is made to a court for an order that or a person becomes insolvent under administration (as defined in section 9 of the Corporations Act);
- (j) any application (which is not withdrawn or dismissed within 5 Business Days) is made to a court for an order, a meeting convened, or a resolution is passed for the purposes of entering into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors; or
- (k) any analogous event,

unless this takes place as part of a solvent reconstruction or amalgamation;

Interest Commencement Date means, for a Note, the Issue Date of the Note or any other date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Payment Date means each date so specified in the Pricing Supplement;

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or, if redeemed earlier in accordance with these Conditions, on the date of redemption;

Interest Rate means, in respect of a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement;

Issue Date means the date on which a Note is, or is to be issued, as specified in, or determined in accordance with, the Pricing Supplement;

Issuer means Armour Energy Limited (ABN 60 141 198 414);

Issuing & Paying Agent means Perpetual Trustee Company Limited (ABN 42 000 001 007);

Leverage Ratio means, on any date, the ratio of A:B where:

A = the aggregate amount of all drawn (secured and unsecured) Financial Indebtedness of the Group; and

B = EBITDA of the Group for the 12 month period ending on that date;

Kincora Project means the petroleum resources, tenures, production and transportation infrastructure assets on the Roma Shelf in the Bowen-Surat Basin, Queensland;

Margin means the margin specified in, or determined in accordance with, the Pricing Supplement;

Material Adverse Effect means a material adverse effect on:

- (a) the financial condition, property, business or operations of an Obligor;
- (b) the ability of an Obligor to perform its obligations under the Transaction Documents; or
- (c) the validity or enforceability of the whole or any material part of any Transaction Documents or any material rights or remedies of the Note Trustee, Security Trustee or Noteholder under the Transaction Documents;

Material Document means:

- (a) the APA Connection Agreement; and
- (b) the APLNG Gas Sale Agreement;

Maturity Date means the date so specified in, or determined in accordance with, the Pricing Supplement as the date on which the Note is to be redeemed (and adjusted, if necessary, in accordance with the applicable "Business Day Convention" so specified in the Pricing Supplement);

Meeting Provisions means the provisions relating to meetings of Noteholders set out in the Note Trust Deed;

NPAT means Net Profit After Tax and:

- (a) excluding revaluations and other non-cash adjustments;
- (b) excluding (to the extent included) proceeds from the disposal of any assets; and
- (c) including (to the extent excluded), any amortisation or impairment charges (whether for assets in continuing or discontinued operations);

New Obligor has the meaning given to that terms in the Security Trust Deed;

Note means a medium term debt obligation issued or to be issued by the Issuer which is constituted by, and owing under the Note Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register. References to any particular type of “**Note**” or “**Notes**” should be read and construed accordingly. All references to Notes must, unless the context otherwise requires, be read and construed as references to the Notes of a particular series;

Note Trust Deed means the document entitled “Note Trust Deed” dated 25 March 2019 and executed by, amongst others, the Issuer and the Note Trustee;

Note Trustee means Perpetual Corporate Trust Limited (ABN 99 000 341 533) in its capacity as trustee of the Armour Energy Note Trust or such other person appointed under the Note Trust Deed as trustee of the Armour Energy Note Trust;

Noteholder means, in respect of a Note, the person whose name is entered in the Register as the holder of that Note;

Obligor means the Issuer and each of the Guarantors from time to time;

Offshore Associate means an “**associate**” (within the meaning of section 128F(9) of the Australian Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia that, if it acquires the Notes or an interest in the Notes, or receives a payment under the Notes, would not acquire the Notes or an interest in the Notes, or receive a payment under the Notes, in carrying on a business at or through a permanent establishment of the associate in Australia; or
- (b) a resident of Australia that, if it acquires the Notes or an interest in the Notes, or receives a payment under the Notes, would acquire the Notes or an interest in the Notes, or receive a payment under the Notes, in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country;

Optional Redemption Date means the First Optional Redemption Date, the Second Optional Redemption Date and the Third Optional Redemption Date;

Other Restricted Payment has the meaning given in Condition 5.5 (“Restricted payments”);

Outstanding Principal Amount means, in respect of a Note on any date, the Amortised Face Amount of the Note calculated as at such date;

Payment Date means, as applicable, the Maturity Date, an Interest Payment Date or other relevant date on which a payment in respect of a Note is due;

a **Permitted Disposal** has the meaning given in Condition 5.6 (“Disposals”);

a **Permitted Financial Indebtedness** has the meaning given in Condition 5.3 (“Financial Indebtedness”);

a **Permitted Security Interest** has the meaning given in Condition 5.2 (“Negative pledge”);

PPSA means the Personal Properties Securities Act 2009 of Australia;

Pricing Supplement means, in respect of a Tranche, the pricing supplement prepared and issued specifying the relevant issue details of such Notes and which has been confirmed by the Issuer;

Priority Deed means the document entitled “Priority Deed – Environmental Bonding Finance Facility” dated 22 March 2019 and executed by, amongst others, the Issuer and the Security Trustee;

Record Date means the close of business in the place where the Register is maintained on the eighth day before the Payment Date;

Register means the register of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement;

Registrar means Perpetual Trustee Company Limited (ABN 42 000 001 007);

Related Entity has the meaning given to it in the Corporations Act;

Second Optional Redemption Date means the date so specified in the Pricing Supplement;

Security has the meaning given to that term in the Security Trust Deed;

Security Interest means a security interest under the PPSA or security for the payment of money or performance of obligations including any mortgage, pledge, lien, charge, hypothecation, trust arrangement, title retention arrangement or other security interest, encumbrance or arrangement (including any set-off or “flawed-asset” arrangement) having the same or equivalent effect as a grant of security or any agreement to enter into such arrangement;

Security Trust Deed means the document entitled “Security Trust Deed – Armour Energy Security Trust” dated 25 March 2019 and executed by, amongst others, the Issuer and the Security Trustee;

Security Trustee means P.T. Limited (ABN 67 004 454 666) or any person who becomes the “Security Trustee” under the Security Trust Deed;

Scheduled Amortisation Amount means the amount specified in, or calculated in accordance with, the Pricing Supplement;

Special Resolution has the meaning given in the Note Trust Deed;

Specified Office means, for a person, that person’s office specified in the Information Memorandum or Pricing Supplement or any other address notified to Noteholders from time to time;

Subsidiary of an entity (the parent entity) means another entity (the child entity) which is a subsidiary of the parent entity within the meaning of Division 6 of Part 1.2 of the Corporations Act, or is otherwise controlled by the parent entity within the meaning of section 50AA of the Corporations Act provided that for this purpose:

- (a) a trust may be either a parent entity or a child entity; and
- (b) a trust will only be a subsidiary of an entity if all of the beneficial interests in the trust are held by or on behalf of the entity;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest in respect of the Notes;

Taxes means taxes, withholdings, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any Tax Authority in Australia together with any related interest, penalties, fines and expenses in connection with them;

Third Optional Redemption Date means the date so specified in the Pricing Supplement;

Total Equity means:

- (a) for the Group, the consolidated total at that time of all equity which in accordance with Accepted Accounting Practices would be included in the consolidated statement of financial position of the Group at that time; and/or
- (b) for an entity, the consolidated total at that time of all equity which in accordance with Accepted Accounting Practices would be included in the consolidated statement of financial position for that entity at that time;

Tranche means an issue of Notes specified as such in the Pricing Supplement issued on the same Issue Date and on the same terms;

Transaction Documents has the same meaning given to it in the Note Trust Deed;

Tribeca Facility means the document entitled “Loan Facility Agreement – Environmental Bonding Finance Facility” dated 25 July 2018 and entered into between Armour Energy (Surat Basin) Pty Ltd (as borrower) and the Tribeca Financiers (as lenders);

Tribeca Financiers means Equity Trustees Limited (ABN 46 004 031 298) in its capacity as the trustee of the Tribeca Global Natural Resources Credit Fund (ABN 92 233 562 005) and the Tribeca Global Natural Resources Credit Master Fund;

Tribeca Securities means the Credit Account Security Deed Environmental Bonding Finance Facility dated 25 July 2018 and entered into between Armour Energy (Surat Basin) Pty Ltd and the Tribeca Security Trustee;

Tribeca Security Trust Deed means the security trust deed dated 25 July 2018 and entered into between, among others, Tribeca Security Trustee and the Issuer;

Tribeca Security Trustee means EQT Australia Pty Ltd (ABN 88 111 042 132) in its capacity as security trustee under the Tribeca Security Trust Deed;

Uganda Project means the petroleum resources, tenures, production and transportation infrastructure assets on the Kanywataba Block in Uganda; and

Westpac Facility means Business Finance Agreement, Banker’s undertaking – Revolving Limit dated 20 September 2016 and entered into between Armour Energy (Surat Basin) Pty Ltd (as borrower) and Westpac Banking Corporation.

1.3 References to certain general terms

Unless the contrary intention appears, a reference to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;

- (c) a document (including these Conditions) includes any amendment, variation or replacement of it;
- (d) anything (including any amount) is a reference to the whole and each part of it;
- (e) a “**law**” includes common law, principles of equity, any decree and any statute or other law made by a parliament (and a statute or other law made by parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (f) a “**directive**” includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any case having the force of law) with which responsible participants in the relevant market generally comply;
- (g) “**Australian dollars**”, “**\$**” or “**A\$**” is a reference to the lawful currency of Australia;
- (h) a time of day is a reference to Sydney time;
- (i) a “**person**” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (j) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (k) an Event of Default is “subsisting” if it has not been unconditionally remedied or waived in full in writing by the Note Trustee;
- (l) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and
- (m) the “**principal**” amount of a Note at any time is to be taken to be its Denomination less the total Amortisation Amounts paid in respect of that Note.

1.4 Number

The singular includes the plural and vice versa.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.6 Calculation of period of time

If a notice must be given within a certain period of days or a certain number of days’ notice must be given or any other matter must take place within a certain number of days, the day on which the notice is given or action taken, and the day on which the meeting is to be held or other action taken, are not to be counted in calculating that period and references to a “day” are to a calendar day.

2 Introduction

2.1 Pricing Supplement

- (a) The Issuer will issue the Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes. If there is any inconsistency between these Conditions and such Pricing Supplement, the Pricing Supplement prevails.

- (b) The Notes are issued in a single series. The series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than in respect of the issue price and date of the first payment of interest). A Tranche is the subject of a Pricing Supplement which supplements, amends, modifies or replaces these Conditions.
- (c) Copies of the Pricing Supplement and Conditions applicable to any Tranche of Notes are available for inspection or on request by a Noteholder or prospective Noteholder during normal business hours at the Specified Office of the Issuer, the Note Trustee or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.2 Types of Notes

The Notes are Fixed Rate Notes.

2.3 Currency and denomination

The Notes are issued in Australian dollars in a single denomination of A\$1,000.

2.4 Issue restrictions and tenor

The Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes, if:

- (a) where the offer or invitation is made in, or into Australia:
 - (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the offeror or its associates to the offeree or its associates) or if the offer or invitation (including any resulting issue) otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act;
 - (ii) the offer or invitation (including any resulting issue) does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
 - (iii) such action does not require any document to be lodged with ASIC; and
- (b) at all times, the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

2.5 Clearing systems

Notes may, but need not, be held in the Austraclear System, in which case the rights of a person holding an interest in the Notes lodged in the Austraclear System are subject to the rules and regulations of the Austraclear System. Neither the Issuer nor any Guarantor is responsible for anything the Austraclear System does or omits to do.

3 Form

3.1 Constitution under the Note Trust Deed

- (a) The Notes are debt obligations of the Issuer constituted by, and owing under, the Note Trust Deed.

- (b) Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Note Trust Deed, the Security Trust Deed, the Priority Deed, the Securities applicable to the Notes, these Conditions and the Pricing Supplement.

3.2 Form

The Notes are issued in registered form by entry in the Register.

3.3 No certificates

No certificates will be issued to Noteholders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.

3.4 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Note Trustee and the Noteholder to:
 - (i) pay principal, any interest and any other amount in accordance with these Conditions and the Note Trust Deed; and
 - (ii) comply with all other Conditions of the Note, the Note Trust Deed and the Security Trust Deed; and
- (b) an entitlement to the other benefits given to the Noteholder in respect of the Note under these Conditions, the Note Trust Deed and the Security Trust Deed.

3.5 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

3.6 Non-recognition of interests

Except as ordered by a court of competent jurisdiction or required by law or directive, the Issuer, the Note Trustee, the Security Trustee and the Registrar must treat the person whose name is entered in the Register as the Noteholder of a Note as the absolute owner of that Note and are under no obligation to recognise any other person as having any right to or interest in that Note. This Condition applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

3.7 Joint Noteholders

Where two or more persons are entered in the Register as the joint holder of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

4 Status, Guarantee and Security

4.1 Status of Notes

The Notes are direct, secured, unsubordinated and unconditional obligations of the Issuer.

4.2 Ranking of Notes

The Notes rank equally among themselves and at least equally with all other present and future direct, unsecured, unsubordinated and unconditional obligations of the Issuer, but subject to any prior ranking Permitted Security Interest and liabilities mandatorily preferred by law.

4.3 Guarantee

The Notes are issued with the benefit of the Guarantee. Pursuant to the Guarantee, each Guarantor unconditionally and irrevocably guarantees on a joint and several basis to the Noteholders, among other things, the due and punctual performance by the Issuer of its obligations under the Notes. The obligations of a Guarantor under the Guarantee are direct, secured, unsubordinated and unconditional obligations of that Guarantor. The Guarantee ranks at least equally with all other present and future direct, unsecured, unsubordinated and unconditional obligations of that Guarantor, but subject to any prior ranking Permitted Security Interest and liabilities mandatorily preferred by law.

4.4 Security

Amounts due under the Notes, the Note Trust Deed and the Guarantee of the Guarantors are secured by each Security applicable to the Notes. The Security Trustee holds each Security applicable to the Notes on trust for the Beneficiaries (as defined in the Security Trust Deed, and which includes the Note Trustee, each Agent and the Noteholders).

4.5 Priority Deed

The Security and amounts due under the Notes are subject to the terms of the Priority Deed.

5 Financial undertakings, negative pledge and other covenants

5.1 Financial undertakings

For so long as the Notes remain outstanding, the Issuer shall ensure that at all times that:

- (a) **(Debt Service Cover Ratio)** the Debt Service Cover Ratio is not less than 2.00:1.00;
- (b) **(Gearing Ratio)** the Gearing Ratio on each Calculation Date set out in the first column of the table in this paragraph (b) below does not exceed the corresponding ratio set out in the second column of the table in this paragraph (b) below:

Calculation Date	Gearing Ratio
30 June 2019	55%
31 December 2019	55%
30 June 2020	50%
31 December 2020	50%
30 June 2021	40%
31 December 2021	40%
Each 30 June and 31 December thereafter until the Maturity Date	35%

- (c) (**Leverage Ratio**) the Leverage Ratio on each Calculation Date occurring during the period set out in the first column of the table in this paragraph (c) below does not exceed the corresponding ratio set out in the second column of the table in this paragraph (c) below:

Period during which the Calculation Date occurs	Leverage Ratio
From (and including) 31 March 2020 to (and including) 30 June 2020	3.25:1.00
From 1 July 2020 to (and including) 30 June 2021	3.00:1.00
From 1 July 2021 to (and including) 30 June 2022	2.50:1.00
From 1 July 2022 to (and including) the Maturity Date	2.00:1.00

- (d) (**Cash Balance**) the Cash Balance of the Issuer must, at all times, exceed A\$2,000,000 and is not to fall below A\$4,000,000 for a period of more than 90 consecutive days.

5.2 Negative pledge

No Obligor will create or permit to subsist any Security Interest upon the whole or any part of its present or future assets other than (each the following a “**Permitted Security Interest**”):

- (a) Security Interests granted to secure the Notes;
- (b) Security Interests that secure any Permitted Financial Indebtedness;
- (c) Security Interests granted by an Obligor to another Obligor;
- (d) Security Interests arising by operation of law (other than the PPSA) and in the ordinary course of business;
- (e) netting and set-off arrangements arising in the ordinary course of the Group’s banking arrangements;
- (f) a purchase money security interest in favour of a seller including retention of title, hire purchase or conditional sale arrangements in respect of goods supplied in the ordinary course of business;
- (g) chattel paper, commercial consignment and PPS leases;
- (h) other Security Interests permitted on a case-by-case basis by Special Resolution of Noteholders.

5.3 Limit on incurring Financial Indebtedness

- (a) Subject to Condition 5.3(b) and Condition 5.3(c) below, no Obligor will incur, or permit to subsist, any Financial Indebtedness other than (each of the following, a “**Permitted Financial Indebtedness**”):
 - (i) any Financial Indebtedness (including a renewal, extension or refinance of any Financial Indebtedness) to the extent the aggregate amount of all such Financial Indebtedness does not result in the Financial Undertakings being breached and provided that prior to the Financial Indebtedness being incurred, a certificate signed by two directors or a director and chief financial officer of the Obligors is given to the Note Trustee confirming that on the date the Obligor incurs any such Financial Indebtedness and immediately after giving pro-forma effect to the incurrence of such Financial Indebtedness, the Obligor is in compliance with the Financial Undertakings;

- (ii) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and when calculating the value of any derivative transaction, only the marked to market value shall be taken into account) entered into in the ordinary course of business and in connection with protection against fluctuation in currency or interest rates and not for investment or speculative purposes;
 - (iii) Financial Indebtedness incurred under its environmental bonding arrangements comprising of:
 - (A) the Tribeca Facility provided that the aggregate Financial Indebtedness incurred does not exceed A\$6,800,000; and
 - (B) the Westpac Facility provided that the aggregate Financial Indebtedness incurred does not exceed A\$6,800,000;
 - (iv) deferred consideration payable by Armour Energy (Surat Basin) Pty Ltd to Oil Investments Pty Ltd of an aggregate amount not exceeding A\$2,000,000 in respect the Issuer's acquisition of the Kincora Project;
 - (v) any Financial Indebtedness incurred under any finance lease or hire purchase arrangement or similar facility entered into in the ordinary course of business where the aggregate outstanding capital or principal value of all such agreements entered into by all members of the Group does not exceed A\$200,000 at any time;
 - (vi) any Financial Indebtedness incurred between Obligors;
 - (vii) any Financial Indebtedness whereby the rights and claims for payment of such Financial Indebtedness is fully subordinated to rights and claim of the Note Trustee and Noteholders under the Notes; and
 - (viii) other Financial Indebtedness permitted on a case-by-case basis by Special Resolution of Noteholders.
- (b) Except in the case of Permitted Financial Indebtedness described in paragraph (v) above, no Obligor may increase its Financial Indebtedness (other than the accrual of fees and scheduled interest in the ordinary course under arrangements entered into prior to the Issue Date) within 12 months after the Issue Date ("**Debt Lock Up Date**"). If an Obligor proposes to increase its Financial Indebtedness (a "**Debt Incurrence Event**") after the Debt Lock Up Date, it must ensure that the aggregate amount of all such Financial Indebtedness at that time (calculated on the basis of (i) all such proposed Financial Indebtedness being fully drawn, and (ii) EBITDA referred to in the table below, being the EBITDA for the 12 month period ending on the relevant date) does not exceed the multiple of EBITDA as set out in the table below:

Period	Multiple of EBITDA
From the Issue Date and until (but excluding) the Debt Lock Up Date	No increase to Financial Indebtedness permitted
From the Debt Lock Up Date and until (and including) 30 June 2021	2.50x
From 1 July 2021 and until (and including) 30 June 2022	2.00x
From 1 July 2022 and until the Maturity Date	1.50x

- (c) Except in the case of Permitted Financial Indebtedness described in paragraph (v) above, no Obligor may increase its Financial Indebtedness (other than the accrual of fees and scheduled interest in the ordinary course under arrangements entered into prior to the Amortisation Trigger Debt Lock Up Date) if an Amortisation Step Up Amount has been due and payable within six months of the date (“**Amortisation Trigger Debt Lock Up Date**”) that it proposes to increase its Financial Indebtedness.

5.4 Limit on providing Financial Accommodation

No Obligor will make available Financial Accommodation to or for the benefit of any person other than (each of the following, a “**Permitted Financial Accommodation**”):

- (a) any Financial Accommodation provided by an Obligor to another Obligor;
- (b) any Financial Accommodation provided to allow customers to acquire goods and services on extended terms up to a maximum of 90 days in the ordinary course of business;
- (c) any Financial Accommodation provided by way of deposits or other cash equivalent investments with financial institutions as part of the ordinary course of the Group’s transactional banking arrangements on the financial institutions standard terms and conditions (or terms more favourable to the relevant Obligor);
- (d) any Financial Indebtedness relating to any guarantee or indemnity under any class order guarantee given in accordance with the Corporations Act where the only members of the class order are Obligors; and
- (e) any other Financial Accommodation permitted on a case-by-case basis by Special Resolution of Noteholders.

5.5 Limit on making certain payments

No Obligor will (and each Obligor will ensure that no other member of the Group will) declare or pay any Distribution, or reduce, return, purchase, repay, cancel or redeem any of its share capital or units (as applicable) or buy back any of its shares or units (as applicable) (“**Capital Reduction**”) under Chapter 2J of the Corporations Act (or an equivalent provision under any law or directive in another jurisdiction applicable to that member of the Group) or pay any interest or other amounts in respect of any debt security issued which ranks behind the Notes (“**Other Restricted Payment**”) except (each of the following, a “**Permitted Payment**”):

- (a) where the recipient of the proceeds of such Distribution or Capital Reduction is an Obligor; or
- (b) where the recipient of the proceeds is to DGR Global Limited in respect of any services provided by DGR Global Limited to the Obligors provided the aggregate payments to DGR Global Limited in any financial year does not exceed maximum of A\$750,000;
- (c) where the payment is in respect of director fees (whether paid or payable to the director personally or an entity controlled by that director); and
- (d) where the payment is in respect of any underwriting fee or management fee of any equity capital raisings of the Issuer and arranged by a Related Party of the Issuer,

and provided that, in the case of paragraphs (b) to (d) above, the payments have been disclosed in the notes to its most recent audited Financial Statements (or will be disclosed in the notes to its next audited Financial Statements). For so long as the Notes are outstanding, no Distribution, Capital Reduction or Other Restricted Payment may be declared or paid except as expressly permitted above.

5.6 Disposals

No Obligor will (whether in a single transaction or a series of related transactions) sell, transfer, lease, licence or otherwise dispose of, or create or allow to exist an interest in its assets, undertaking or business or the assets, undertaking or business of an Obligor (a “**Disposal**”), other than (each of the following, a “**Permitted Disposal**”):

- (a) a Disposal comprising or arising as a result of the enforcement of a Permitted Security Interest;
- (b) Disposals from one Obligor to another Obligor;
- (c) Disposal of licenses in relation to the Uganda Project to Armour Energy International Pty Ltd or the Issuer;
- (d) Disposal of shares in Armour Energy International Pty Ltd to DGR Global Limited, a joint venture company of which DGR Global Limited or one of its subsidiaries is a majority shareholder, or third party at arm's length for the purposes of further funding the Uganda Project;
- (e) Disposals from a member of the Group which is a non-Obligor to an Obligor;
- (f) Disposals:
 - (i) in the ordinary course of an Obligor's business at arm's length and on arm's length commercial terms provided no Event of Default has occurred and is subsisting; or
 - (ii) where the asset is waste, is obsolete or is not required for the efficient operation of an Obligor's business; or
 - (iii) in exchange for other assets comparable or superior as to type, value and quality;
- (g) Disposals where an amount equal to the net proceeds of the Disposal is used within 180 days after such Disposal:
 - (i) to purchase, acquire, develop, redevelop or construct productive assets for use by any Obligor in its business; or
 - (ii) to prepay or repay any secured Financial Indebtedness, followed by any unsecured Financial Indebtedness, incurred by an Obligor; or
 - (iii) to make a Distribution or Capital Reduction as permitted under Condition 5.5 (“Limit on making certain payments”),provided that no Event of Default has occurred and is subsisting;
- (h) Disposals not covered by paragraphs (a) to (g) provided that:
 - (i) each such Disposal is for cash consideration on an arm's length basis and at fair market value;
 - (ii) the fair market value of any single Disposal is not greater than A\$250,000 and the aggregate fair market values of assets disposed by the Obligors in any financial year does not exceed an aggregate amount of A\$1,000,000; and
 - (iii) no Event of Default has occurred and is subsisting; and

- (i) other Disposals permitted on a case-by-case basis by Special Resolution of Noteholders.

5.7 Guarantor Group Test

The Issuer undertakes, at all times, to cause each of its Subsidiaries incorporated in Australia which is not an Initial Guarantor (other than Armour Energy International Pty Ltd) to accede as a Guarantor pursuant to the Note Trust Deed as a New Obligor pursuant to the Security Trust Deed.

5.8 Project undertakings

- (a) **(Minimum 1P reserves)** The Issuer must ensure that, at all times, the amount of its gas and other hydrocarbons 1P reserves is the greater of 25 petajoules and the aggregate amount it is obliged to deliver under sale agreements in the following 12 months.
- (b) **(Minimum 1P + 2P reserves)** The Issuer must ensure that, at all times, the amount of its 1P reserves and 2P reserves of gas and other hydrocarbons is not less 1.5 times the amount it is obliged to deliver under the sale agreements.
- (c) **(Minimum contracted revenue)** The Issuer must ensure that, at all times, the amount of gas and other hydrocarbons it is obliged to deliver under sale agreements represents at least 30% of its forecast reserves and production profile.
- (d) **(Authorisations)** Each Obligor shall ensure that each authorisation required for the:
 - (i) carrying of its business;
 - (ii) the development and/or exploitation or operation of each project,
 is, in each case, obtained and promptly renewed and maintained in full force and effect to the extent that a failure by it to do so would have a Material Adverse Effect.
- (e) **(Environmental and OH&S)** Each Obligor shall:
 - (i) comply with all environmental approvals, environmental laws and occupational health and safety laws applicable to it where failure to do so is likely to have a Material Adverse Effect;
 - (ii) obtain all environmental approvals applicable to it where failure to do so is likely to have a Material Adverse Effect; and
 - (iii) use all reasonable precautions to avoid actions which may give rise to a material liability under environmental or occupational health and safety laws.
- (f) **(Maintain insurance)** Each Obligor:
 - (i) will take out and keep in force insurance for amounts and against risks for which a person holding assets and carrying on a business similar to that of the Obligors would prudently take out insurance;
 - (ii) not do or omit to do or suffer or permit to be done anything which is likely to prejudice or impair the insurances or render them liable to be or become invalid, void or voidable; and
 - (iii) except in the case of third party liability insurance, use commercially reasonable endeavours to note the Security Trustee as additional insured.

- (g) **(Environmental Bond Bank Account)** Each Obligor will ensure that:
 - (i) at all times amounts standing to the credit of the Environmental Bond Bank Account:
 - (A) do not exceed A\$6,800,000, other than accrued interest provided that such interest is withdrawn from the account within 30 days; and
 - (B) are only used to satisfy the Obligations of an Obligor to Westpac arising in connection with the Environmental Bonds or to repay, or prepay, amounts owing to the Tribeca Financiers under the Tribeca Facility; and
 - (ii) as soon as practicable after all Financial Indebtedness owing to Westpac and the Tribeca Financiers have been paid or prepaid or are no longer outstanding, it will close the Environmental Bond Bank Accounts.
- (h) **(Armour Energy International Pty Ltd)** The Issuer will ensure that Armour Energy International Pty Ltd will not own any assets or undertake any activities except assets or activities related to the Uganda Project.

5.9 Other undertakings

- (a) **(Corporate existence)** Each Obligor will (and each Obligor will procure that no other member of the Group will) do everything necessary to maintain its corporate existence.
- (b) **(Comply with laws)** Each Obligor will comply (and will procure that each other member of the Group complies) with all applicable laws and directives binding on it where a failure to comply would have a material adverse effect on the ability of an Obligor to comply with its obligations under the Notes, the Guarantee or the Securities.
- (c) **(Related party transactions):** Each Obligor will not (and will procure that each other member of the Group will not) deal with any Related Entity except on arm's length commercial terms (or better).
- (d) **(No change to business)** No Obligor will substantially change the general nature of its business from that carried on at the Issue Date other than with the prior written consent of the Note Trustee.

5.10 Delivery of compliance certificates

- (a) With each set of Financial Statements and quarterly management accounts delivered to the Note Trustee pursuant to the Note Trust Deed, the Issuer will provide a certificate ("**Compliance Certificate**") setting out (in reasonable detail):
 - (i) computations as to compliance with the Financial Undertakings as at the date at which those Financial Statements or quarterly management accounts relate; and
 - (ii) computations as to compliance with Condition 5.7 ("Guarantor Group Test") as at the date at which those Financial Statements or quarterly management accounts relate.
- (b) Each Compliance Certificate shall be:
 - (i) signed by either two directors or a chief financial officer of the Issuer;
 - (ii) include a statement that no Event of Default has occurred or is continuing; and

- (iii) attach bank statements for the Environmental Bond Bank Accounts.

5.11 Equity Cure

The Issuer shall have the right to prevent and/or cure any breach of Financial Undertaking if each of the following conditions is satisfied:

- (a) an additional Equity Contribution is made to the Group and this does not result in a Change of Control;
- (b) the proceeds of the Equity Contribution is applied to redeem such number of Notes in accordance with Condition 9.6 ("Early redemption at the option of the Issuer (Equity cure)") in an amount as is necessary to prevent or cure the breach of the relevant Financial Undertaking;
- (c) each relevant Financial Undertaking that is not, or would not be satisfied, or would have otherwise been breached will be calculated (or recalculated, as applicable) after giving effect to the following adjustments (in each case on a notional basis as if the Equity Contribution had been applied to prepayment on the first day of the relevant Calculation Period):
 - (i) for the purpose of calculating the Leverage Ratio, the aggregate amount of all drawn (secured and unsecured) Financial Indebtedness of the Group will be reduced by the amount of the Equity Contribution applied to redeem the relevant Notes in accordance with Condition 9.6 ("Early redemption at the option of the Issuer (Equity cure)");
 - (ii) for the purpose of calculating the Gearing Ratio, the aggregate amount of all drawn (secured and unsecured) Financial Indebtedness of the Group will be reduced by the amount of the Equity Contribution applied to redeem the relevant Notes in accordance with Condition 9.6 ("Early redemption at the option of the Issuer (Equity cure)");
- (d) the Issuer delivers a further Compliance Certificate to the Note Trustee, in form and substance satisfactory to the Note Trustee (acting in accordance with a Special Resolution of Noteholders), within 20 Business Days of the breach demonstrating compliance with the Financial Undertakings and setting out in detail how the breach of the Financial Undertaking was cured in accordance with this Condition 5.11;
- (e) the right to prevent and/or cure any breach of a Financial Undertaking under this Condition 5.11 has not been used:
 - (i) more than 2 times since the Issue Date; and
 - (ii) to prevent and/or cure a breach of a Financial Undertaking on consecutive Calculation Dates.

6 Title and transfer of Notes

6.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

6.2 Transfer

Notes may only be transferred in accordance with these Conditions and the Note Trust Deed.

6.3 Transfers in whole

Notes may only be transferred in whole and not in part.

6.4 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

6.5 Unincorporated associations

A transfer of a Note to an unincorporated association is not permitted.

6.6 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of all the Notes registered as having been transferred equals the aggregate principal amount of all the Notes expressed to be transferred in the transfer.

6.7 Compliance with law

Notes may only be transferred if the offer or invitation for the sale or purchase of the Notes is received by a person:

- (a) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
- (b) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

6.8 Restrictions on transfer

- (a) Transfers of Notes which are not lodged in the Austraclear System cannot be made between a Record Date and the relevant following Payment Date if a redemption of such Note is to occur during, or at the end of, that period in accordance with these Conditions.
- (b) Transfers of Notes will not be registered later than the close of business in the place where the Register is maintained on the eighth day prior to the Maturity Date of the Notes.

7 Fixed Rate Notes

7.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its Outstanding Principal Amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date or, if redeemed earlier, the Optional Redemption Date, at the Interest Rate. Interest is payable in arrear on each Interest Payment Date or such other date on which a Note is redeemed.

7.2 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period shall be calculated by the Calculation Agent by multiplying the Interest Rate, the Outstanding Principal Amount of the Fixed Rate Note and the applicable Day Count Fraction.

8 General provisions applicable to interest

8.1 Calculation of other amounts

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

8.2 Notification of interest payable and other items

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date.
- (b) The Calculation Agent must give notice under this Condition 8.2 as soon as practicable after making its determination.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must promptly notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of any such amendment.

8.3 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of fraud or manifest error, final and binding on the Issuer, the Guarantors, the Registrar, each Noteholder, the Note Trustee, the Security Trustee and each other Agent.

8.4 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in these Conditions or the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%);
- (b) all figures resulting from the calculations must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent and, in the case of a partial or early redemption of the Notes, rounded to the nearest one cent per Note.

9 Redemption

9.1 Redemption on maturity

The Issuer agrees to redeem each Note on its Maturity Date at its Outstanding Principal Amount unless:

- (a) the Note has been previously redeemed; or
- (b) the Note has been purchased and cancelled.

9.2 Partial redemption on an Interest Payment Date

During the Amortisation Period, each Note will be partially redeemed in an amount equal to the Amortisation Amount on each Interest Payment Date as specified in the Pricing Supplement. The principal amount of each Note is reduced by the Amortisation Amount with effect from the relevant Interest Payment Date until, and including, the Maturity Date.

9.3 Early redemption at the option of Noteholders (Noteholder put)

Upon the occurrence of a Change of Control, each Noteholder will have the right to require the Issuer to redeem some or all of the Notes held by such Noteholder at a redemption price equal to 101% of the Outstanding Principal Amount of each Note being redeemed (together with any accrued, but unpaid, interest, if any, to the date of redemption) (the “**Change of Control Redemption Price**”). Within 30 days after a Change of Control, the Issuer shall deliver a notice to the Registrar and the Note Trustee requesting that the Note Trustee promptly notifies Noteholders stating:

- (a) that a Change of Control has occurred and that such Noteholder has the right to require the Issuer to redeem such Notes at the Change of Control Redemption Price;
- (b) the redemption date (which shall be no earlier than 30 days nor later than 50 days from the date of such notice is delivered); and
- (c) the procedures determined by the Issuer, consistent with terms and conditions of the Notes, that a Noteholder must follow in order to have its Notes redeemed.

9.4 Early redemption at the option of the Issuer (Issuer call)

The Issuer may redeem all or some of the Notes before their Maturity Date as follows:

- (a) on each Interest Payment Date during the period commencing on (and including) the First Optional Redemption Date to (but excluding) the Second Optional Redemption Date, by payment of 103% of the Outstanding Principal Amount of each Note being redeemed;
- (b) on each Interest Payment Date during the period commencing on (and including) the Second Optional Redemption Date to (but excluding) the Third Optional Redemption Date, by payment of 102% of the Outstanding Principal Amount of each Note being redeemed;
- (c) on each Interest Payment Date during the period commencing on (and including) the Third Optional Redemption Date to (but excluding) 29 December 2023, by payment of 101% of the Outstanding Principal Amount of each Note being redeemed; and
- (d) on any date after (and including) 29 December 2023, by payment of the Outstanding Principal Amount of each Note being redeemed,

in each case, together with any accrued interest, if any, to the date of redemption.

However, the Issuer may only do so if the amount of Notes to be redeemed is a whole multiple of their Amortised Face Amount and:

- (i) in circumstances where prior to such proposed redemption there has been a public announcement of a public markets issuance to be made by the Issuer for the purposes of funding such redemption or a redemption under paragraph (d) above, the Issuer has given at least 2 days (and not more than 60 days') notice to the Registrar, the Note Trustee, the Noteholders and each other Agent; and
- (ii) in any other circumstances, the Issuer has given at least 30 days' (and not more than 60 days') notice to the Registrar, the Note Trustee, the Noteholders and each other Agent.

9.5 Early redemption at the option of the Issuer (tax call)

If, as a consequence of an amendment to or a change in, or announced amendment to or prospective change in:

- (a) a law or directive or binding judicial decision; or
- (b) an administrative decision (with which the Issuer is required to comply) interpreting, applying or clarifying those laws, directives or judicial decisions,

occurring after the Issue Date, the Issuer is required to pay an Additional Amount in respect of any Notes under Condition 11.2 ("Withholding tax") (an "**Affected Note**"), the Issuer may redeem all (but not some) of the Affected Notes at any time before their Maturity Date by payment of the Outstanding Principal Amount of each Affected Note being redeemed together with any accrued interest, if any, to the date of redemption.

However, the Issuer may only do so if:

- (i) the Issuer has given at least 30 days' (and not more than 60 days') notice to the Registrar, the Note Trustee, the Noteholders and each other Agent and obtains and provides to the Note Trustee:
 - (A) a certificate signed by two directors of the Issuer stating that such amendment or change has occurred describing the facts and stating that such requirement cannot be avoided by the Issuer taking reasonable measures available to it; and
 - (B) an opinion of independent legal advisers of recognised standing to the effect that such amendment or change has occurred.
- (ii) no notice of redemption is given earlier than 90 days before the earliest date on which the Issuer would be obliged to pay such Additional Amounts under Condition 11.2 ("Withholding tax"); and

9.6 Early redemption at the option of the Issuer (Equity cure)

- (a) To prevent or cure a breach of a Financial Undertaking on any Calculation Date, the Issuer may redeem some or all of the Notes at any time before their Maturity Date by payment of 100% of the Outstanding Principal Amount of each Note being redeemed together with any accrued interest, if any, to the date of redemption.
- (b) However, the Issuer may only do so if:
 - (i) the Issuer has given at least three days (and not more than seven days) notice to the Registrar, the Note Trustee, the Noteholders and each other

Agent it proposes to prevent or cure a breach of a Financial Undertaking under this Condition 9.6;

- (ii) the aggregate principal amount of Notes to be redeemed is at least equal to the amount that is necessary to cure the breach of the relevant Financial Undertaking;
- (iii) the Issuer has given the Note Trustee a certificate signed by two directors of the Issuer certifying that on the relevant Calculation Date the Issuer has, or will be, in breach of the relevant Financial Undertaking, together with computations as to its failure, or expected failure, to comply; and
- (iv) each of the conditions set out in Condition 5.11 ("Equity cure") is satisfied by the Issuer.

9.7 Partial redemptions

- (a) If only some of the Notes are to be redeemed under Condition 9.3 ("Early redemption at the option of Noteholders (Noteholder put)"), Condition 9.4 ("Early redemption at the option of the Issuer (Issuer call)") or Condition 9.6 ("Early redemption at the option of the Issuer (Equity cure)"), the Notes to be redeemed will be specified in the notice and selected:
 - (i) if specified in the Pricing Supplement, in the manner set out in the Pricing Supplement, or otherwise pro-rata across all Noteholders or in a fair and reasonable manner in either case, as determined by the Issuer and having regard to whole denominations; and
 - (ii) in compliance with any applicable law or directive.
- (b) If only some of the Notes are to be redeemed under Condition 9.3 ("Early redemption at the option of Noteholders (Noteholder put)") or Condition 9.4 ("Early redemption at the option of the Issuer (Issuer call)"), the Calculation Agent will prepare a substitute repayment schedule in relation to the Notes to replace the existing repayment schedule by re-calculating:
 - (i) the number of Interest Payment Dates remaining; and
 - (ii) the Amortisation Amount payable with respect to a Note on each Interest Payment Date using the same methodology used to calculate the Amortisation Amount payable with respect to a Note prior to the redemption of some of the Notes,

but reflecting the reduced number of Notes. Such substitute repayment schedule will then, subject to any manifest error, become the repayment schedule in relation to the Notes.

9.8 Effect of notice of redemption

Any notice of redemption given under this Condition 9 ("Redemption") is irrevocable.

9.9 Late payment

If an amount payable is not paid under this Condition 9 ("Redemption") when due, then interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Noteholder.

9.10 Purchase

The Issuer and any of its Related Entities, or anyone of their behalf, may at any time purchase (including on issue) Notes in the open market or otherwise and at any price. Notes purchased under this Condition 9.10 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or directive.

10 Payments

10.1 Payments to Noteholders

- (a) Payments of principal (including any Amortisation Amount) will be made to each person registered in the Register at 10.00 am on the applicable Payment Date as the holder of the Note.
- (b) Payments of interest will be made to each person registered in the Register at close of business on the applicable Record Date as the holder of a Note.

10.2 Payments to accounts

Payments in respect of a Note will be made:

- (a) if the Note is held in the Austraclear System, by crediting on the Payment Date, the amount due to:
 - (i) the account of Austraclear (as the Noteholder) previously notified to the Issuer and the Registrar; or
 - (ii) if requested by Austraclear, the accounts of the persons in Australia in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with the Austraclear Regulations; and
- (b) if the Notes are not held in the Austraclear System, by crediting on the Payment Date, the amount then due under each Note to an account in Australia previously notified by the Noteholder to the Issuer and the Registrar.

10.3 Payments by cheque

If a Noteholder has not notified the Registrar of an account to which payments to it must be made by close of business on the Record Date or it has notified the Registrar that it wishes to be paid by cheque, payments in respect of the Note will be made by cheque sent by prepaid post on the Payment Date, at the risk of the registered Noteholder, to the Noteholder (or if two or more persons are entered in the Register as joint Noteholders, to the first named joint Noteholder of the Note) at its address appearing in the Register at close of business on the Record Date. Cheques sent to the nominated address of a Noteholder will be taken to have been received by the Noteholder on the Payment Date and no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

10.4 Payments subject to law

All payments are subject to applicable law but without prejudice to the provisions of Condition 11 ("Taxation") and the terms of the Priority Deed.

10.5 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, a Noteholder is not entitled to any additional payment in respect of that delay.

10.6 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds, cheque or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque and if the Issuer has so cancelled,

then, in each case and subject to Condition 12 ("Time limit for claims"), the amount is to be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder or any legal personal representative of the Noteholder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

10.7 Payment to joint Noteholders

A payment to any one of joint Noteholders will discharge the Issuer's liability in respect of the payment.

11 Taxation

11.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by law.

11.2 Withholding tax

If a law requires the Issuer (or an Agent) to withhold or deduct an amount in respect of Taxes from a payment in respect of a Note such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer (or an Agent) agrees to withhold or deduct the amount for the Taxes; and

- (b) subject to Condition 11.3 (“Gross-up exceptions”), an additional amount (“**Additional Amount**”) is payable by the Issuer so that, after making the withholding or deduction and further withholdings or deductions applicable to any additional amounts payable under this Condition 11.2, the Noteholder is entitled to receive (at the time the payment is due) total amounts equal to what it would have received if no withholdings or deductions had been required to be made from a payment in respect of a Note.

11.3 Gross-up exceptions

No Additional Amounts are payable under Condition 11.2 (“Withholding tax”) in respect of any Note:

- (a) in respect of any Taxes imposed on, or calculated having regard to, the net income or profits of the Noteholder;
- (b) to, or to a third party on behalf of, a Noteholder, if that person has not supplied an appropriate Australian tax file number (if applicable), or an Australian Business Number or details of an applicable exemption from these requirements;
- (c) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of having some connection with Australia other than the mere holding of the Note;
- (d) to, or to a third party on behalf of, a Noteholder who is liable to the Taxes in respect of a Note by reason of the Noteholder being an Offshore Associate of the Issuer not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;
- (e) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge;
- (f) in circumstances where such a withholding or deduction would not be required if the Noteholder, or any person acting on the Noteholder’s behalf, had satisfied any statutory requirements or obtained and/or presented any form or certificate or had made a declaration of non-residence or similar claim for exemption to any Tax Authority upon the presentation or making of which the Noteholder would have been able to avoid or partially avoid (as the case may be) such withholding or deduction;
- (g) where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law;
- (h) in such other circumstances as may be specified in the Pricing Supplement; or
- (i) in respect of any combination of any or all of paragraphs (a) to (h) above.

Notwithstanding any other provision of these Conditions, if the Issuer, any Agent, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA, the Issuer or that other person shall be permitted to make such withholding or deduction, and Noteholders and beneficial owners of Notes will not be entitled to receive any gross up, Additional Amount or other amount for such withholding or deduction.

12 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which that payment first became due.

13 Events of Default

13.1 Events of Default

Each of the following is an Event of Default in respect of the Notes (whether or not within the control of the relevant member of the Group):

- (a) **(non-payment of principal)** the Issuer fails to pay any principal in respect of the Notes when due, except that if the failure is due solely by a reason of a technical, computer or similar error outside of the control of the Issuer, the payment is not paid within one Business Days of that non-payment;
- (b) **(non-payment of interest)** the Issuer fails to pay any interest in respect of the Notes of the relevant series when due and the failure to pay continues for a period of two Business Days after the due date, except that if the failure is due solely by a reason of a technical, computer or similar error outside of the control of the Issuer, the payment is not paid within one Business Days of that non-payment;
- (c) **(financial undertakings)** subject to Condition 5.11 ("Equity Cure"), the Issuer fails to comply with the Financial Undertakings;
- (d) **(non-compliance with obligations)** an Obligor:
 - (i) fails to comply with any of its obligations in connection with the Notes (other than, those referred to in Condition 13.1(b) and Condition 13.1(c) above), the Guarantee or Security; and
 - (ii) if the non-compliance is capable of remedy, it is not remedied within 30 days of the earlier of the Obligor becoming aware of the breach and the date notice of such default shall have been given to the Issuer by the Note Trustee or any Noteholder;
- (e) **(cross default)** any Financial Indebtedness greater than A\$1,000,000 (or its equivalent in any other currency) of any member of the Group:
 - (i) is not satisfied on the later of its due date or the end of any applicable grace period; or
 - (ii) becomes (or becomes capable of being declared) due and payable before its scheduled maturity by reasons of a default, event of default or potential event of default (howsoever described);
- (f) **(enforcement against assets)** any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any member of the Group for an amount greater than A\$1,000,000;
- (g) **(insolvency)** an Insolvency Event occurs in relation to a member of the Group;
- (h) **(obligations unenforceable)** any Note, the Note Trust Deed, the Guarantee, the Priority Deed or any Security applicable to the Notes or the Security Trust Deed is or becomes (or is claimed to be) wholly or any part void, voidable or unenforceable or any Note, the Note Trust Deed, the Guarantee, the Priority Deed or any Security applicable to the Notes or the Security Trust Deed ceases to wholly or any part have full force and effect or the whole or any part of is declared by any court of competent jurisdiction to be void or unenforceable;
- (i) **(no material litigation)** a judgement or award in an amount exceeding A\$500,000 (or its equivalent in any other currency) is obtained against a member of the Group or any

of their assets and is not set aside or satisfied within 30 days unless the member of the Group is diligently and in good faith pursuing an appeal;

- (j) **(cessation of business)** an Obligor ceases to carry on business generally and no other body corporate assumes the business of that person;
- (k) **(material authorisations)** an authorisation which is necessary for an Obligor to operate its business or to perform its obligations under the Transaction Documents is repealed, revoked, terminated or found to be invalid, expires or is suspended and this has or is likely to have a Material Adverse Effect;
- (l) **(compulsory acquisition)** all or part of the secured property of an Obligor is compulsorily acquired by order of a government agency or a government agency orders the sale, vesting or divesting of all or any part of the secured property and, in either case, this has or is likely to have a Material Adverse Effect; and
- (m) **(default under a Material Document by an Obligor)** an Obligor defaults under a Material Document to which it is a party and all cure periods to remedy that default under the applicable Material Document have expired and as a consequence the counterparty is entitled to terminate that Material Document.

13.2 Consequences of an Event of Default

- (a) If an Event of Default occurs and continues unremedied in relation to the Notes, then a Noteholder may, or the Note Trustee must (if requested in writing by Noteholders who hold in aggregate 25% or more of the Outstanding Principal Amount), declare by notice to the Issuer (with a copy to the Registrar and the Note Trustee (if notice is given by a Noteholder)) that each Note held by it is (or, if the Note Trustee has given the declaration, all Notes are) to be redeemed by the Issuer paying to the Noteholder the applicable redemption amount for the Note (together with any accrued interest) in which case those amounts become immediately due and payable.
- (b) If an Event of Default occurs, then interest continues to accrue on any unpaid amounts (both before and after any demand or judgment) at the sum of the Interest Rate plus a default rate of 3.00% per annum from the date of the relevant default until earlier of the date on which payment is made to the Noteholder or the date on which the Event of Default is remedied or no longer subsists.

13.3 Notification

If an Event of Default occurs and is subsisting (or, in the case of Condition 13.1(d) ("Events of Default"), an event which, after notice and lapse of time, would become an Event of Default), the Issuer must promptly (and in any event within 5 days) after becoming aware of it notify the Note Trustee, the Security Trustee, the Registrar, each other Agent and the Noteholders of the occurrence of the Event of Default (specifying details of it).

13.4 Enforcement

- (a) Subject to Conditions 13.2(a) and 13.4(c), at any time after the occurrence of an Event of Default and for so long as it is subsisting, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, institute such proceedings and/or take such other action as it may think fit against or in relation to the Issuer to enforce the Issuer's obligations under the Notes. The Issuer shall, as a result of the bringing of any such proceedings, be obliged to pay any sums representing or measured by reference to principal or interest on the Notes sooner than the same would otherwise have been payable by it.
- (b) Without prejudice to Condition 13.4(a) but subject to Condition 13.4(c), if an Obligor breaches any of its obligations under the Note Trust Deed, the Note Trustee may,

either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, bring such proceedings as it may think fit to enforce such obligations.

- (c) The Note Trustee shall not take any of the actions referred to in Conditions 13.4(a) or 13.4(b) to enforce the obligations of the Issuer in respect of the Notes or take any other enforcement action pursuant to or in connection with the Note Trust Deed or the Notes unless:
 - (i) it shall have been so requested in writing by Noteholders who hold in aggregate 25% or more of the Outstanding Principal Amount of all Notes then outstanding; and
 - (ii) unless it decides otherwise, it shall have been indemnified to its satisfaction in accordance with the terms of the Note Trust Deed.

If, prior to acting on a direction received pursuant to Condition 13.4(a), the Note Trustee receives further directions to take any action pursuant to paragraph (c)(i) above that are, in its reasonable opinion, materially inconsistent or conflicting in any material respect with the initial directions, the Note Trustee must call a meeting of Noteholders in accordance with the terms of these Conditions, the Note Trust Deed and the Meeting Provisions in order to resolve the inconsistency or conflict and shall act in accordance with any resolutions of Noteholders passed at that meeting or in accordance with any direction by Noteholders who hold in aggregate 50% or more of the Outstanding Principal Amount of all Notes then outstanding.

- (d) No Noteholder is entitled to proceed directly against an Obligor to enforce any right or remedy under or in respect of any Note, the Guarantee, the Note Trust Deed or the Security Trust Deed unless expressly entitled to do so under these Conditions, the Guarantee, the Note Trust Deed or the Security Trust Deed or, the Note Trustee, having become bound to proceed, fails to do so within 10 Business Days from the date that the Note Trustee is notified by a Noteholder of the failure, and such failure is continuing.

14 Agents

14.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust with any Noteholder.

14.2 Appointment and replacement of Agents

Each initial Agent for the Notes is specified in the Pricing Supplement. Subject to Condition 14.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

14.3 Change of Agent

The Issuer (or the Agent on its behalf) must notify the Note Trustee and the Noteholders if there is any change in the identity of any Agent or any Agent's Specified Office.

14.4 Required Agents

The Issuer must at all times maintain a Registrar, an Issuing & Paying Agent and a Calculation Agent.

15 Meetings of Noteholders

The Meeting Provisions contain provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including any variation of these Conditions. Any resolution duly passed by the Noteholders pursuant to the Meeting Provisions shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed).

16 Variation**16.1 Variation with consent**

Unless Condition 16.2 ("Variation without consent") applies, any Note may be varied by the Noteholders in accordance with the Meeting Provisions.

16.2 Variation without consent

Any Condition may be amended by the Issuer with the consent of the Note Trustee (not to be unreasonably withheld or delayed) but without the consent of the Noteholders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error; or
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision,

provided that, in all cases, in the reasonable opinion of the Issuer and the Note Trustee, such amendment is not materially prejudicial to the interests of the Noteholders.

16.3 Notification

Any modification or amendment made pursuant to this Condition 16 shall be binding on the Noteholders and any such modification or amendment shall be notified to the Noteholders in accordance with Condition 18 ("Notices") as soon as practicable after it has been made.

17 Further issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them) so as to form a single series with the Notes.

18 Notices**18.1 Notices to Noteholders**

All notices and other communications to Noteholders must be in writing. Any such notice or other communication may be given by any of the following means:

- (a) sent by prepaid post (airmail, if appropriate) to or left at the address of the Noteholder (as shown in the Register at close of business on the day which is 3 Business Days before the date of the notice or communication);
- (b) given by an advertisement published in *The Australian Financial Review* or *The Australian*; or

- (c) if such notice or other communication (including by email) is to, or from, Austraclear or a participant of the Austraclear System, in accordance with the Austraclear Regulations.

18.2 Notices to the Issuer, the Note Trustee, the Security Trustee and the Agents

All notices and other communications to the Issuer, the Note Trustee, the Security Trustee or an Agent must be in writing and may sent by prepaid post (airmail, if appropriate) to or left at its respective Specified Office or by email.

18.3 Receipt – publication in newspaper

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers.

18.4 Deemed receipt – postal

If sent by post, notices or other communications are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

18.5 Deemed receipt – general

Despite Condition 18.4 (“Deemed receipt – postal”), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

19 Governing law

19.1 Governing law

These Conditions are governed by the law in force in Queensland, Australia.

19.2 Jurisdiction

The Issuer irrevocably and unconditionally submits and each Noteholder is taken to have submitted, to the non-exclusive jurisdiction of the courts of Queensland and courts of appeal from them. The Issuer waives any right it has to object to any actions or proceedings (“**Proceedings**”) being brought in those courts including, without limitation, by claiming that the Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

19.3 Serving documents

Without preventing any other method of service, any document in any Proceedings (including, without limitation any writ of summons or other originating process or any third or other party notice) may be served on the Issuer by being delivered or left at the Specified Office of the Issuer or otherwise at the Issuer’s registered office or principal place of business.

Form of Pricing Supplement

The Pricing Supplement to be issued in respect of the Notes will be substantially in the form set out below.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Notes are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Series No.: 1

Tranche No.: 1



Armour Energy Limited
(ABN 60 141 198 414)
("Issuer")

Issue of
A\$55,000,000 8.75% Fixed Rate Secured Amortising Notes due 29 March 2024
("Notes")

irrevocably and unconditionally guaranteed on a joint and several basis by,
amongst others, certain subsidiaries of the Issuer
(together, the "Guarantors")

The date of this Pricing Supplement is 27 March 2019.

This Pricing Supplement (as referred to in the Information Memorandum dated 27 March 2019 ("Information Memorandum")) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with (i) the terms and conditions of the Notes ("Conditions") contained in the Information Memorandum, (ii) the Note Trust Deed dated 25 March 2019 and made by the Issuer, the Initial Guarantors and the Note Trustee, (iii) the Security Trust Deed dated 25 March 2019 between the Issuer and the Security Trustee, and (iv) the Priority Deed dated 22 March 2019, among others, the Issuer and the Security Trustee.

Unless otherwise indicated, terms defined in the Conditions have the same meaning when used in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

1	Issuer	: Armour Energy Limited (ABN 60 141 198 414)
2	Initial Guarantors	: Armour Energy (Surat Basin) Pty Limited (ABN 61 607 504 905) Ripple Resources Pty Ltd (ABN 83 127 220 768) Armour Energy (Victoria) Pty Ltd (ACN 167 298 240)
3	Type of Notes	: Fixed Rate Notes
4	Lead Manager and Initial Subscriber	: FIIG Securities Limited (ABN 68 085 661 632)
5	Registrar	: Perpetual Trustee Company Limited (ABN 42 000 001 007)
6	Issuing & Paying Agent	: Perpetual Trustee Company Limited
7	Calculation Agent	: Perpetual Trustee Company Limited
8	Note Trustee	: Perpetual Corporate Trust Limited (ABN 99 000 341 533)
9	Security Trustee	: P.T. Limited (ABN 67 004 454 666)
10	Aggregate principal amount of Tranche	: A\$55,000,000
11	Issue Date	: 29 March 2019
12	Issue Price	: 100%
13	Denomination	: A\$1,000 per Note on the Issue Date
14	Minimum parcel size on initial issue	: A\$50,000
15	Maturity Date	: 29 March 2024
16	Record Date	: As per the Conditions
17	Amortisation Period	The period commencing from (and including) 29 March 2021 to (but excluding) the Maturity Date
18	Amortisation Amount	Means the aggregate of the Scheduled Amortisation Amount and the Amortisation Step Up

19	Scheduled Amortisation Amount	: During the Amortisation Period, each Note will amortise quarterly and be partially redeemed in the Scheduled Amortisation Amount on each Interest Payment Date.
		: The aggregate Scheduled Amortisation Amount in respect of the Notes for an Interest Payment Date is set out in the Schedule to the Pricing Supplement.
20	Amortisation Step Up Amount	During the Amortisation Period, each Note will amortise and be partially redeemed in the Amortisation Step Up Amount on the next Interest Payment Date occurring immediately after the Debt Service Cover Ratio falls below 2.50 times.
		The “ Amortisation Step Up Amount ” means the amount equal to (rounded to the nearest A\$1.00 per Note):
		(a) 40% of its Free Cash after Debt Servicing of the Group for the quarter ending on that Calculation Date;
		divided by:
		(b) the number of Notes on issue.
21	Condition 7 (Fixed Rate Notes) applies	: Yes
	Interest Rate	: 8.75% per annum
	Interest Commencement Date	: Issue Date
	Interest Payment Dates	: 29 March, 29 June, 29 September and 29 December of each year, commencing on 29 June 2019 up to, and including, the Maturity Date or, if redeemed earlier, an Optional Redemption Date
	Business Day Convention	: Following Business Day Convention
	Day Count Fraction	: RBA Bond Basis
22	Noteholder put (Condition 9.3 (“Early redemption at the option of Noteholders (Noteholder put)”))	: Yes, the Notes may be redeemable before their Maturity Date at the option of the Noteholders on a Change of Control as set out in Condition 9.3 (“Early redemption at the option of Noteholders (Noteholder put)”)
23	Issuer call (Condition 9.4 (“Early redemption at the option of the Issuer (Issuer call)”))	: Yes, the Notes may be redeemable before their Maturity Date at the option of the Issuer as set out in Condition 9.4 (“Early redemption at the option of the Issuer (Issuer call)”).
	First Optional Redemption Date	: 29 March 2021
	Second Optional Redemption Date	: 29 March 2022
	Third Optional Redemption Date	: 29 March 2023

24	Tax call (Condition 9.5 ("Early redemption at the option of the Issuer (tax call)"))	: The Notes may be redeemable before their Maturity Date at the option of the Issuer as set out Condition 9.5 ("Early redemption at the option of the Issuer (tax call)").
25	Clearing system	: Austraclear System.
		Interests in the Notes may also be traded through Euroclear and Clearstream as set out on pages 13 to 14 of the Information Memorandum.
26	ISIN	: AU3CB0261998
27	Common Code	: 196905014
28	Austraclear I.D.	: AREL01
29	Australian interest withholding tax	: It is the Issuer's intention that the Notes will be issued in a manner which will comply with the public offer test under section 128F of the Australian Tax Act.
30	Listing	: Not applicable

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Date: 27 March 2019

CONFIRMED

For and on behalf of the Issuer

ARMOUR ENERGY LIMITED (ABN 60 141 198 414)

By:

By:

Name:

Name:

Title:

Title:

For and on behalf of each Initial Guarantor

ARMOUR ENERGY (SURAT BASIN) PTY LIMITED (ABN 61 607 504 905)

By:

By:

Name:

Name:

Title:

Title:

RIPPLE RESOURCES PTY LTD (ABN 83 127 220 768)

By:

By:

Name:

Name:

Title:

Title:

ARMOUR ENERGY (VICTORIA) PTY LTD (ACN 167 298 240)

By:

By:

Name:

Name:

Title:

Title:

Schedule – Scheduled Amortisation Amounts

The payments to be made on each Interest Payment Date are as follows:

	Amortisation Payment Date	Amortisation Payment (A\$ per Note)	Aggregate Amount of Amortisation of the Notes (A\$)	Aggregate Amortised Face Amount of the Notes (A\$)	Interest (A\$)	Aggregate Amortisation Amount + Interest (A\$)
1	29 June 2019	Nil	Nil	55,000,000	1,203,125	1,203,125
2	29 Sep 2019	Nil	Nil	55,000,000	1,203,125	1,203,125
3	29 Dec 2019	Nil	Nil	55,000,000	1,203,125	1,203,125
4	29 Mar 2020	Nil	Nil	55,000,000	1,203,125	1,203,125
5	29 June 2020	Nil	Nil	55,000,000	1,203,125	1,203,125
6	29 Sep 2020	Nil	Nil	55,000,000	1,203,125	1,203,125
7	29 Dec 2020	Nil	Nil	55,000,000	1,203,125	1,203,125
8	29 Mar 2021	35	1,925,000	53,075,000	1,203,125	3,128,125
9	29 June 2021	35	1,925,000	51,150,000	1,161,016	3,086,016
10	29 Sep 2021	40	2,200,000	48,950,000	1,118,906	3,318,906
11	29 Dec 2021	40	2,200,000	46,750,000	1,070,781	3,270,781
12	29 Mar 2022	40	2,200,000	44,550,000	1,022,656	3,222,656
13	29 June 2022	40	2,200,000	42,350,000	974,531	3,174,531
14	29 Sep 2022	45	2,475,000	39,875,000	926,406	3,401,406
15	29 Dec 2022	45	2,475,000	37,400,000	872,266	3,347,266
16	29 Mar 2023	50	2,750,000	34,650,000	818,125	3,568,125
17	29 June 2023	50	2,750,000	31,900,000	757,969	3,507,969
18	29 Sep 2023	50	2,750,000	29,150,000	697,813	3,447,813
19	29 Dec 2023	50	2,750,000	26,400,000	637,656	3,387,656
20	29 Mar 2024	480	26,400,000	0	577,500	26,977,500

Selling Restrictions

*Under the Subscription Agreement dated on or around 27 March 2019 between the Issuer, the Initial Guarantors and the Lead Manager and Initial Subscriber ("**Subscription Agreement**") and subject to the Conditions contained in the Information Memorandum, the Notes will be offered by the Issuer through the Lead Manager and Initial Subscriber. The Issuer will have the sole right to accept any offers to purchase Notes and may reject any such offer in whole or (subject to the terms of such offer) in part.*

None of the Issuer, the Initial Guarantors or the Lead Manager and Initial Subscriber has represented that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.

The following selling restrictions apply to the Notes.

General

Persons into whose hands this Information Memorandum comes are required by the Issuer, the Initial Guarantors, the Lead Manager and Initial Subscriber to comply with all applicable laws and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and none of the Issuer, the Initial Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agent has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

Australia

The Lead Manager and Initial Subscriber has acknowledged that:

- (a) no "prospectus" or other "disclosure document" (each as defined in the Corporations Act) in relation to the Notes has been or will be lodged with ASIC or any other government agency or authority; and
- (b) no action has been taken, or will be taken, by it in any jurisdiction which would permit a public offering of the Notes, or possession or distribution of the Information Memorandum or any other offering material in relation to Notes, in any country or jurisdiction.

The Lead Manager and Initial Subscriber has represented and agreed that it:

- (i) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, any Information Memorandum or other offering material or advertisement relating to any Notes in Australia,

unless:

- (A) the offer or invitation falls within the exemption for offers to sophisticated investors set out in section 708(8) of the Corporations Act or the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act;

- (B) such action does not require any document to be lodged with ASIC or ASX Limited;
- (C) the offer or invitation is not made to a person who is a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
- (D) the offer or invitation and all conduct in connection with it complies with all applicable laws and directives.

In addition, the Lead Manager and Initial Subscriber has agreed that, in connection with the primary distribution of the Notes, it will not offer or sell Notes to any person if, at the time of such sale, the officers and employees of the Lead Manager and Initial Subscriber that were aware of, or involved in, the sale, knew or had reasonable grounds to suspect that, as a result of such sale, any Notes or an interest in any Notes were being, or would later be, acquired (directly or indirectly) by an associate of the Issuer for the purpose of section 128F(9) of the Income Tax Assessment Act 1936 of Australia (“**Australian Tax Act**”) and associated regulations except as permitted by section 128F(5) of the Australian Tax Act.

Singapore

The Lead Manager and Initial Subscriber has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore.

Accordingly, the Lead Manager and Initial Subscriber has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, whether directly or indirectly to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore), as modified or amended from time to time) (the “**Securities and Futures Act**”), pursuant to Section 274 of the Securities and Futures Act;
- (b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (1) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is, or will be, given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the Securities and Futures Act; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Australian Taxation

1. INTRODUCTION

The following is a summary of the Australian withholding tax treatment under the Australian Tax Act and the Tax Administration Act, as at the date of this Information Memorandum, of payments of interest (as defined in the Australian Tax Act) by the Issuer on the Notes and certain other Australian tax matters.

It does not deal with any payments other than payments by the Issuer to a Noteholder. This summary is not exhaustive and does not deal with any Australian tax issues other than those set out in sections 2 and 3 below. The summary is based on Australian tax law as at the date of this Information Memorandum, which is subject to change, possibly with retrospective effect, and should be treated with appropriate caution.

A term used below but not otherwise defined has the meaning given to it in the Conditions.

This summary applies to Noteholders that are:

- residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment in Australia ("**Australian Holders**")*; and
- non-residents of Australia for tax purposes that do not hold their Notes, and do not derive any payments under the Notes, in carrying on a business at or through a permanent establishment in Australia, and residents of Australia for tax purposes that hold their Notes, and derive all payments under the Notes, in carrying on a business at or through a permanent establishment outside of Australia ("**Non-Australian Holders**").*

The summary is not exhaustive and should be treated with appropriate caution. In particular, it does not deal with the position of certain classes of Noteholders (including, without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of any person). In addition, unless expressly stated, the summary does not consider the Australian withholding tax consequences for persons who hold interests in the Notes through Austraclear, Euroclear, Clearstream or another clearing system.

Prospective Noteholders should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that Series of Notes. Information regarding taxes in respect of Notes may also be set out in the relevant Pricing Supplement.

This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular Noteholder and none of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Registrar or the Agents (nor their respective shareholders, subsidiaries, related bodies corporate, officers, employees, representatives or advisers) accepts any responsibility or makes any representation as to the tax consequences of investing in the Notes. Each Noteholder should seek professional tax advice in relation to their particular circumstances.

2. AUSTRALIAN INTEREST WITHHOLDING TAX

The Australian Tax Act characterises securities as either “debt interests” (for all entities) or “equity interests” (for companies), including for the purposes of Australian interest withholding tax imposed under Division 11A of Part III of the Australian Tax Act (“**Australian IWT**”) and dividend withholding tax. For Australian IWT purposes, “interest” is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts.

The Issuer intends to issue Notes which should be characterised as “debt interests” for the purposes of the tests contained in Division 974 and returns paid on the Notes are to be “interest” for the purpose of section 128F of the Australian Tax Act. On this basis:

Australian Holders

Payments of interest in respect of the Notes to Australian Holders should not be subject to Australian IWT.

Non-Australian Holders

Australian IWT should be payable at a rate of 10% of the gross amount of interest paid by the Issuer to a Non-Australian Holder, unless an exemption is available.

(a) Section 128F exemption from Australian IWT

An exemption from Australian IWT is available in respect of interest paid on the Notes if the requirements of section 128F of the Australian Tax Act are satisfied.

In broad terms, the requirements are as follows:

- (i) the Issuer is a resident of Australia and a company (as defined in section 128F(9) of the Australian Tax Act) when it issues the Notes and when interest is paid;
- (ii) the Notes are issued in a manner which satisfies the “public offer” test in section 128F of the Australian Tax Act.

In relation to the Notes, there are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering the Notes for issue. In summary, the five methods are:

- offers to 10 or more unrelated persons that carry on the business of providing finance, or investing or dealing in securities in the course of operating in financial markets;
 - offers to 100 or more investors of a certain type;
 - offers of listed Notes;
 - offers via publicly available information sources; or
 - offers made under an agreement to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods.
- (iii) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes (or interests in the Notes) were being, or would later be, acquired, directly or indirectly, by an “associate” of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act (see below); and
 - (iv) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an “associate” of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act (see below).

An “associate” of the Issuer for the purposes of section 128F of the Australian Tax Act includes:

- (a) a person or entity which holds more than 50% of the voting shares of, or otherwise controls, the Issuer;
- (b) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, the Issuer;
- (c) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust; and
- (d) a person or entity who is an “associate” of another person or company which is an “associate” of the Issuer under paragraph (a) above.

However, for the purposes of sections 128F(5) and (6) of the Australian Tax Act (see paragraphs (iii) and (iv) above), an “associate” of the Issuer does not include an “associate” of the Issuer who is:

- (A) an Australian Holder; or
- (B) a Non-Australian Holder that is acting in the capacity of:
 - (I) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of Australia); or
 - (II) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (for the purposes of the Corporations Act 2001 of Australia).

Unless otherwise specified in any relevant Pricing Supplement (or another relevant supplement to this Information Memorandum), the Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

(b) Exemptions under certain double tax conventions

The Australian government has signed new or amended double tax conventions (“**New Treaties**”) with a number of countries (each a “**Specified Country**”). The New Treaties apply to interest derived by a resident of a Specified Country.

In broad terms, the New Treaties prevent Australian IWT being imposed on interest derived by:

- the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and / or
- a “financial institution” which is a resident of a Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution” refers to either a bank or any other enterprise which substantially derives its profits by carrying on a business of raising and providing finance. However, interest paid under a back to back loan or an economically equivalent arrangement should not qualify for this exemption.

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions.

(c) *Payments under the Guarantee*

If any payments made by a Guarantor to a Non-Australian Holder under the Guarantee are characterised as “interest” (as defined in section 128B(1AB) of the Australian Tax Act) for Australian withholding tax purposes, Australian IWT at a rate of 10% will be payable on those amounts unless an exemption is available. The Commissioner of Taxation has published Taxation Determination TD 1999/26 (“Income tax: interest withholding tax exemption under section 128F of the Income Tax Assessment Act 1936 - does the exemption from interest withholding tax in section 128F extend to payments made by a guarantor to a lender on behalf of a borrower who defaults?”) (TD 1999/26), which provides that payments by a guarantor in respect of debentures (such as the Notes) are entitled to the benefit of the exemption contained in section 128F if payments of interest in respect of those debentures by the Issuer are exempt from Australian IWT. Although there is some doubt as to the correctness of TD 1999/26, it is binding on the Commissioner.

Accordingly, provided section 128F applies in respect of payments of interest made by the Issuer, and provided TD 1999/26 remains on issue and is not withdrawn by the Commissioner of Taxation, the exemption from Australian IWT under section 128F of the Australian Tax Act should be available in respect of each payment to a Non-Australian Holder made under the Guarantee on account of interest owing by the Issuer in respect of the Notes if it is paid by a Guarantor who is:

- a resident of Australia for Australian tax purposes that does not make the payment in carrying on a business at or through a permanent establishment outside of Australia; or
- a non-resident for Australian tax purposes that makes the payment in carrying on business in or through a permanent establishment in Australia.

(d) *Payment of additional amounts*

As set out in more detail in the Conditions for the Notes, if the Issuer is at any time required by law to withhold or deduct an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Notes, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made.

3. OTHER TAX MATTERS

Under Australian laws as presently in effect:

- *Australian Holders* - Australian Holders should generally be required to take into account any interest in respect of the Notes and any gain or loss made on the redemption or disposal of the Notes in calculating their assessable income;
- *gains on disposal of Notes by non-residents* - non-residents of Australia that have never held their Notes in the course of carrying on business at or through a permanent establishment within Australia will not be subject to Australian income tax on gains realised by them on the sale or redemption of the Notes provided that such gains do not have an Australian source. A gain arising on the sale of Notes by a non-resident Noteholder to another non-resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not generally be regarded as having an Australian source;
- *death duties* – Notes should not be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes should be payable in Australia on the issue, transfer or redemption of any Notes;

- *TFN/ABN withholding* - withholding tax is imposed (see below in relation to the rate of withholding tax) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exception (as appropriate).

Such withholding should not apply to payments to a Non-Australian Holder that is a non-resident of Australia for Australian tax purposes.

The rate of withholding tax is currently 47%;

- *additional withholdings from certain payments to non-residents* - the Governor-General may make regulations requiring withholding from certain payments to non-residents of Australia (other than payments of interest and other amounts which are already subject to the current Australian IWT rules or specifically exempt from those rules). Regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. No such regulations should currently apply in respect of payments under the Notes. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored;
- *garnishee directions by the Commissioner of Taxation* – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a holder of the Notes any amount in respect of Australian tax payable by the holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction;
- *supply withholding tax* - payments in respect of the Notes should be made free and clear of any "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Tax Administration Act; and
- *goods and services tax (GST)* - neither the issue nor receipt of the Notes should give rise to a liability for GST in Australia on the basis that the supply of Notes should comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, should give rise to any GST liability in Australia.

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