

# Notice of Annual General Meeting and Explanatory Memorandum

## Armour Energy Limited

Date of Meeting: 18 December 2020

Time of Meeting: 2:30pm (Brisbane time)

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

### COVID Related Disclosure

If shareholders wish to attend the meeting in person, they will need to email the Company Secretary ([kschlobohm@armourenergy.com.au](mailto:kschlobohm@armourenergy.com.au)) in order for the Company to ensure it will be able to maintain compliance with COVID-related restrictions applicable at the time of the meeting.

Each Resolution to be put to the meeting will be decided by poll vote, as a combination of proxy votes lodged, together with any votes cast in person at the meeting. Accordingly, shareholders are encouraged to lodge their votes online via the Company's Registry ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)) or via the proxy form to be supplied.

Any questions that shareholders would like put to the meeting can also be emailed to the Company Secretary ([kschlobohm@armourenergy.com.au](mailto:kschlobohm@armourenergy.com.au)) by 16 December 2020. Responses to any questions will be given verbally at the Meeting, with a summary provided in an ASX release.

Notice is hereby given that the 2020 Annual General Meeting of shareholders of Armour Energy Limited (the **Company** or **Armour**) will be held at the offices of HopgoodGanim on Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 18 December 2020, at 2:30 pm (Brisbane time).

Terms used in this Notice of Meeting are defined in the “**Definitions**” section of the accompanying Explanatory Memorandum.

## Agenda

### ORDINARY BUSINESS

#### Annual Financial Reports

To receive and consider the Company’s Annual Report comprising the Directors’ Report and Auditors’ Report, Directors’ Declaration, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2020.

**See Explanatory Statement below for further information.**

#### Resolution 1. Remuneration Report

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

*“That the Remuneration Report for the year ended 30 June 2020 (as set out in the Directors’ Report) is adopted.”*

The vote on Resolution 1 is advisory only and does not bind the Directors of the Company. The Company’s Annual Report 2020, which contains the Remuneration Report, is available on the Company’s website <http://www.armourenergy.com.au/>

**See Explanatory Memorandum for further information.**

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

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

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

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## VOTING INTENTION OF CHAIRMAN

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

*Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the resolutions the subject of this Meeting, including Resolution 1, other than resolutions where the Chairman is a related party and the subject of the resolution, or is an associate of a related party the subject of a resolution, in which case the Chairman cannot cast undirected proxies in respect to that resolution.*

## Resolution 2. Re-Election of Roland Sleeman as a Director

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

*“That in accordance with Rule 36.3(b) of the Company’s Constitution, Roland Sleeman, who retires by rotation in accordance with Rule 38.1(a) of the Company’s Constitution, and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

**See Explanatory Memorandum for further information.**

## Resolution 3. Ratification of Securities Previously Issued

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

*“That in accordance with the provisions of Listing Rule 7.4 and for all other purposes, Shareholders ratify the previous issues of securities pursuant to Listing Rule 7.1 and 7.1A, on various dates set out in the accompanying Explanatory Memorandum of a total of:*

- (i) 144,957,157 fully paid ordinary Shares at various issue prices set out in the accompanying Explanatory Memorandum; and*
- (ii) 83,045,330 quoted Options exercisable at \$0.05 and expiring on 29 February 2024.*

*as set out in the accompanying Explanatory Memorandum,*

*to those recipients identified in, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

**See Explanatory Memorandum for further information.**

## VOTING EXCLUSION STATEMENT

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

- any person who participated in or directly benefited from the issues; and
- an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 4.            Approval to Issue up to 1,200,000 Fee Options to Bizzell Capital Partners Pty Ltd**

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 1,200,000 Options to Bizzell Capital Partners Pty Ltd (a company controlled by Stephen Bizzell, a Non-Executive Director of the Company) or one or more of its nominees, those Options being exercisable at \$0.05 on or before 29 February 2024, and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**See Explanatory Memorandum for further information.**

### **VOTING EXCLUSION STATEMENT**

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

- Bizzell Capital Partners Pty Ltd; and
- any associates of Bizzell Capital Partners Pty Ltd.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## **Resolution 5.            Approval to Issue up to 3,365,468 Fee Options to Samuel Holdings Pty Ltd**

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,365,468 Options to Samuel Holdings Pty Ltd (a company controlled by Nicholas Mather, the Managing Director of the Company) or one or more of its nominees, those Options being exercisable at \$0.05 on or before 29 February 2024, and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**See Explanatory Memorandum for further information.**

## VOTING EXCLUSION STATEMENT

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

- Samuel Holdings Pty Ltd; and
- any associates of Samuel Holdings Pty Ltd.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 6. Approval to Issue up to 13,043,478 Shares and up to 6,521,739 Options to BAM Opportunities Fund Pty Ltd

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

*“That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:*

- (i) *up to 13,043,478 fully paid ordinary Shares at an issue price of \$0.023 per Share; and*
- (ii) *up to 6,521,739 quoted Options exercisable at \$0.05 on or before 29 February 2024,*

*to BAM Opportunities Fund Pty Ltd (or its nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**See Explanatory Memorandum for further information.**

## VOTING EXCLUSION STATEMENT

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

- BAM Opportunities Fund Pty Ltd; and
- any associate of BAM Opportunities Fund Pty Ltd.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 7. Approval to Issue up to 63,178,996 Shares, up to 31,589,498 Options and up to 5,812,468 Fee Options to DGR Global Limited

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue:*

- (i) up to 63,178,996 fully paid ordinary Shares at an issue price of \$0.023 per Share;*
- (ii) up to 31,589,498 quoted Options exercisable at \$0.05 on or before 29 February 2024; and*
- (iii) up to 5,812,468 quoted fee Options exercisable at \$0.05 on or before 29 February 2024,*

*to DGR Global Ltd (or its nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**See Explanatory Memorandum for further information.**

### VOTING EXCLUSION STATEMENT

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

- DGR Global Ltd; and
- any associate of DGR Global Ltd.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 8. Approval to Issue up to 36,578,365 Shares and up to 18,289,182 Options to Tenstar Trading Limited

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

*“That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:*

- (i) up to 36,578,365 fully paid ordinary Shares at an issue price of \$0.023 per Share; and*
- (ii) up to 18,289,182 quoted Options exercisable at \$0.05 on or before 29 February 2024;*

*to Tenstar Trading Ltd (or its nominee), and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”*

**See Explanatory Memorandum for further information.**

## VOTING EXCLUSION STATEMENT

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

- Tenstar Trading Ltd; and
- any associate of Tenstar Trading Ltd.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of the person excluded from voting, on this Resolution; and
  - the holder votes on the relevant Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## SPECIAL BUSINESS

### Resolution 9. Approval to Issue an Additional 10% of the Issued Capital of the Company over a 12 Month Period Pursuant to Listing Rule 7.1A

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

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

See Explanatory Memorandum for further information.

## GENERAL BUSINESS

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

By Order of the Board  
Karl Schlobohm  
Company Secretary  
16 November 2020

## Explanatory Memorandum

This Explanatory Memorandum is provided to shareholders of Armour Energy Limited ABN 60 141 198 414 (the **Company** or **Armour**) to explain the Resolutions to be put to Shareholders at the Annual General Meeting to be held at the offices of HopgoodGanim on Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 18 December 2020 at 2:30 pm (Brisbane time).

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

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

## ORDINARY BUSINESS

### Consider the Company’s 2020 Annual Report

The Corporations Act requires the Company’s Annual Report comprising the Directors’ Report, the Auditor’s Report, Directors’ Declaration, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the financial statements to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the Company’s Annual Report. The Company’s 2020 Annual Report is placed before the Shareholders for discussion.

The Company’s Annual Report for the financial year ended 30 June 2020 was released on 30 September 2020 and is available on the Company’s website: [www.armourenergy.com.au](http://www.armourenergy.com.au)

No voting is required for this item.

### Resolution 1. Remuneration Report

The Board has submitted its Remuneration Report (included in the 2020 Annual Report) to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution in accordance with Section 250R of the Corporations Act. The Remuneration Report is set out in the Directors’ Report section of the 2020 Annual Report. The Report, amongst other things:

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

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution is advisory only and does not bind the Directors or the Company. There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.



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

## Resolution 2. Re-Election of Roland Sleeman as a Director

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

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

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

## Resolution 3. Ratification of Securities Previously Issued

### 1. Background

Between September and November 2020 the Company issued various equity securities (the **Ratification Securities**) including both Shares (the **Ratification Shares**) and Options (the **Ratification Options**), to various parties (the **Recipients**), at various issue prices per Share (the **Issue Price**) and in the case of the Ratification Options on various different terms, without Shareholder approval, in reliance on either Listing Rule 7.1 or Listing Rule 7.1A.

In particular:

- (1) 140,133,244 Ratification Shares were issued to various Recipients between 17 September 2020 and 16 October 2020 at an Issue Price of \$0.023 per Ratification Share, in response to applications received from sophisticated and professional investors in excess of the target amount to be raised under the Entitlement Offer, without disclosure, in reliance on one or more of the exceptions set out under section 708(8) and (11) of the Corporations Act;
- (2) 5,843,536 Ratification Shares were issued to the Company's employees between October and November 2020 at various Issue Prices between \$0.02 and \$0.0332 per Ratification Share, in part payment of employee remuneration and without disclosure in reliance on one or more of sections 708(1), 708(8), 708(11), and 708(12) of the Corporations Act; and
- (3) 83,045,330 quoted Ratification Options were issued between 30 September 2020 and 19 October 2020 with an exercise price of \$0.05 per Ratification Option (expiring on 29 February 2024), without disclosure, to professional and sophisticated investors.

The Company wishes to retain as much flexibility as possible to utilise its combined capacity under Listing Rules 7.1 and 7.1A, in order to take advantage of commercial opportunities as they may arise. Accordingly, the Company now seeks Shareholder approval to ratify the issue of the Ratification Securities in accordance with Listing Rule 7.4.

If Resolution 3 is not passed, 145,976,780 Ratification Shares and 83,045,330 Ratification Options will be included when calculating the Company's capacity under Listing Rule 7.1 or Listing Rule 7.1A as the case may be.

## 2. Listing Rules 7.1, 7.1A and 7.4

In broad terms Listing Rule 7.1 (subject to certain exceptions), limits the number of equity securities that a listed company can issue in any 12-month period without the approval of its shareholders, to a number equal to 15% of the fully paid ordinary securities that it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A an eligible entity can seek approval from its members, by way of a Special Resolution passed its annual general meeting, to increase this 15% limit by an extra 10%. This will mean that during the relevant 12 month period the listed entity can issue up to 25% of the fully paid ordinary securities that it had on issue at the start of the relevant 12 month period.

The Company is an eligible entity for these purposes, and obtained Shareholder approval for the additional 10% capacity under Listing Rule 7.1A, at its 2019 Annual General Meeting. It seeks approval for the next 12 months pursuant to Resolution 9.

The Ratification Securities were issued without Shareholder approval in reliance on either Listing Rule 7.1 and 7.1A.

Listing Rule 7.4 allows the shareholders of a listed company to approve the issue of equity securities after that issue has been made. If that approval is granted, the relevant issue will be excluded from the calculation of the listed company's remaining capacity under Listing Rules 7.1 and 7.1A.

## 3. Information required by Listing Rule 7.5

Listing Rule 7.5 sets out the requirements for notices of meeting at which shareholder approval is sought for the purposes of Listing Rule 7.4. For the purposes of Listing Rule 7.5 the Company notes as follows:

- (1) The various Ratification Securities were issued to the various parties indicated in the columns headed "**Recipient**" and "**Class**" in **Table 1** below, none of which are related parties of the Company. In each case the amount of Ratification Shares or Ratification Options as the case may be, issued to the various Recipients is indicated in the column headed "**Number**" in **Table 1** below.
- (2) The Company issued a combined total of 145,976,780 Ratification Shares which are fully paid ordinary Shares in the capital of the Company. The Ratification Shares are not subject to escrow restrictions, and were issued on the same terms as and rank *pari passu* with the Shares that were already on issue. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at this link: <https://www.armourenergy.com.au/s/2.pdf>
- (3) The Company issued a combined total of 83,045,330 Ratification Options. Each Ratification Option allows the holder to subscribe for a fully paid ordinary Shares in the capital of the Company at an issue price of \$0.05, at any time up until and including 29 February 2024. The other terms on which the Ratification Options were issued are set out in **Schedule 1 – Option Terms**.
- (4) The Ratification Shares in the Ratification Options were issued on the dates indicated in **Table 1** below in the column "**Date of Issue**".
- (5) The Ratification Shares were issued at the Issue Price indicated in **Table 1** below in the column "**Issue Price**".
- (6) The cash proceeds from the Ratification Shares was and will be used (to the extent that cash was received) for the Use of Funds.
- (7) The Ratification Options were issued for nil consideration which means that no funds were raised by the allotment of the Ratification themselves. However, if the Ratification Options are all exercised before their expiry, the Company will raise \$4,152,266.50.
- (8) A Voting Exclusion Statement for this Resolution is set out in the Notice of Meeting.

## 4. Directors' Recommendation

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

**Table 1 – Recipients of equity securities previously issued and being the subject of Resolution 3**

Recipient	Class	Number	Issue Price	Date of Issue
MRS ANGELA MARY MACDONALD	Shares	1,000,000	\$ 0.023	17/09/2020
MS IRENE MARY FRISBY	Shares	2,000,000	\$ 0.023	17/09/2020
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	Shares	5,000,000	\$ 0.023	17/09/2020
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	Shares	1,500,000	\$ 0.023	17/09/2020
TEMPEST DAWN PTY LTD <SWT SUPER FUND A/C>	Shares	4,050,000	\$ 0.023	17/09/2020
TALavera CAPITAL PTY LIMITED	Shares	2,326,000	\$ 0.023	17/09/2020
ROOKHARP CAPITAL PTY LIMITED	Shares	13,043,478	\$ 0.023	17/09/2020
VENTOUX PTY LTD	Shares	973,552	\$ 0.023	17/09/2020
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	Shares	1,108,695	\$ 0.023	23/09/2020
UBS NOMINEES PTY LTD	Shares	13,043,478	\$ 0.023	23/09/2020
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	Shares	21,739,130	\$ 0.023	23/09/2020
HARTNELL NOMINESS PTY LD <PLACEMENT A/C>	Shares	2,173,913	\$ 0.023	23/09/2020
MRS RENEE JAN DUNN	Shares	1,304,348	\$ 0.023	23/09/2020
MR BENJAMIN DUNN & MRS RENEE DUNN <BEN DUNN SUPER FUND A/C>	Shares	1,304,348	\$ 0.023	23/09/2020
JL GIBSON INVESTMENTS PTY LTD <JL GIBSON INVESTMENT A/C>	Shares	1,739,130	\$ 0.023	23/09/2020
LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	Shares	2,173,913	\$ 0.023	23/09/2020
MR PHILLIP ALEXANDER PURDIE & MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	Shares	6,521,739	\$ 0.023	23/09/2020
TELLO PTY LTD <RESIDENT K & VANDALLET A/C>	Shares	434,783	\$ 0.023	23/09/2020
ROOKHARP CAPITAL PTY LIMITED	Shares	6,522	\$ 0.023	23/09/2020
STATION CAPITAL PTY LTD	Shares	6,521,739	\$ 0.023	23/09/2020
VIVRE INVESTMENTS PTY LTD	Shares	2,000,000	\$ 0.023	23/09/2020
VINCENT JOHN PIZZINGA & ANGELA PIZZINGA	Shares	2,000,000	\$ 0.023	23/09/2020
BELINDA CHIPPINDALE	Shares	3,000,000	\$ 0.023	23/09/2020
MICHAEL PATRICK PEGUM	Shares	4,000,000	\$ 0.023	23/09/2020
PAUL COZZI	Shares	8,695,652	\$ 0.023	23/09/2020
DENNIS LOWE	Shares	2,217,391	\$ 0.023	23/09/2020
DR D R LOWE & MRS Y LOWE <DENNIS R LOWE P/L SUPER FUND>	Shares	8,173,913	\$ 0.023	23/09/2020
CRESSEY PTY LTD <CRESSEY SUPERANNUATION A/C>	Shares	2,173,913	\$ 0.023	29/09/2020
BELINDA CHIPPINDALE	Options	536,733	Nil	30/09/2020
MICHAEL PATRICK PEGUM	Options	2,000,000	Nil	30/09/2020
PAUL COZZI	Options	4,347,826	Nil	30/09/2020
DENNIS LOWE	Options	1,108,695	Nil	30/09/2020
DR D R LOWE & MRS Y LOWE <DENNIS R LOWE P/L SUPER FUND>	Options	4,086,956	Nil	30/09/2020
MR MATTHEW RYAN DONNELLY	Options	108,696	Nil	30/09/2020
DC KC PTY LTD <D&K COSTELLO SUPER FUND A/C>	Options	215,719	Nil	30/09/2020
AUSTRALIAN TRADE ACCESS PTY LTD	Options	217,391	Nil	30/09/2020
MISS ATIRANJAN KAUR JHAJJ	Options	231,126	Nil	30/09/2020
JATHRO PTY LTD <IMON A/C>	Options	248,076	Nil	30/09/2020
THE MILLENNIAL FUND PTY LTD	Options	248,076	Nil	30/09/2020
MATRA CAPITAL PTY LTD <NAMUR UNIT A/C>	Options	250,000	Nil	30/09/2020
JONNOLA PTY LTD <SCALES UNIT A/C>	Options	250,000	Nil	30/09/2020
MORSEC NOMINEES PTY LTD <ACCUMULATION ACCOUNT>	Options	398,681	Nil	30/09/2020
WOLF TRADING PTY LTD	Options	434,782	Nil	30/09/2020

Recipient	Class	Number	Issue Price	Date of Issue
BONAV INVESTMENTS PTY LTD <BONAV A/C>	Options	493,132	Nil	30/09/2020
JONNOLA PTY LTD <SCALES SUPER A/C>	Options	500,000	Nil	30/09/2020
MR DAVID HENDERSON MCCATHIE 35 BONA VISTA ROAD	Options	521,230	Nil	30/09/2020
LUDO CAPITAL PTY LTD	Options	543,478	Nil	30/09/2020
JAYART FUNDS MANAGEMENT PTY LTD	Options	543,479	Nil	30/09/2020
MR ROBERT REVIS	Options	644,998	Nil	30/09/2020
PINE VILLA PASTORAL CO AVOCA PTY LTD	Options	652,175	Nil	30/09/2020
MR SIMON ROBERT EVANS & MRS KATHRYN MARGARET EVANS	Options	744,228	Nil	30/09/2020
BOND STREET CUSTODIANS LIMITED <ADMK - D70988 A/C>	Options	750,000	Nil	30/09/2020
HGH MCCATHIE PTY LIMITED	Options	869,562	Nil	30/09/2020
MR BRENT NORMAN FISHER	Options	893,074	Nil	30/09/2020
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	Options	1,386,762	Nil	30/09/2020
P K CAPITAL PTY LTD	Options	2,157,184	Nil	30/09/2020
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	Options	2,173,913	Nil	30/09/2020
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	Options	3,673,913	Nil	30/09/2020
YUCAJA PTY LTD <THE YOEIAR FAMILY A/C>	Options	3,882,931	Nil	30/09/2020
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	Options	6,521,739	Nil	30/09/2020
UBS NOMINEES PTY LTD	Options	6,521,739	Nil	30/09/2020
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	Options	10,869,565	Nil	30/09/2020
MR BENJAMIN DUNN & MRS RENEE DUNN <BEN DUNN SUPER FUND A/C>	Shares	1,217,391	\$ 0.023	19/10/2020
MRS RENEE JAN DUNN	Shares	1,211,956	\$ 0.023	19/10/2020
DUBSVEGAS PTY LIMITED <LARGE FAMILY TRUST>	Shares	1,086,957	\$ 0.023	19/10/2020
AVDUEL PTY LTD	Shares	1,956,522	\$ 0.023	19/10/2020
NAMBIA PTY LTD <THE ANTHON FAMILY S/F A/C>	Shares	1,739,130	\$ 0.023	19/10/2020
JODIE MONIQUE O'BRIEN	Shares	1,500,000	\$ 0.023	19/10/2020
KAMUI BLACK PTY LTD <THE KAMUI BLACK UNIT A/C>	Shares	6,217,391	\$ 0.023	19/10/2020
F450 PTY LTD <RCB A/C>	Shares	652,174	\$ 0.023	19/10/2020
RICKIRK PTY LTD	Shares	2,043,478	\$ 0.023	19/10/2020
JL GIBSON INVESTMENTS PTY LTD <JL GIBSON INVESTMENT A/C>	Shares	2,282,609	\$ 0.023	19/10/2020
MR BENJAMIN DUNN & MRS RENEE DUNN <BEN DUNN SUPER FUND A/C>	Options	608,696	Nil	19/10/2020
MRS RENEE JAN DUNN	Options	605,978	Nil	19/10/2020
DUBSVEGAS PTY LIMITED <LARGE FAMILY TRUST>	Options	543,478	Nil	19/10/2020
AVDUEL PTY LTD	Options	978,261	Nil	19/10/2020
NAMBIA PTY LTD <THE ANTHON FAMILY S/F A/C>	Options	869,565	Nil	19/10/2020
JODIE MONIQUE O'BRIEN	Options	750,000	Nil	19/10/2020
KAMUI BLACK PTY LTD <THE KAMUI BLACK UNIT A/C>	Options	3,108,696	Nil	19/10/2020
F450 PTY LTD <RCB A/C>	Options	326,087	Nil	19/10/2020
RICKIRK PTY LTD	Options	1,021,739	Nil	19/10/2020
JL GIBSON INVESTMENTS PTY LTD <JL GIBSON INVESTMENT A/C>	Options	1,141,304	Nil	19/10/2020
ANTIBELLA PTY LTD	Shares	1,086,956	\$ 0.023	19/10/2020
JLO ENTERPRISES PTY LTD	Shares	1,086,956	\$ 0.023	19/10/2020
JLO ENTERPRISES PTY LTD	Options	14,065,667	Nil	19/10/2020
MICHAEL LAURENT	Shares	2,650,000	\$ 0.023	19/10/2020
LUKE TITUS	Shares	659,623	\$ 0.0332	13/11/2020
MARGARET ABOODY	Shares	360,000	\$ 0.02	13/11/2020

## Resolution 4. Approval to Issue up to 1,200,000 Fee Options to Bizzell Capital Partners Pty Ltd

### 1. Background

As announced on 15 June 2020<sup>1</sup> the Company appointed BCP to act as Joint Lead Manager with JB Advisory with respect to the Capital Raising. The terms of the appointment are set out in the BCP Engagement Letter which in summary provides that:

- (1) BCP will (amongst other things) act as lead manager in relation to the Capital Raising, and underwriter in relation to the Entitlement Offer;
- (2) BCP may appoint a Joint Underwriter, Joint Lead Manager, sub-underwriters, co-managers or brokers in relation to the Entitlement Offer, in consultation with the Company;
- (3) BCP's role will include (but not be limited to): arranging and leading the Capital Raising; advising the Company on the appropriate strategy and timing for the Capital Raising; determining key investor issues and coordinating appropriate responses; assistance with preparation of offer documentation; identifying key selling messages and marketing the Capital Raising to investors; assistance in the preparation of relevant ASX releases; in conjunction with the Company's legal advisers assisting in any dealings with the ASX and ASIC; liaising with the Company's advisers; coordinating bids into the sub-underwriting and determining final sub-underwriting allocations;
- (4) the following fees are payable to BCP in relation to the Placement and the Conditional Placement:
  - (a) a management fee of 1% of the value of all funds raised under the Capital Raising (the **Management Fee**);
  - (b) an underwriting fee of 5% of the value of all new Shares underwritten and issued by the Company under the Entitlement Offer (the **Underwriting Fee**); and
  - (c) a selling fee of 5% of the value of all Placement Shares and Conditional Placement Shares issued (the **Placement Fee**); and
  - (d) subject to obtaining Shareholder approval, the issue to BCP or its sub underwriter nominees of four (4) Fee Options for every one (1) dollar raised under the Capital Raising (the **BCP Fee Options**).

Pursuant to the terms of the BCP Engagement Letter, BCP is entitled to the issue of 1,200,000 BCP Fee Options for subscriptions procured by it for the Conditional Placement.

### 2. Listing Rule 10.11

Subject to certain exceptions, none of which are applicable in the present circumstances, Listing Rule 10.11 requires shareholder approval for a company to issue equity securities to a related party. Equity securities are defined in the Listing Rules to include convertible securities and options. For the purposes of the Listing Rules a "related party" includes a director of the public company and any entity controlled by that director. BCP is an entity controlled by Stephen Bizzell, a non-executive Director of the Company. Therefore, BCP is a related party of the Company.

Accordingly, Shareholder approval in accordance with the provisions of Listing Rule 10.11 is needed and is being sought in Resolution 4 for the issue of the BCP Fee Options to BCP.

If the approval sought under Listing Rule 10.11 for the issue is granted, then approval will not be required under Listing Rule 7.1 for the relevant issue (for a further discussion of Listing Rule 7.1, see the text under the heading **Listing Rules 7.1, 7.2 and 7.4** in the section of this Explanatory Memorandum dealing with

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<sup>1</sup> See ASX Announcement 15 June 2020 *Capital Raising Private Placement and Accelerated Non-Renounceable Rights Issue*

Resolution 3). By obtaining approval under Listing Rule 10.11, the relevant BCP Fee Options will be excluded when calculating the Company's remaining capacity under Listing Rule 7.1.

If Resolution 4 is not passed then the BCP Fee Options cannot be issued to BCP.

### 3. Information required by Listing Rule 10.13

Listing Rule 10.13 sets out the requirements for notices of meeting at which Shareholder approval is sought for the purposes of Listing Rule 10.11. For the purposes of Listing Rule 10.13 the Company advises as follows:

- (1) The intended recipient of the BCP Fee Options is BCP, and any other third party to which BCP directs the Company to issue the BCP Fee Options. The Company is advised that these third parties may include parties which participated in the Conditional Placement. None of the potential third party recipients of the BCP Fee Options the subject of this Resolution 4, are "related parties" of the Company for the purposes of the Corporations Act or the ASX Listing Rules.
- (2) The Company believes that BCP falls within Listing Rule 10.11.1 because it is an entity controlled by a Director (Stephen Bizzell) and is therefore a related party of the Company.
- (3) The maximum number of BCP Fee Options to be issued is 1,200,000.
- (4) The terms on which the BCP Fee Options will be issued are set out in **Schedule 1 – Option Terms**.
- (5) If Shareholder approval is granted, the BCP Options will be issued within one (1) month of the date of the Meeting.
- (6) The issue price of the BCP Fee Options will be nil, and no funds will be raised from the issue of the BCP Options as they will be issued as consideration for services provided by BCP pursuant to the BCP Engagement Letter. The BCP Engagement Letter is summarised above under the heading **1. Background**.
- (7) A Voting Exclusion statement for this resolution has been included in the Notice of Meeting.

### 4. Chapter 2E

The non-conflicted Directors of the Company (Messrs Uliel and Sleeman) have satisfied themselves that the fees payable under the BCP Engagement Letter are on arm's length terms. Accordingly, the Company can rely on section 210 of the Corporations Act, an exception to Section 208 of the Corporations Act which normally requires that a public company obtain shareholder approval for the giving of a financial benefit<sup>2</sup> to a related party<sup>3</sup>. Therefore, the consent of ASIC has not been sought in relation to Resolution 4.

### 5. Directors' Recommendation

Messrs Sleeman and Uliel recommend that Shareholders vote in favour of this Resolution. Mr Bizzell (as the controller of BCP) have abstained from making a recommendation.

## Resolution 5. Approval to Issue up to 3,365,468 Fee Options to Samuel Holdings Pty Ltd

### 1. Background

As noted above in the context of Resolution 4, under the terms of the BCP Engagement Letter, BCP is entitled to appoint sub-underwriters in relation to the Capital Raising and can, subject to obtaining Shareholder approval, direct the Company to issue to those sub- underwriters, four (4) Fee Options for every one (1) dollar raised by them under the Capital Raising.

Pursuant to sub- underwriting arrangements (the **Samuel Sub-underwriting Arrangements**) entered into between BCP and Samuel Holdings Pty Ltd (**Samuel**), BCP has directed that the appropriate number of BCP Fee Options be

<sup>2</sup> The issue of the Fee Options are a "financial benefit" for the purposes of the Corporations Act.

<sup>3</sup> A "related party" for the purposes of the Corporations Act includes a director of the public company and any entity controlled by that director. BCP is an entity controlled by a Director of the Company and are therefore a related party of the Company.



issued to Samuel for procuring Tenstar Trading Ltd (**Tenstar**) to take part in the Conditional Placement (the **Samuel Fee Options**). The subscription proposed to be undertaken by Tenstar is the subject of Resolution 8.

## **2. Listing Rules 7.1 and 10.11**

Subject to certain exceptions, none of which are applicable in the present circumstances, Listing Rule 10.11 requires Shareholder approval for a company to issue equity securities to a related party. Equity securities are defined in the Listing Rules to include convertible securities and options. For the purposes of the Listing Rules a “related party” includes a director of the public company and any entity controlled by that director. Samuel is an entity controlled by Nicholas Mather, an executive Director of the Company. Therefore Samuel is a related party of the Company.

Accordingly for the purposes of both Listing Rule 10.11 and the terms of the BCP Engagement Letter, Shareholder approval is required (and is being sought in this Resolution) for the issue to Samuel of 3,365,468 Samuel Fee Options pursuant to the Samuel Sub-underwriting Arrangements.

If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. By obtaining approval under Listing Rule 10.11, the Samuel Fee Options will be excluded when calculating the Company’s remaining capacity under Listing Rule 7.1.

If however Resolution 5 is not passed then the Samuel Fee Options cannot be issued to Samuel.

## **3. Information required by Listing Rule 10.13**

Listing Rule 10.13 sets out the requirements for notices of meeting at which shareholder approval is sought for the purposes of Listing Rule 10.11. For the purposes of Listing Rule 10.13 the Company advises as follows:

- (1) The Samuel Fee Options the subject of Resolution 5 will be issued to Samuel.
- (2) The Company believes that Samuel falls within Listing Rule 10.11.1 because it is an entity controlled by a Director (Nicholas Mather) and is therefore a related party of the Company
- (3) Up to 3,365,468 Samuel Fee Options may be issued to Samuel. The maximum number of Samuel Fee Options has been calculated having regard to the BCP Engagement Letter and the Samuel Sub-Underwriting Arrangements. Samuel is entitled to receive 4 options for every \$1 of subscriptions procured in the Conditional Placement.
- (4) The terms on which the Placement Options will be issued are set out in **Schedule 1 – Option Terms**.
- (5) If approval is given the Samuel Fee Options will be issued to Samuel no later than one (1) month after the date of the Meeting.
- (6) The issue price of the Samuel Fee Options will be nil, and no funds will be raised from the issue of the Samuel Fee Options as they will be issued as consideration for services provided by Samuel pursuant to the Samuel Sub- underwriting Arrangements.
- (7) A Voting Exclusion statement for this Resolution has been included in the Notice of Meeting.

## **4. Chapter 2E**

The non-conflicted Directors of Armour Energy (Messrs Uliel and Sleeman) have satisfied themselves that the fees payable under the BCP Engagement Letter (and ultimately the Samuel Sub- underwriting Arrangements) are on arm’s length terms. Accordingly the Company can rely on section 210 of the Corporations Act, an exception to Section 208 of the Corporations Act which normally requires that a public company obtain shareholder approval for the giving of a financial benefit to a related party . Therefore the consent of ASIC has not been sought in relation to Resolution 5.

## **5. Directors’ Recommendation**

Messrs Sleeman and Uliel recommend that Shareholders vote in favour of this Resolution. Mr Bizzell (as the controller of BCP) and Mr Mather (as the controller of Samuel) have abstained from making a recommendation.

## Resolution 6. Approval to Issue up to 13,043,478 Shares and up to 6,521,739 Options to BAM Opportunities Fund Pty Ltd

### 1. Background

As noted above in the context of Resolution 4, on 15 June 2020 the Company announced that as part of the Capital Raising it may undertake a Conditional Placement involving the issue of up to \$2.1 million worth of Conditional Placement Shares (along with free attaching Conditional Placement Options on a 1:2 basis) subject to Shareholder approval and demand. BAM Opportunities Fund Pty Ltd has agreed to subscribe for the following securities pursuant to the Conditional Placement (the **BAM Conditional Placement Securities**):

- (1) 13,043,478 Shares at an issue price of \$0.023 per Share (the **BAM Conditional Placement Shares**); and
- (2) 6,521,739 quoted Options exercisable at \$0.05 on or before 29 February 2024 (the **BAM Conditional Placement Options**).

### 2. Listing Rules 7.1

As summarised above in the context of Resolution 3, Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders. for a further discussion of Listing Rule 7.1, see the text under the heading **Listing Rules 7.1, 7.2 and 7.4** in the section of this Explanatory Memorandum dealing with Resolution 3.

The Company now seeks Shareholder approval to ratify the issue of the BAM Conditional Placement Securities in accordance with Listing Rule 7.1.

If Resolution 6 is not passed, the Company may not have the capacity under Listing Rule 7.1 to issue any or all of the BAM Conditional Placement Securities. If not it may decide to either not issue those BAM Conditional Placement Securities, or it may have to seek Shareholder approval at a later general meeting (whether that meeting is convened for that particular purpose or for another purpose).

Even if the Company does have sufficient capacity under Listing Rule 7.1 to issue some or all of the BAM Conditional Placement Securities, the BAM Conditional Placement Securities when issued will be included when calculating the Company's capacity under Listing Rule 7.1.

### 3. Information required by Listing Rule 7.3

Listing Rule 7.3 sets out the requirements for notices of meeting at which Shareholder approval is sought for the purposes of Listing Rule 7.1. For the purpose of Listing Rule 7.3, the following information is provided about the issue of the BAM Conditional Placement Securities:

- (1) The allottee of the BAM Conditional Placement Securities will be BAM Opportunities Fund Pty Ltd. BAM Opportunities Fund Pty Ltd is not a related party of, nor an associate of a related party of, the Company.
- (2) The maximum number of BAM Conditional Placement Shares that the Company can issue pursuant to Resolution 6 is 13,043,478 BAM Conditional Placement Shares. The BAM Conditional Placement Shares issued will be fully paid ordinary Shares in the capital of the Company, not be subject to escrow restrictions, and will issued on the same terms as and rank *pari passu* with Shares that are already on issue at the relevant time. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at this link: <https://www.armourenergy.com.au/s/2.pdf>
- (3) The maximum number of BAM Conditional Placement Options that the Company can issue pursuant to Resolution 6 is 6,521,739 Conditional Placement Options.
- (4) The terms on which the Conditional Placement Options will be issued are set out in **Schedule 1 – Option Terms**.
- (5) The BAM Conditional Placement Securities will be issued, if at all, no later than 3 months after the date of the Meeting.



- (6) The BAM Conditional Placement Shares will be issued at an issue price of \$0.023 per BAM Conditional Placement Share.
- (7) The issue price of the BAM Conditional Placement Options will be nil as they will be issued as free attaching options to the BAM Conditional Placement Shares on the basis of one (1) BAM Conditional Placement Option for every two (2) BAM Conditional Placement Shares Issued.
- (8) The funds raised from the issue of the BAM Conditional Placement Shares will be applied towards the Use of Funds. No funds will be raised from the issue of the BAM Conditional Placement Options as the BAM Conditional Placement Options will be issued for nil cash consideration.
- (9) A Voting Exclusion Statement for this Resolution is set out under Resolution 6 in the Notice of Meeting.

#### **4. Directors' Recommendation**

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

### **Resolution 7. Approval to Issue up to 63,178,996 Shares, up to 31,589,498 Options and up to 5,812,468 Fee Options to DGR Global Limited**

#### **1. Background**

- (1) As noted elsewhere in this Explanatory Memorandum, on 15 June 2020 the Company announced that as part of the Capital Raising it may undertake a Conditional Placement.
- (2) On 18 September 2020 DGR executed a "Confirmation of Firm Commitment to Subscribe for Placement Shares" with BCP (the **Firm Commitment Letter**), pursuant to which DGR has agreed to subscribe for (the **Firm Commitment**):
  - (a) 63,178,996 Conditional Placement Shares at an issue price per Share of \$0.023 (the **DGR Conditional Placement Shares**); and
  - (b) 31,589,498 Conditional Placement Options to subscribe for Shares, exercisable at \$0.05 per Option on or before 29 February 2024 (the **DGR Conditional Placement Options**).
- (3) As noted above in the context of Resolutions 4 and 5, under the terms of the BCP Engagement Letter, BCP was entitled to appoint sub- underwriters in relation to the Capital Raising and could, subject to obtaining Shareholder approval direct the Company to issue to those sub- underwriters, four (4) Fee Options for every one (1) dollar raised by them under the Capital Raising.
- (4) Pursuant to sub-underwriting arrangements (the **DGR Sub-underwriting Arrangements**) entered into between BCP and DGR, BCP has directed that the appropriate number of BCP Fee Options be issued to DGR for agreeing to take part in the Conditional Placement (the **DGR Fee Options**).

#### **2. Listing Rule 10.11**

As noted above in the context of Resolutions 4 and 5, in broad terms Listing Rule 10.11 provides that without shareholder approval, a listed entity must not issue or agree to issue equity securities to a person in any of the classes of persons listed in Listing Rule 10.11. One of those classes of persons is made up persons who are holders of 10% or more of the voting shares in the listed entity, and have nominated a director to the board of the listed entity.

As DGR holds greater than 10% of the issued share capital of the Company and has nominated one Director to the Board (Mr Nicholas Mather), the issue of any of the DGR Conditional Placement Securities or the DGR Fee Options will require Shareholder approval in accordance with Listing Rule 10.11. Accordingly for the purposes of both Listing Rule 10.11 and the terms of the BCP Engagement Letter, Shareholder approval is required (and is being sought in this Resolution) for the issue to DGR of:

- (1) 63,178,996 DGR Conditional Placement Shares;
- (2) 31,589,498 DGR Conditional Placement Options; and
- (3) 5,812,468 DGR Fee Options.

If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1 for the relevant issues<sup>4</sup>. By obtaining approval under Listing Rule 10.11, the DGR Conditional Placement Securities and the DGR Fee Options will be excluded when calculating the Company's remaining capacity under Listing Rule 7.1.

However, if Resolution 7 is not passed then the Conditional Placement Securities cannot be issued to DGR.

In passing the Company notes that as DGR does not control the Company, DGR is not a related party of the Company for the purposes of the Corporations Act. Accordingly, Shareholder approval for the purposes of Chapter 2E of the Corporations Act will not be required for the issue to DGR of the Conditional Placement Securities.

### **3. Information required by Listing Rule 10.13**

Listing Rule 10.13 sets out the requirements for notices of meeting at which shareholder approval is sought for the purposes of Listing Rule 10.11. For the purposes of Listing Rule 10.13 the Company advises as follows:

- (1) The DGR Conditional Placement Securities and the DGR Fee Options the subject of Resolution 7 will be issued to DGR.
- (2) The Company believes that DGR falls within Listing Rule 10.11.3 because DGR currently holds greater than 10% of the issued voting shares of the Company, and has one (1) nominee Director on the Board, being Mr Mather (who is the Executive Chairman of the Company).
- (3) The securities the subject of Resolution 7 to be issued to DGR will be:
  - (a) up to 63,178,996 DGR Conditional Placement Shares. The Conditional Placement Shares will be fully paid ordinary Shares in the capital of the Company. They will not be subject to escrow restrictions, and will be issued on the same terms as and rank *pari passu* with Shares that are already on issue at the relevant time. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at this link: <https://www.armouenergy.com.au/s/2.pdf>;
  - (b) up to 31,589,498 DGR Conditional Placement Options. The exercise price of each Conditional Placement Option is \$0.05, and they can be exercised at any time up until and including 29 February 2024. The other terms on which the Placement Options will be issued are set out in **Schedule 1 – Option Terms**; and
  - (c) up to 5,812,468 DGR Fee Options. The exercise price of each Conditional Placement Option is \$0.05, and they can be exercised at any time up until and including 29 February 2024. The other terms on which the Placement Options will be issued are set out in **Schedule 1 – Option Terms**
- (4) Pursuant to the terms of the BCP Commitment Letter the DGR Conditional Placement Securities will be issued within five (5) days of the Meeting (if this Resolution is passed). However this timeframe is indicative only and subject to change. In any event, if this Resolution is passed the DGR Conditional Placement Securities will be issued to DGR no later than one (1) month after the date of this Meeting.
- (5) The DGR Fee Options will be issued to DGR no later than one (1) month after the date of this Meeting.
- (6) The DGR Conditional Placement Shares will be issued at an issue price of \$0.023 per DGR Conditional Placement Share.
- (7) The issue price of the DGR Conditional Placement Options and the DGR Fee Options will be nil.
- (8) The funds raised from the issue of the DGR Conditional Placement Shares to DGR will be applied towards the Use of Funds.
- (9) A Voting Exclusion statement for this Resolution has been set out in the Notice of Meeting.

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<sup>4</sup> For a further discussion of Listing Rule 7.1, see the text under the heading **Listing Rules 7.1, 7.2 and 7.4** in the section of this Explanatory Memorandum dealing with Resolution 3.

#### 4. Directors' Recommendation

Messrs Sleeman and Uliel recommend that Shareholders vote in favour of this Resolution. Mr Mather (as a director of DGR) have abstained from making a recommendation.

### Resolution 8. Approval to Issue up to 36,578,365 Shares and up to 18,289,182 Options to Tenstar Trading Limited

#### 1. Background

As noted elsewhere in this Explanatory Memorandum, on 15 June 2020 the Company announced that as part of the Capital Raising it may undertake a Conditional Placement. Tenstar Trading Limited (**Tenstar**) has agreed to subscribe for the following securities pursuant to the Conditional Placement (the **Tenstar Conditional Placement Securities**):

- (1) 36,578,365 Shares at an issue price of \$0.023 per Share (the **Tenstar Conditional Placement Shares**); and
- (2) 18,289,182 quoted Options exercisable at \$0.05 before 29 February 2024 (the **Tenstar Conditional Placement Options**).

#### 2. Listing Rules 7.1

As summarised above in the context of Resolution 3, Listing Rule 7.1 limits the number of equity securities that a listed company can issue without the approval of its shareholders.

The Company now seeks Shareholder approval to ratify the issue of the Tenstar Conditional Placement Securities in accordance with Listing Rule 7.1.

If Resolution 8 is not passed, the Company may not have the capacity under Listing Rule 7.1 to issue any or all of the Tenstar Conditional Placement Securities. If not it may decide to either not issue those Tenstar Conditional Placement Securities, or it may have to seek Shareholder approval at a later general meeting (whether that meeting is convened for that particular purpose or for another purpose).

Even if the Company does have sufficient capacity under Listing Rule 7.1 to issue some or all of the Tenstar Conditional Placement Securities, the Tenstar Conditional Placement Securities when issued will be included when calculating the Company's capacity under Listing Rule 7.1.

#### 3. Information required by Listing Rule 7.3

For the purpose of Listing Rule 7.3, the following information is provided about the issue of the Tenstar Conditional Placement Securities:

- (1) The allottee of the Tenstar Conditional Placement Securities will be Tenstar Trading Limited. Tenstar Trading Limited is not a related party of, nor an associate of, the Company.
- (2) The maximum number of Tenstar Conditional Placement Shares that the Company can issue pursuant to Resolution 8 is 36,578,365 Tenstar Conditional Placement Shares. The Tenstar Conditional Placement Shares issued will be fully paid ordinary Shares in the capital of the Company, not be subject to escrow restrictions, and will issued on the same terms as and rank *pari passu* with Shares that are already on issue at the relevant time. The rights and liabilities of all Shareholders are set out in the Constitution of the Company. The Constitution can be obtained from the Company's website at this link: <https://www.armourenergy.com.au/s/2.pdf>
- (3) The maximum number of Tenstar Conditional Placement Options that the Company can issue pursuant to Resolution 8 are is 18,289,182 Conditional Placement Options.
- (4) The terms on which the Conditional Placement Options will be issued are set out in **Schedule 1 – Option Terms**.

- (5) The Tenstar Conditional Placement Securities will be issued, if at all, no later than 3 months after the date of the Meeting.
- (6) The Tenstar Conditional Placement Shares will be issued at an issue price of \$0.023 per Tenstar Conditional Placement Share.
- (7) The issue price of the Tenstar Conditional Placement Options will be nil as they will be issued as free attaching options to the Tenstar Conditional Placement Shares on the basis of one (1) Tenstar Conditional Placement Option for every two (2) Tenstar Conditional Placement Shares Issued.
- (8) The funds raised from the issue of the Tenstar Conditional Placement Shares will be applied towards the Use of Funds. No funds will be raised from the issue of the Tenstar Conditional Placement Options as the Tenstar Conditional Placement Options will be issued for nil cash consideration.
- (9) A Voting Exclusion Statement for this Resolution is set out under Resolution 8 in the Notice of Meeting.

#### 4. Directors Recommendation

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

## SPECIAL BUSINESS

### Resolution 9. Approval to Issue an Additional 10% of the Issued Capital of the Company over a 12 Month Period Pursuant to Listing Rule 7.1A

#### 1. Introduction

Pursuant to Resolution 9, the Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12-month period pursuant to Listing Rule 7.1A. If passed, this Resolution will allow the Company to allot and issue up to the number of new equity securities calculated in accordance with Listing Rule 7.1A.2 (the **Placement Securities**), each at an issue price of at least 75% of the VWAP for the Company's equity securities in that class (calculated over the last 15 days on which trades in the equity securities in that class are recorded immediately before the date on which the price at which the relevant Placement Securities are to be issued is agreed, or if the Placement Securities are not issued within five trading days of that date, the date on which the Placement Securities are issued) (the **Issue Price**).

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

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

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

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

## 2. Listing Rule 7.1A

### *Eligibility*

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

For illustrative purposes only, on 10 October 2020, the Company's market capitalisation was approximately \$30.6 million based on the closing market price of the Shares on that date. The calculation of market capitalisation will be based on the closing market price of the Shares, on the last trading day on which trades in the Shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this Annual General Meeting, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September. The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A. In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholder approval pursuant to this Resolution, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities during the 12-month period following this AGM.

### *Special Resolution*

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

### *Shareholder Approval*

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

## 3. Formula for calculating 10% Placement Facility – Listing Rule 7.1A.2

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

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

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

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

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

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

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

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

**D** is 10%

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

#### **4. Listing Rules 7.1 and 7.1A**

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

At the date of this Notice of Meeting, the Company has on issue 1,162,514,211 Shares. If this Resolution is passed the Company will have the capacity to issue the following equity securities immediately following the Meeting:

- (1) 174,377,132 equity securities under Listing Rule 7.1; and
- (2) subject to Shareholder approval being obtained under this Resolution, a further 116,251,421 Placement Securities under Listing Rule 7.1A.

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

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

If Resolution 9 is passed and the Company issues any Placement Securities under Listing Rule 7.1A, the Company will give to ASX:

1. a list of allottees of the Placement Securities and the number of the Placement Securities allotted to each placee (this list will not be released to the market); and
2. details of the proposed issue of equity securities in the form of, or accompanied by, and Appendix 3B.

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

Listing Rule 7.3A sets out the requirements for notices of meeting at which shareholder approval is sought for the additional capacity to issue equity securities under Listing Rule 7.1A. For the purposes of Listing Rule 7.1A the Company advises as follows:

##### *1. Period of time for which approval granted under Listing Rule 7.1A will be valid – Listing Rule 7.3A.1*

If this Resolution is passed, Shareholder approval for the Additional 10% Placement will be valid from the date of the Meeting until the earlier to occur of:

- (1) the date that is 12 months after the date of the Meeting; or
- (2) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking); or
- (3) such longer period if allowed by ASX.

Accordingly, if Shareholders give approval for the issue of the Placement Securities pursuant to this Resolution, then that approval will expire on 18 December 2021 unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date.

##### *2. Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.2*

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

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

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



### 3. Purpose – Listing Rule 7.3A.3

As noted above, the purpose for which the Placement Securities may be issued include:

- (1) to raise funds to be applied towards the acquisition of new assets or investments (including expenses associated with such acquisitions), continued exploration and feasibility study expenditure on the Company's current assets and general working capital; and
- (2) as non-cash consideration for the acquisition of new assets or investments.

### 4. Risk of Economic and Voting Dilution – Listing Rule 7.3A.4

As provided by Listing Rule 7.3A.2, if this Resolution is passed and the Company issues the Placement Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 589,437,570 Shares. Subject to the passing of this Special Resolution, the number of Shares that the Company could issue pursuant to Listing Rule 7.1A will be 58,943,757 (however, it is important to note that the exact number of Placement Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2, details of which are set out above). Any issue of the Placement Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the closing market price for the Company's equity securities may be significantly lower on the date of the issue of any Placement Securities than it is on the date of the Meeting; and
- (2) the Placement Securities may be issued at a price that is at a discount to the closing market price for the Company's equity securities on the issue date,

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

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

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

**Table 2:**

	50% Decrease in Closing Market Price \$0.0205		Current Closing Market Price \$0.041		100% Increase in Closing Market Price \$0.082	
	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised	10% Voting Dilution	Capital Raised
Present Issued Share Capital 1,162,514,211	116,251,421	\$2,383,154	116,251,421	\$4,766,308	116,251,421	\$9,532,617
50% Increase in Share Capital 1,743,771,317	174,377,132	\$3,574,731	174,377,132	\$7,149,462	174,377,132	\$14,298,925
100% Increase in Share Capital 2,325,028,422	232,502,842	\$4,766,308	232,502,842	\$9,532,617	232,502,842	\$19,065,233

## Assumptions and Explanations for Table 2

- a. The closing market price is \$0.041, based on the closing market price of the Shares on ASX on 4 November 2020.
- b. The above table only shows the dilutionary effect based on the issue of the Placement Securities (assuming only Shares are issued), and not any Shares issued under the 15% capacity under Listing Rule 7.1.
- c. The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. It shows the number of shares that the Company's share capital will increase by.
- d. The Company issues the maximum number of Placement Securities.
- e. The issued Share capital has been calculated in accordance with the formula in Listing Rule 7.1A.2 as at 5 November 2020.
- f. The issue price of the Placement Securities used in the table is the same as the closing market price and does not take into account the discount to the closing market price (if any).
- g. The table above does not show the potential dilutionary effect to a particular shareholder.

### *5. Company's Allocation Policy – Listing Rule 7.3A.5*

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

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

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

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

### *6. Details of all equity securities issued where Shareholder approval under Listing Rule 7.1A.2 was previously obtained – Listing Rule 7.3A.6*

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the previous Annual General Meeting held on 26 November 2019. As required by Listing Rule 7.3A.6 (b), all of the cash and non-cash equity issues made by the Company since the date of the last Annual General Meeting are detailed in **Schedule 2**. For the purposes of Listing Rule 7.3A.6(a) the company advises follows:

(i) Number of Equity securities on issue at commencement of 12-month period commencing on 26 November 2019	590,601,954 FPO 100,225,000 Unlisted Options
(ii) Equity securities issued in prior 12-month period commencing on 26 November 2019	571,912,257 FPO 330,408,637 Quoted Options 10,000,000 Unlisted Options
(iii) Percentage previous issues represent of total number of Equity securities on issue at commencement of 12-month period commencing on 26 November 2019	132.06%



*7. Voting Exclusion Statement – Listing Rule 7.3A.7*

The Company currently has no specific use identified for the 10% placement capacity sought pursuant to Listing Rule 7.1A. Accordingly, no Voting Exclusion statement has been included pursuant to Listing Rule 7.3A.7

**7. Directors' Recommendation**

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

## Schedule 1 – Option Terms

The terms of the Options, as described in the Company's Prospectus dated 15 June 2020, are set out below.

- (1) The Options shall be issued for no cash consideration.
- (2) The exercise price of each Option is \$0.05 (**Exercise Price**).
- (3) The Options will expire on 29 February 2024 (**Expiry Date**) unless earlier exercised.
- (4) The Options will be listed on the ASX.
- (5) The Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise (**Exercise Notice**) together with payment for the Exercise Price per Option to the Company at any time on or after the date of issue of the Options and on or before the Expiry Date. Payment may be made as directed by the Company from time to time, which may include by cheque, electronic funds transfer or other methods.
- (6) The number of Options that may be exercised at one time must be not less than 25,000, unless the holder of the Option (**Option Holder**) holds less than 25,000 Options in which case all Options must be exercised at one time.
- (7) Within 20 Business Days after the valid exercise of the Options and payment of the Exercise Price, the Company will:
  - (a) allot and issue the number of fully paid ordinary Shares ranking *pari passu* with the then issued Shares as required under these terms and conditions in respect of the number of Options specified in the Exercise Notice and for which cleared funds have been received by the Company; and
  - (b) if admitted to the official list of ASX at the time, apply for Official Quotation on ASX of Shares issued pursuant to the exercise of the Options.
- (8) Option Holders do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where and only to the extent required pursuant to the Listing Rules, provide Option Holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
- (9) Option Holders do not participate in any dividends unless the Options are exercised, and the resultant Shares of the Company are issued prior to the record date to determine entitlements to the dividend.
- (10) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - (a) the number of Options, the Exercise Price of the Options, or both will be reorganised (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reorganisation, but with the intention that such reorganisation will not result in any benefits being conferred on the Option Holders are not conferred on Shareholders; and
  - (b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reorganisation of capital, in all other respects the terms for the exercise of the Options will remain unchanged.
- (11) If there is a pro rata issue (except a bonus issue), the Exercise Price of Option may be reduced according to the following formula:

$$O^n = O - \frac{E [P - (S + D)]}{N + 1}$$

$$N + 1$$

where,

**O<sup>n</sup>** is the new exercise price of the Option;

**O** is the old exercise price of the Option;

**E** is the number of underlying securities into which one Option is exercisable;

**P** is the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex-right date or the ex-entitlements date;

**S** is the subscription price for a security under the pro rata issue;

**D** is dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

**N** is the number of securities with rights or entitlements that must be held to receive a right to one new security.

- (12) If there is a bonus issue to the Shareholders of the Company, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.
- (13) The terms of the Options shall only be changed if Shareholders (whose votes are not to be disregarded) of in the Company approve of such a change. However, unless all necessary waivers of the Listing Rules are obtained, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.
- (14) The Company intends to apply for listing of the Options on the ASX.

## Schedule 2 – Equity allotments pursuant to Listing Rule 7.1A .2 since 26 November 2019

Recipient	Class	Number	Issue Price	Date of Issue
MRS ANGELA MARY MACDONALD	Shares	1,000,000	\$ 0.023	17/09/2020
MS IRENE MARY FRISBY	Shares	2,000,000	\$ 0.023	17/09/2020
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	Shares	5,000,000	\$ 0.023	17/09/2020
KINGS PARK SUPERANNUATION FUND PTY LTD <KINGS PARK SUPER FUND A/C>	Shares	1,500,000	\$ 0.023	17/09/2020
TEMPEST DAWN PTY LTD <SWT SUPER FUND A/C>	Shares	4,050,000	\$ 0.023	17/09/2020
TALavera CAPITAL PTY LIMITED	Shares	2,326,000	\$ 0.023	17/09/2020
ROOKHARP CAPITAL PTY LIMITED	Shares	13,043,478	\$ 0.023	17/09/2020
VENTOUX PTY LTD	Shares	973,552	\$ 0.023	17/09/2020
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	Shares	1,108,695	\$ 0.023	23/09/2020
UBS NOMINEES PTY LTD	Shares	13,043,478	\$ 0.023	23/09/2020
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	Shares	21,739,130	\$ 0.023	23/09/2020
HARTNELL NOMINESS PTY LD <PLACEMENT A/C>	Shares	2,173,913	\$ 0.023	23/09/2020
MRS RENEE JAN DUNN	Shares	1,304,348	\$ 0.023	23/09/2020
MR BENJAMIN DUNN & MRS RENEE DUNN <BEN DUNN SUPER FUND A/C>	Shares	1,304,348	\$ 0.023	23/09/2020
JL GIBSON INVESTMENTS PTY LTD <JL GIBSON INVESTMENT A/C>	Shares	1,739,130	\$ 0.023	23/09/2020
LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	Shares	2,173,913	\$ 0.023	23/09/2020
MR PHILLIP ALEXANDER PURDIE & MRS CAROL ANN PURDIE <PURDIE SUPER FUND A/C>	Shares	6,521,739	\$ 0.023	23/09/2020
TELLLO PTY LTD <RESIDENT K & VANDALLET A/C>	Shares	434,783	\$ 0.023	23/09/2020
ROOKHARP CAPITAL PTY LIMITED	Shares	6,522	\$ 0.023	23/09/2020
STATION CAPITAL PTY LTD	Shares	6,521,739	\$ 0.023	23/09/2020
VIVRE INVESTMENTS PTY LTD	Shares	2,000,000	\$ 0.023	23/09/2020
VINCENT JOHN PIZZINGA & ANGELA PIZZINGA	Shares	2,000,000	\$ 0.023	23/09/2020
BELINDA CHIPPINDALE	Shares	3,000,000	\$ 0.023	23/09/2020
MICHAEL PATRICK PEGUM	Shares	809,710	\$ 0.023	23/09/2020

## Definitions

Terms used in this Explanatory Memorandum shall have the meanings ascribed to them and the Listing Rules or the Corporations Act as appropriate, unless otherwise defined below, or in the body of the Explanatory Memorandum. The following terms shall have the meanings ascribed to the below:

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

**Advisory Resolution** has the same meaning as when used in Section 250R of the Corporations Act.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ABN 98 008 624 691;

**BCP** means Bizzell Capital Partners Pty Ltd, an entity controlled by Stephen Bizzell, a non-executive director of the Company.

**BCP Engagement Letter** means the agreement between BCP and the Company as evidenced by a letter dated 10 June 2020, pursuant to which BCP would act as Joint Lead Manager (with JB Advisory) in connection with the Capital Raising, the terms of which are summarised under 1. Background of the section of the Explanatory Memorandum dealing with Resolution 4.

**BCP Fee Options** means those options to be issued to BCP pursuant to the BCP Engagement Letter, better described in the section of the Explanatory Memorandum dealing with Resolution 4.

**Board** means the board of Directors of the Company.

**Capital Raising** means the Entitlement Offer, the Placement and the Conditional Placement.

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

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

**Conditional Placement** means the private placement to Sophisticated and Professional Investors of approximately \$2.1 million worth of Conditional Placement Shares along with one (1) Conditional Placement Option for every two (2) Conditional Placement Shares subscribed for, announced to the ASX on 15 June 2020.

**Conditional Placement Options** means the free attaching options to be issued as part of the Conditional Placement announced on 15 June 2020, which are to be issued on the terms set out in Schedule 1 to this Explanatory Memorandum.

**Conditional Placement Securities** means the Conditional Placement Shares and the Conditional Placement Options.

**Conditional Placement Shares** means the Shares to be issued pursuant to the Placement at an issue price of \$0.023 per Placement Share.

**Company** means Armour Energy Limited ABN 60 141 198 414.

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

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

**Entitlement Offer** means the accelerated non-renounceable entitlement offer to eligible shareholders of one (1) new Share for every three (3) Shares held at 7.00pm (AEST) on 19 June 2020, at an offer price of \$0.023

together with one (1) free attaching New Option, to raise up to approximately \$4.5 million, conducted pursuant to a prospectus lodged by the Company and dated 15 June 2020, as supplemented by a Supplementary Prospectus dated 27 July 2020.

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

**Issue Price** the price per security at which the Placement Securities may be issued.

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

**Listing Rules** means the listing rules of ASX as amended, varied or replaced from time to time.

**Meeting** or **Annual General Meeting** means the annual general meeting of the Company to be held on 18 December 2020.

**Notice of Meeting** or **Notice** means this Notice of Meeting convening the Meeting and the Explanatory Memorandum.

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

**Options** means an option to subscribe for Shares granted by the Company.

**Placement** means the private placement to Sophisticated and Professional Investors of approximately \$3.36 million worth of Placement Shares along with one (1) Placement Option for every two (2) Placement Shares subscribed for, announced to the ASX on 15 June 2020.

**Placement Securities** means the new equity securities for the purposes of Listing Rule 7.1A.

**professional and sophisticated investors** means a person to whom securities may be issued without disclosure in reliance neither section 708 (8) or (11) as the case may be.

**Resolution** means a resolution to be proposed at the Meeting.

**Secured Amortising Notes** means the corporate bond notes issued on 29 March 2019 as part of a \$55 million corporate bond facility with a maturity date of five years from the date of issue, amortising by 52% from 29 March 2020 until the date of maturity, secured over the assets of the Company and its subsidiaries (other than its holding in Armour Energy International Pty Ltd), and with a coupon rate of 8.75% per annum.

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

**Shareholder** means a holder of Shares in the Company.

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

**Use of Funds** means each of the following:

- (a) the FY 2021 Work Program, which will seek to increase production from existing wells, including well enhancement programs, various “work overs” and a stimulation program of up to 6 wells;
- (b) [to progress the Kincora Project area well intervention and work program];
- (c) [Kincora Plant capital expenditure and engineering];
- (d) exploration expenditure related to the Company’s assets in the Northern Territory, the Surat Basin, Uganda and the Cooper Eromanga Basin;
- (e) to pay interest on scheduled amortisation reductions in the Company’s Amortising Notes for the balance of 2020;
- (f) to ensure continued compliance with the financial covenants of the Amortising Notes until the end of 2020, including satisfaction of minimum cash holding balances;
- (g) to provide general working capital including the payment of creditors and the costs of the Capital Raising.

**VWAP** means volume weighted average price.

**ENQUIRIES**

Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Karl Schlobohm (Company Secretary; [kschlobohm@armourenergy.com.au](mailto:kschlobohm@armourenergy.com.au)), at Level 27/111 Eagle Street, Brisbane QLD 4000, or on (07) 3303 0620.

## Notes

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

For the purposes of determining those shareholders entitled to attend and vote at the Annual General Meeting of the Company, shall be those persons recorded in the register of shareholders as at 6:00 pm (Brisbane Time) 16 December 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

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

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

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

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

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

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

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

### ***Signing instructions***

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

**Individual:** Where the holding is in one name, the holder must sign.

**Joint Holding:** Where the holding is in more than one name, either security holder may sign.

**Power of Attorney:** To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to Section 204A of the *Corporations Act 2001* (Cth)) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

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

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

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