

Armour Energy (ASX:AJQ)

ASX Announcement

14 July 2021

Proposed Amendments to the Secured Amortising Notes

The Board of Directors of Armour Energy Limited (Armour; the Company; ASX:AJQ) wish to advise that the Company has issued a Notice of Circulating Resolution (including an Explanatory Memorandum) to holders (Noteholders) of the Company's Secured Amortising Notes (Notes) to seek approval by way of a special resolution of Noteholders (the Special Resolution) to amend the Conditions of the Notes and obtain Noteholder consent (Proposed Amendments and Consent).

Background to the Noteholder Special Resolution and Commercial Rationale for the Proposed Amendments

The Notes were issued by Armour in March 2019 and under their Conditions of issue (as disclosed in Armour's ASX Announcement of 29 March 2019, including a full copy of the Information Memorandum, and as amended as disclosed in Armour's ASX Announcements on 26 March 2020 and 31 March 2021), Armour is obliged to obtain Noteholder consent for certain corporate actions.

On 3 March 2021, Armour announced that it intended to demerge its Northern Basin Assets (i.e. six granted exploration permits and seven exploration permit applications in the Northern Territory and one exploration permit application in the South Nicholson Basin in Queensland) through a new wholly-owned subsidiary, McArthur Oil and Gas Limited ("McArthur").

A separate new wholly-owned subsidiary, McArthur NT Pty Ltd ("McArthur NT"), has since been incorporated as the proposed asset-level company for McArthur and will following a corporate interposition, become a wholly owned subsidiary of McArthur.

McArthur NT has entered into a conditional agreement ("Transfer Agreement") to acquire from Armour the Northern Basin Assets for consideration of approximately \$40 million (as may be adjusted in favour of either party under the terms of the agreement depending on the nature of the payment of certain costs and expenses) together with Armour retaining a minimum 33% shareholding interest in McArthur. Armour anticipates that as part of the demerger and IPO, the retained interest in McArthur will be distributed by Armour to Armour's shareholders by way of an in-specie distribution. If the demerger and IPO are ultimately successful, Armour intends to use the cash consideration received from McArthur under the Transfer Agreement to retire some or all of its outstanding Noteholder debt.

As was anticipated in Armour's ASX Announcement on 23 March 2021, Armour is now seeking approval from Noteholders for further amendments to the Secured Amortising Notes to specifically facilitate the proposed demerger and IPO of McArthur.

Successful completion of the proposed demerger transaction is expected to result in Armour strengthening its balance sheet and both McArthur and Armour being well-funded to progress their respective exploration, development and production programmes. The proposed demerger will also provide the Company with greater flexibility to pursue further project opportunities.

Proposed Amendments and Consent

For the full terms of the Proposed Amendments and Consent please refer to the Notice of Circulating

Resolution of Noteholders and Explanatory Memorandum (**Notice**) that is attached to this announcement.

In short, the Proposed Amendments and Consent include the following amendments to the Conditions of the Notes:

1. to permit the corporate restructure, demerger and IPO of McArthur in respect of the Northern Basin Assets transaction;
2. to permit Financial Indebtedness to be incurred of up to \$10,000,000 through the issue of either redeemable exchangeable notes or convertible notes which are unsecured and subordinate to the Notes (in either case, the exchange or conversion of such notes into McArthur shares will be conditional upon any necessary Armour shareholder approvals being obtained);
3. to permit the disposal of the Northern Basin Assets and McArthur and McArthur NT that arises pursuant to the demerger and IPO;
4. to permit Armour to complete the in-specie distribution to Armour shareholders;
5. to facilitate the staged release of security over the assets; and
6. in respect of the creation of two new Escrow Accounts to be held on trust by the Notes Trustee for the benefit of Noteholders. The consideration payable to Armour under the Transfer Agreement out of the IPO proceeds will be held in one of these accounts until repayment of the Notes.

The Proposed Amendments and Consent represent a further step towards the Company achieving the demerger and IPO of McArthur.

Whilst the Company, based on discussions to date, believes approval from Noteholders should be forthcoming, no assurance can be given that the amendments will ultimately be approved. If the amendments are not approved, the proposed demerger and IPO of the Northern Basin Assets and McArthur will not proceed in the manner contemplated by Armour to date and Armour will need to re-assess its strategic options in respect of the relevant assets.

Should approval from Noteholders be obtained, Armour will provide further updates as to the status of the transaction, including in respect of the shareholder approvals that Armour intends to seek at a future general meeting.

Noteholder Approval Process

1. The attached Notice will be issued to all Noteholders.
2. The Noteholders will be required to cast their vote by 23 July 2021.
3. In order to take effect, the Proposed Amendments require 75% of Noteholders by value to vote in favour.

The Company will provide a further update to shareholders in respect of the Special Resolution in due course.

This Announcement is Authorised by the Board of Directors

Karl Schlobohm

Joint Company Secretary

For further information contact:

Nicholas Mather – Executive Chairman
07-3303 0680

Brad Lingo – CEO
07-3303 0680

Karl Schlobohm – Joint Company Secretary
07-3303 0661

Sarah Schuringa – Marketing & Communications
07-3303 0619

Executives

Bradley Lingo - Chief Executive Officer
Karl Schlobohm – Joint-Company Secretary
Olivia Versace – Joint-Company Secretary
Michael Laurent – Chief Operating Officer
Toni Hawkins – Chief Financial Officer
Mark Greenwood – Chief Commercial Officer

Directors

Nicholas Mather – Executive Chairman
Stephen Bizzell - Non-Executive Director
Roland Sleeman – Non-Executive Director
Eytan Uliel – Non-Executive Director

Armour Energy

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Notice of Circulating Resolution of Noteholders and Explanatory Memorandum

Issued by Armour Energy Limited (ABN 60 141 198 414)
in relation to a proposed Circulating Resolution of Noteholders of the following
Notes (“Notes”):

Issuer	ISIN	Title	Status	Aggregate outstanding principal amount
Armour Energy Limited	AU3CB0261998	8.75% Fixed Rate Secured Amortising Notes due 29 March 2024	Secured	A\$33,717,200

Date: 13 July 2021

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IMPORTANT NOTICE

What is this document?

This Notice of Circulating Resolution and Explanatory Memorandum has been prepared and is issued by Armour Energy Limited, as the “**Issuer**” of the Notes, to allow Noteholders to consider and vote on a Special Resolution. The Explanatory Memorandum accompanying this Notice of Circulating Resolution provides further information about the matters to be voted upon.

Terms used in this document but not otherwise defined have the meaning given to them in the section entitled “Glossary” on pages 7 and 8. All times expressed in this document refer to Sydney time.

THE EXPLANATORY MEMORANDUM (SET OUT ON PAGE 41 AND FOLLOWING) CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ CAREFULLY.

Responsibility

This Notice of Circulating Resolution including the Explanatory Memorandum has been prepared and issued by the Issuer. The Issuer accepts sole responsibility for the information contained in this Notice.

Notice of Circulating Resolution

Note Trust Deed

Under the terms of the Note Trust Deed, a written resolution signed by or on behalf of the Noteholders of at least 75% of the aggregate principal amount of Notes outstanding as at the Notification Date (being the date of this Notice) shall be valid and effective as a Special Resolution (as defined in the Note Trust Deed) passed without the need for a meeting of Noteholders to be held, if the resolution is signed within 1 month of the date of this Notice. By submitting an Instruction to Sign in favour of the resolutions set out in the Special Resolution, an Austraclear Holder is irrevocably instructing Austraclear Ltd, in its capacity as registered holder of the Notes, to sign the Circulating Resolution if holders of at least 75% of the aggregate principal amount of Notes outstanding have submitted (and not validly revoked) an Instruction to Sign in favour of the Special Resolution. Pursuant to the Austraclear Regulations, the Issuer will be appointed as the attorney of Austraclear Ltd to execute the Circulating Resolution subject to the requisite threshold of Instructions to Sign in favour being received.

Consequently, if Noteholders of at least 75% of the aggregate principal amount of Notes outstanding have submitted an Instruction to Sign in favour of the Special Resolution, the Issuer (as Austraclear’s attorney) will sign the Special Resolution and the Special Resolution will be held to have been passed. The Issuer will notify the Noteholders if the Special Resolution has been passed.

In determining whether or not the provisions relating to voting procedures or the signing of the Circulating Resolution are complied with, any Notes held in the name of the Issuer or any of its Related Entities must be disregarded. As at the date of this Notice, the Issuer does not hold any legal or beneficial interest in the Notes. However, DGR Global Ltd (a Related Entity of the Issuer by virtue of the Issuer and DGR Global Ltd having a common director, Mr Nicholas Mather) does have a beneficial interest in Notes.

Security Trust Deed

Under the terms of the Security Trust Deed, each Noteholder has nominated the Note Trustee to act as its representative for the purposes of giving instructions to the Security Trustee. By submitting an Instruction to Sign in favour of the Special Resolution, an Austraclear Holder is also irrevocably instructing the Note Trustee to instruct the Security Trustee with respect to the matters set out in the Special Resolution concerning the release of property from the Security and the Special Resolution also takes effect as a Special Resolution as defined in and for the purposes of the Security Trust Deed.

Consequently, if Noteholders representing at least 75% of the Secured Money (as defined in the Security Trust Deed) have submitted an Instruction to Sign in favour of the Special Resolution, the Special

Resolution will also be held to have been passed as a Special Resolution for the purposes of the Security Trust Deed. The Issuer will notify the Noteholders if the Special Resolution has been passed.

Noteholders bound

If the Special Resolution in respect of the Notes and for the purposes of the Security Trust Deed is passed pursuant to the Circulating Resolution, each Noteholder will be bound by the Special Resolution, irrespective of whether such Noteholder voted in favour of, rejected or voted against or abstained from voting on that Special Resolution or otherwise took no action at all in respect of the Special Resolution.

If the Special Resolution is not passed by the requisite majority of Noteholders, or the Issuer terminates the Notice of Circulating Resolution for any reason, then no change will be made to the Conditions, no direction will be given to the Security Trustee, the Conditions will continue in effect as no such change has been made and Noteholders will continue to hold their Notes and have all of their rights and obligations under the existing terms of the Conditions and the Note Trust Deed.

The Issuer may, for any reason, terminate and withdraw this Notice of Circulating Resolution at any time prior to the Noteholders passing the Special Resolution by the requisite majority of Noteholders. Any such termination will be effective once it has been notified to the Noteholders in accordance with Condition 18 (“Notices”), to the Note Trustee in accordance with clause 21.2 (“Notices to Note Trustee”) of the Note Trust Deed and to the Security Trustee in accordance with clause 25 (“Notices and other communications”) of the Security Trust Deed.

No investment advice

The information contained in this Notice of Circulating Resolution does not constitute financial product advice, and has been prepared without reference to the particular investment objectives, financial situation, taxation position, and needs of any Noteholder (or of the Noteholders as a whole). None of the Issuer, the Note Trustee, the Security Trustee, Austraclear or any other person is providing any taxation, legal or other advice regarding the proposed amendment. It is important that you read the Notice of Circulating Resolution and Explanatory Memorandum in its entirety before making any decision on how to vote. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendment in your own particular circumstances.

Forward looking statements

To the extent that any forward looking statements are made in this Notice of Circulating Resolution, those statements reflect the views of the Issuer as at the date of this Notice. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Issuer to differ materially from the results, performance or achievements expressed, implied or projected.

None of the Issuer, any of its officers nor any other party associated with the preparation of this Notice make any representation or warranty (either express or implied) as to the accuracy or likelihood of any forward looking statement or any events or results expressed or implied in any forward looking statement. None of the Issuer, any of its officers nor any other party associated with the preparation of this Notice guarantee that any specific objective of the Issuer will be achieved.

Questions

If you have any questions about your holding of Notes or the Special Resolution, please consult your professional adviser. If you are a Beneficial Holder and have any questions regarding the operational aspects of how to vote or the voting process, you should contact the Austraclear Holder through which you hold a beneficial interest in the Notes or, alternatively, email the Note Trustee (csf.team@perpetual.com.au).

For any further explanation regarding the background to the Special Resolution, email Mr Karl Schlobohm, Company Secretary of Armour Energy Limited at email: kschlobohm@armourenergy.com.au.

KEY DATES

Date of Notice and Notification Date 13 July 2021

Record Date 13 July 2021

The attached Instruction to Sign must be received by the Note Trustee no later than 10.00 am on 23 July 2021 to be valid.

Only those Austraclear Participants in whose Austraclear Security Record the Notes appear immediately prior to the Austraclear System opening on the Record Date (“**Austraclear Holders**”) will be entitled to instruct Austraclear to sign the Circulating Resolution.

A Beneficial Holder must direct the relevant Austraclear Holder, in whose Security Record the Notes in respect of that beneficial interest are recorded, of their Notes to complete the Instruction to Sign.

If you are a Beneficial Holder on the Record Date (but are not recorded as such in the Austraclear Security Record), you must direct the Austraclear Holder in whose Security Record the Notes in respect of which you have that beneficial interest are recorded, to complete the Instruction to Sign.

If a Beneficial Holder has transferred its interest in their Notes after that time, such Beneficial Holder should also pass a copy of this Notice of Circulating Resolution to the transferee and advise the transferee of the manner in which it has instructed the Austraclear Holder (if at all) with respect to the matters set out in this Notice of Circulating Resolution.

Beneficial Holders are advised to check with any nominee, custodian or Austraclear Holder through which they hold their Notes, when such nominee, custodian or Austraclear Holder would require to receive instructions from that Beneficial Holder in order to provide an Instruction to Sign form in order to meet the deadline set out above. The deadlines set by any such nominee, custodian or Austraclear Holder may be earlier than the relevant deadline above.

Action required by Austraclear Holders

To instruct Austraclear to sign the Circulating Resolution contained in this Notice of Circulating Resolution, Austraclear Holders must complete the “Instructions to Sign” form and return this “Instructions to Sign” form by email to the Note Trustee at the following details:

- **Attention:** Manager, Agency & Trustee
- **Email:** csf.team@perpetual.com.au

The Instruction to Sign must be received by the Note Trustee no later than 10.00 am on 23 July 2021 to be valid.

If you do not wish to instruct Austraclear to vote on the Special Resolution contained in the Notice of Circulating Resolution, no further action on your part is required. However, you should note that a resolution passed by Circulating Resolution (as defined in the Meeting Provisions) without a meeting being held is binding on all Noteholders, whether or not they gave instructions to sign.

On or about 23 July 2021 or such earlier time if

The date the Special Resolution will be signed

Austraclear is recorded in the Register as the sole Noteholder for the Notes. Consequently, only Austraclear will be entitled to vote in respect of the Special

<p>sufficient instructions of Austraclear Holders have been received for the Special Resolution to be passed</p>	<p>Resolution. Pursuant to the Austraclear Regulations, provided that the voting procedures provided for in the Conditions are satisfied, the Issuer will be appointed as the attorney of Austraclear Ltd to execute the Circulating Resolution. In its capacity as Noteholder, Austraclear is also a Beneficiary for the purposes of the Security Trust Deed, again on behalf of Austraclear Holders for whom it holds the Notes as nominee.</p> <p>The Special Resolution will be determined by a single circulating resolution with respect to the Notes. If Noteholders of at least 75% of the aggregate principal amount of Notes outstanding have submitted (and not validly revoked) an Instruction to Sign in favour of the Special Resolution, the Special Resolution will be held to have passed once the Circulating Resolution is signed by the Issuer (as Austraclear's attorney). The Circulating Resolution will also be held to have been passed for the purposes of the Security Trust Deed.</p> <p>The Circulating Resolution will be signed on or about the date that Noteholders of at least 75% of the aggregate principal amount of Notes outstanding have submitted (and not validly revoked) an Instruction to Sign in favour of the Special Resolution.</p>
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<p>On or about 26 July 2021 or such earlier time as the Special Resolution has been passed</p>	<p>Notification to Noteholders</p> <p>The Issuer will give notice (or procure that notice be given) to the Noteholders and the Note Trustee of the result of the voting on the Special Resolution within 14 days of the result being known. However, failure to so give notice does not invalidate the Special Resolution.</p>
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This timetable is indicative only. The Issuer reserves the right to vary the timetable set out above. If the timetable is varied, the Issuer will notify the Registrar, the Note Trustee and the Noteholders. The Issuer will not vary the timetable in any way which is prejudicial to the interests of Noteholders.

GLOSSARY

Terms used but not otherwise defined in this Notice have the meaning given to them in the Conditions. Terms not defined in the Conditions or this Notice have the meaning given to them in the Austraclear Regulations. The following terms shall, when used in this Notice, have the meaning given to them below.

Term	Definition
Armour Surat	Armour Energy (Surat Basin) Pty Ltd (ACN 607 504 905)
Austraclear	Austraclear Ltd (ABN 94 002 060 773).
Austraclear Holders	those Austraclear Participants in whose Austraclear Security Record the Notes appear immediately prior to the Austraclear System opening on the Record Date.
Austraclear Regulations	the regulations known as “Austraclear Regulations” together with any instructions or directions established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system.
Beneficial Holder	a person with the ultimate beneficial interest in a Note.
Beneficiaries	has the meaning given in the Security Trust Deed.
Board	the Board of Directors of the Issuer.
Circulating Resolution	the Circulating Resolution set out in this Notice.
Conditions	the terms and conditions of the Notes as set out in the Information Memorandum, as supplemented, amended, modified or replaced by the Pricing Supplement.
Explanatory Memorandum	the Explanatory Memorandum accompanying this Notice.
Information Memorandum	the Information Memorandum dated 27 March 2019 and as amended on 25 March 2020 and 1 April 2021.
Instruction to Sign	a form in, or substantially in, the form entitled “ <i>Instruction to Sign</i> ” set out in Annexure B on pages 29 to 31.
Issuer	Armour Energy Limited (ABN 60 141 198 414).
McArthur NT	McArthur NT Pty Ltd (ACN 649 856 315).
McArthur OG	McArthur Oil and Gas Limited (ACN 648 622 404).
Meeting Provisions	the provisions for Meetings of the Noteholders set out in Schedule 6 (“Meeting Provisions”) of the Note Trust Deed or the provisions for Meetings of Beneficiaries set out in Schedule 6 (“Meeting Provisions”) of the Security Trust Deed or both, as the context requires or permits.
Note Trust Deed	the Note Trust Deed dated 25 March 2019 between the Issuer, the Initial Guarantors (as defined therein) and the Note Trustee.
Note Trustee	Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee for the Armour Energy Note Trust constituted by the Note Trust Deed.

Term	Definition
Noteholders	those persons whose names are entered on the Register as the holder of Notes, being Austraclear as at the date of this Notice.
Notice of Circulating Resolution or Notice	this Notice of Circulating Resolution, including the Explanatory Memorandum accompanying this Notice.
Register	the register of holders of Notes established and maintained by Perpetual Trustee Company Limited (the Agent) pursuant to the Agency Agreement entered into between amongst others, the Issuer and the Agent.
Special Resolution	the resolutions and other matters to be voted on pursuant to this document as set out in the section of this document entitled " <i>Annexure A - Special Resolution</i> " on pages 20 to 28.
Security Record	has the meaning given to that term in the rules and regulations known as the "Austraclear Regulations" established by Austraclear to govern the use of the Austraclear System.
Security Trustee	P.T. Limited (ACN 004 454) 666 in its capacity as security trustee of the Security Trust Deed.
Security Trust Deed	the Security Trust Deed – Armour Energy Security Trust dated 25 March 2019 between the Security Trustee, the Initial Obligors and Initial Beneficiaries (both as defined therein).

NOTICE OF CIRCULATING RESOLUTION

13 July 2021

Dear Noteholder

NOTICE OF CIRCULATING RESOLUTION OF NOTEHOLDERS

We are pleased to provide you with this Notice of Circulating Resolution in relation to a Special Resolution for consideration and approval by Noteholders of the Notes (including, in their capacity as Beneficiaries under the Security Trust Deed). This Notice of Circulating Resolution constitutes a notice of circulating resolution given under and in accordance with Condition 18 ("Notices") and clause 21 ("Notices") and the Meeting Provisions of the Note Trust Deed and clause 25 ("Notices and other communications") and the Meeting Provisions of the Security Trust Deed. The Notification Date of this Notice of Circulating Resolution for the purposes of the Meeting Provisions of both the Note Trust Deed and the Security Trust Deed is 13 July 2021.

The purpose of the Circulating Resolution is to seek and, if passed, obtain approval and consent from Noteholders (for the purposes of the Note Trust Deed) and Beneficiaries (for the purposes of the Security Trust Deed) for the Special Resolution summarised below, and as set out in Annexure A (the "**Invitation**") for the reasons set out in the Explanatory Memorandum.

Special Resolution

The Special Resolution:

(a) approves:

- (i) the addition of a new Condition 5A ("Northern Basin Assets Corporate Restructure, Demerger and IPO");
- (ii) the addition of a new Condition 5AA ("Staged Release of Security");
- (iii) the addition of a new Condition 5AAA ("Issuer Escrow Account");
- (iv) the addition of a new Condition 5AAAA ("McArthur OG Escrow Account"); and
- (v) consequential amendments to Condition 1.2 ("Definitions") to facilitate the above amendments; and

(b) provides the consent of the Beneficiaries for the purposes of clauses 4.2 ("Matters requiring a Special Resolution"), 4.5(b) ("Removal of property from a Security"), 4.6 ("Release certificate"), 4.8 ("Release or discharge by the Security Trustee") and the Meeting Provisions of the Security Trust Deed and provides a direction to the Security Trustee and Note Trustee in respect of same.

The full text of the proposed amendments is as follows:

(a) Condition 1.2 ("Definitions") is amended by adding the following new definitions in applicable alphabetical order:

"ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it (as the context requires);

***ASX Listing Rules** means the listing rules as published from time to time by the ASX;*

ASIC means the Australian Securities and Investments Commission;

ATP means an authority to prospect, granted under the QLD Petroleum Act;

EP means an exploration permit granted under the NT Petroleum Act;

EPSA means the Exploration Permit Sale Agreement between the Issuer and McArthur NT dated 14 May 2021, in respect of the sale of the Northern Basin Assets from the Issuer to McArthur NT.

Escrow Agent means Perpetual Corporate Trust Limited or such other third party as is nominated by Perpetual Corporate Trust Limited, appointed by the Issuer as escrow agent pursuant to an escrow agreement to be entered into between the Issuer and the Escrow Agent in a form acceptable to the Escrow Agent;

Interposition Agreement means the Interposition Agreement between the Issuer and McArthur OG dated 14 May 2021;

IPO means an initial public offering of fully paid ordinary shares in McArthur OG made under the IPO Prospectus where such ordinary shares are to be quoted on the ASX;

IPO Prospectus means the prospectus to be lodged by McArthur OG with ASIC in respect of the IPO;

Issuer Escrow Account means an account in the name of the Escrow Agent established at the direction of the Issuer in accordance with Condition 5AAA for the purposes of holding monies in accordance with Condition 5AAA;

McArthur NT means McArthur NT Pty Ltd (ACN 649 856 315);

McArthur OG means McArthur Oil and Gas Limited (ACN 648 622 404);

McArthur OG Escrow Account means an account in the name of the Escrow Agent established at the direction of McArthur OG in accordance with Condition 5AAAA for the purposes of holding monies in accordance with Condition 5AAAA;

McArthur OG Contribution Amount has the meaning given in Condition 5AAAA;

New Tenement means an EL, RL or ATP granted as a result of any Tenement Application;

Northern Basin Assets means the following:

- (a) the NT Granted Tenements;
- (b) the NT Applications; and
- (c) the QLD Application;

Northern Basin Assets Transaction means the sale of the Northern Basin Assets from the Issuer to McArthur NT on the terms set out in the EPSA;

NT Applications means the following exploration permit applications, and includes any grant of a New Tenement and any renewal, re-issuance, extension, modification, substitution, variation, amalgamation or substitution of any of the following exploration permit applications:

- (a) EP 173;
- (b) EP 178;
- (c) EP 179;
- (d) EP 193;
- (e) EP 194;
- (f) EP 195;
- (g) EP 196; and
- (h) the Retention Licence Applications;

NT Granted Tenements means the following granted tenements and includes any renewal, re-issuance, extension, modification, variation, amalgamation or substitution of the following:

- (a) EP 171;
- (b) EP 174;
- (c) EP 176;
- (d) EP 190;
- (e) EP191; and
- (f) EP 192;

NT Petroleum Act means the Petroleum Act 1984 (NT);

QLD Application means the application for the authority to prospect ATP(A)1107, and includes any grant of a New Tenement and any renewal, re-issuance, extension, modification, substation, variation, amalgamation or substitution of the application for the authority to prospect ATP(A)1107;

QLD Petroleum Act means the Petroleum and Gas (Production and Safety) Act (Qld) and the Mineral and Energy Resources (Common Provisions) Act 2016 (Qld);

RL means a retention licence granted under the NT Petroleum Act;

Retention Licence Application means the retention licence applications RL 5 and RL 6; and

Tenement Application means the NT Applications and the QLD Application.”;

- (b) a new Condition 5A (“Northern Basin Assets Corporate Restructure, Demerger and IPO”) shall be added as follows:

“5A Northern Basin Assets Corporate Restructure, Demerger and IPO

Notwithstanding any other Condition, covenant, restriction or obligation contained within the Transaction Documents, the Issuer, McArthur OG and McArthur NT are expressly permitted to undertake the corporate restructure, demerger and IPO for the sole purpose of executing the Northern Basin Assets Transaction, and each of

the following actions will be permitted and will not constitute a default or an Event of Default pursuant to the Transaction Documents:

(a) **(Interposition)**

- (1) *The Issuer is permitted to Dispose all of the issued share capital in McArthur NT to McArthur OG; and*
- (2) *McArthur OG is permitted to issue shares in itself to the Issuer equivalent in value to the value of the shares referred to in paragraph (1) above at the time of Interposition under the Interposition Agreement,*

in accordance with the terms of the Interposition Agreement (the “Interposition”);

(b) **(IPO)** *McArthur OG is permitted to offer and issue ordinary shares pursuant to the IPO Prospectus in respect of its IPO;*

(c) **(In-Specie Distribution)** *the Issuer is permitted to distribute in-specie to its shareholders up to 100% of the issued share capital of McArthur OG (which may be first subdivided in order to obtain the desired pre-IPO and post-IPO share structure of McArthur OG) that the Issuer will hold following the completion of the Interposition Agreement (whether by way of capital reduction, demerger dividend or in any other manner determined by the Issuer) (the “In-Specie Distribution”). The In-Specie Distribution will constitute both a Permitted Payment for the purposes of Condition 5.5 (“Limit on making certain payments”) and a Permitted Disposal for the purposes of Condition 5.6 (“Disposals”);*

(d) **(Financial Accommodation)** *the Issuer, McArthur OG and McArthur NT, are permitted to make available Financial Accommodation between each of them in respect of the Northern Basin Assets Transaction, including but not limited to the Issuer making Financial Accommodation available to McArthur NT in relation to:*

- (1) *the amount payable by McArthur OG (on behalf of McArthur NT) to the Issuer (the “IPO Consideration Debt”) for the Northern Basin Assets in accordance with the EPSA; and*
- (2) *the period until the earlier of:*
 - (A) *McArthur NT replacing the securities or financial assurances provided by the Issuer to the Northern Territory Government in respect of the EPs; and*
 - (B) *the redemption in full of the Notes,*

and all such Financial Accommodation will constitute Permitted Financial Accommodation for the purposes of Condition 5.4 (“Limit on providing Financial Accommodation”);

(e) **(Financial Indebtedness)** *the following Financial Indebtedness is permitted to be incurred and to subsist and will constitute Permitted Financial Indebtedness for the purposes of Condition 5.3(a) (“Limit on incurring Financial Accommodation”) (but will not be subject to Condition 5.3(b)):*

- (A) *any Financial Indebtedness between each of the Issuer, McArthur OG and McArthur NT, including but not limited to McArthur NT incurring Financial Indebtedness to the*

Issuer in relation to the obligation to pay the IPO Consideration Debt in accordance with the EPSA; and

- (B) *Financial Indebtedness of up to A\$10,000,000 (exclusive of interest) by way of the issue of either redeemable exchangeable notes by McArthur NT (“**Redeemable Exchangeable Notes**”) or convertible notes by McArthur OG (“**Convertible Notes**”), which in either case will be unsecured and will rank subordinated and junior to the Notes pursuant to Condition 5.3(a)(vii) (“Limit on incurring Financial Accommodation”) and the Tribeca Facility;*

- (f) **(Disposals)** *the Disposal by the Issuer of:*

- (1) *the shares in each of McArthur OG and McArthur NT; and*
(2) *the Northern Basin Assets to McArthur NT,*

that arises pursuant to any aspect of the Northern Basin Assets Transaction is permitted and will constitute a Permitted Disposal for the purposes of Condition 5.6 (“Disposals”); and

- (g) **(Ancillary support arrangements)** *any pre-existing arrangements in respect of the Northern Basin Assets Transaction as between the Issuer, McArthur OG and McArthur NT that were or would be permitted pursuant to the Transaction Documents where all such entities are Obligors are expressly permitted to continue, notwithstanding that McArthur OG and McArthur NT may cease to be Obligors for the period between their release pursuant to Condition 5AA (“Staged release of Security”) and the redemption of the Notes.”;*

- (c) a new Condition 5AA (“Staged release of Security”) shall be added as follows:

“5AA Staged release of Security

- (a) **(Stage One Release of McArthur OG Share Security - In-Specie Distribution):** *on and from the date of the IPO Prospectus, the shares held by the Issuer in McArthur OG are unconditionally released from all Security Interests, Security arrangements and any other similar arrangements under the Transaction Documents, and the Security Trustee is directed, instructed and irrevocably authorised by all Beneficiaries (as defined in the Security Trust Deed) to:*

- (1) *execute a deed of release in a form acceptable to the Security Trustee; and*
(2) *to take all other actions necessary or desirable as the Security Trustee sees fit,*

*to give effect to such unconditional release (“**Stage One Release**”);*

- (b) **(Stage Two Release of Northern Basin Assets Security - last condition precedent to Admission)** *if the ASX determines to admit McArthur OG to the Official List of ASX (“**Admission**”) and to quote its ordinary shares, subject to the satisfaction of certain conditions precedent described as “**Conditions of Admission**” and “**Conditions of Quotation**”, then on the date of the Issuer providing written confirmation to the Note Trustee and Security Trustee that McArthur OG has satisfied all Conditions of Admission and Conditions of Quotation (other than any conditions relating to the*

Security in respect of the Northern Basin Assets, McArthur OG or McArthur NT), and provided that on such date (i) there are sufficient funds in the Issuer Escrow Account and the McArthur Escrow Account to redeem all of the Notes by payment of the Outstanding Principal Amount together with any accrued interest and (ii) the Issuer has provided written notice to that effect to the Note Trustee, then:

- (1) *McArthur OG and McArthur NT;*
- (2) *all shares held in each of McArthur OG and McArthur NT;*
- (3) *all property (including the Collateral) owned by McArthur OG and McArthur NT; and*
- (4) *the Northern Basin Assets (including all tenement mortgages),*

are released from all Security Interests, Security arrangements, obligations, guarantees and any other similar arrangements under the Transaction Documents (including without limitation, the release of each of McArthur OG and McArthur NT as a Guarantor under the Note Trust Deed and an Obligor under the Security Trust Deed), and each of the Note Trustee and Security Trustee is directed, instructed and irrevocably authorised by all the Noteholders and all the Beneficiaries (as defined in the Security Trust Deed) to:

- (1) *in respect of the Note Trustee, execute a confirmation of release in favour of each of the Issuer, McArthur OG and McArthur NT in a form acceptable to the Note Trustee that each of McArthur OG and McArthur NT is discharged and released from all its obligations and covenants under the Transaction Documents as a Guarantor;*
- (2) *in respect of the Security Trustee, execute a deed of release in a form acceptable to the Security Trustee to release the Security Interests in respect of:*
 - (A) *McArthur OG and McArthur NT;*
 - (B) *all shares held in each of McArthur OG and McArthur NT;*
 - (C) *all property (including the Collateral) owned by McArthur OG and McArthur NT; and*
 - (D) *the Northern Basin Assets (including all tenement mortgages),*
- (3) *take all other actions necessary or desirable to give effect to such unconditional discharge and release as the Security Trustee sees fit,*

(“Stage Two Release”). The Issuer undertakes to provide to the Note Trustee and the Security Trustee relevant bank statements to evidence the amounts standing to the credit of the Issuer Escrow Account and the McArthur Escrow Account including for the purposes of the Stage Two Release;

- (c) **(No encumbrances)** *the Issuer must not, and must procure that upon the Stage Two Release, McArthur OG and McArthur NT do not, grant any Security Interests, guarantees or otherwise encumber:*

- (1) *McArthur OG;*
- (2) *McArthur NT;*
- (3) *the shares of either McArthur OG or McArthur NT;*
- (4) *the Northern Basin Assets; or*
- (5) *any other assets of McArthur OG or McArthur NT,*

while the Notes remain outstanding (other than as may arise in respect of any escrow or restriction requirements imposed by the ASX in respect of shares in McArthur OG); and

- (d) **(Re-accession)** *in the event that Stage Two Release occurs and McArthur OG is not admitted to the Official List of ASX (and its securities are not quoted) within 3 months of the date of the prospectus in respect of its IPO, then upon the release of the relevant funds pursuant to Conditions 5AAA(e)(2) ("Issuer Escrow Account") and 5AAAA(e)(2) ("McArthur Escrow Account"), the Issuer must procure that McArthur OG and McArthur NT re-accede to the relevant security and guarantee arrangements that were in place prior to the Stage Two Release as soon as reasonably practicable and do all things necessary to assist and procure that the Northern Basin Assets are again encumbered under such arrangements PROVIDED THAT the Issuer, McArthur OG and McArthur NT shall be entitled to procure such accession and encumbrances in the manner with the least tax, stamp duty or transfer duty liability for them while still ensuring that the Northern Basin Assets are fully subject to first ranking Security Interests in favour of the Security Trustee by no later than one month after the date of the release of the relevant funds.";*

(d) a new Condition 5AAA ("Issuer Escrow Account") shall be added as follows:

"5AAA Issuer Escrow Account

- (a) *The Issuer undertakes to procure that the Issuer Escrow Account is opened.*
- (b) *The Issuer Escrow Account is on opening held by the Escrow Agent for the account of the Noteholders and amounts standing to the credit of the Issuer Escrow Account ("**Issuer Escrow Deposit**") may only be withdrawn in accordance with this Condition 5AAA.*
- (c) *The Issuer may (but is not obliged to) deposit cash into the Issuer Escrow Account from time to time.*
- (d) *The Issuer Escrow Deposit (if any) shall be included in the calculation of the Cash Balance of the Issuer.*
- (e) *The Issuer Escrow Deposit (if any) must only be dealt with as follows:*
 - (1) *where McArthur OG is admitted to the Official List of the ASX and such admission is notified in writing to the Escrow Agent by the Issuer, the Issuer Escrow Deposit is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the Issuer Escrow Deposit together with the McArthur OG Contribution Amount to redeem all of the Notes by payment of the Outstanding Principal Amount together with any accrued interest, if any;*

- (2) *where McArthur OG is not admitted and quoted on the ASX within [3] months of the date of the IPO Prospectus in respect of its IPO (or such other time period as may otherwise be permitted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70) (if applicable), the Issuer Escrow Deposit is released to the Issuer;*
- (3) *where the repayment of the IPO Consideration Debt is required in order to satisfy a specific condition precedent required in order for McArthur OG to be admitted to the Official List of the ASX, then upon the written direction of both the Issuer and McArthur OG to the Escrow Agent, the Issuer Escrow Deposit is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the Issuer Escrow Deposit together with the McArthur OG Contribution Amount to redeem all of the Notes by payment of the Outstanding Principal Amount together with accrued interest, if any; and*
- (4) *otherwise, in accordance with an order of a court of competent jurisdiction.”;*

(e) a new Condition 5AAAA (“McArthur Escrow Account”) shall be added as follows:

5AAAA McArthur Escrow Account

- (a) *McArthur OG undertakes to procure that the McArthur Escrow Account is opened.*
- (b) *The McArthur Escrow Account on opening is held by the Escrow Agent for the account of the Noteholders and amounts standing to the credit of the McArthur Escrow Account (“**McArthur Escrow Deposit**”) may only be withdrawn in accordance with this Condition 5AAAA.*
- (c) *The McArthur Escrow Deposit shall be included in the calculation of the Cash Balance of McArthur OG.*
- (d) *McArthur OG must, upon becoming unconditionally entitled to access the subscription monies received in respect of the IPO, deposit the IPO Consideration Debt into the McArthur Escrow Account.*
- (e) *The McArthur Escrow Deposit must only be dealt with as follows:*
 - (1) *where McArthur OG is admitted to the Official List of the ASX and such admission is notified in writing to the Escrow Agent by the Issuer:*
 - (A) *an amount equal to the Outstanding Principal Amount of all of the Notes together with any accrued interest less the Issuer Escrow Deposit (if any) (the “**McArthur OG Contribution Amount**”) is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the McArthur OG Contribution Amount together with the Issuer Escrow Deposit (if any) to redeem all of the Notes by the payment of the Outstanding Principal Amount of each Note being redeemed together with the accrued interest, if any; and*
 - (B) *the balance of the McArthur Escrow Deposit (if any) is released to McArthur OG;*

- (2) *where McArthur OG is not admitted and quoted on the ASX within [3] months of the date of the IPO Prospectus in respect of its IPO (or such other time period as may otherwise be permitted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70) (if applicable), the McArthur OG Escrow Deposit is released to McArthur OG; and*
- (3) *where the repayment of the IPO Consideration Debt is required in order to satisfy a specific condition precedent required in order for McArthur OG to be admitted to the Official List of the ASX, then upon the written direction of both the Issuer and McArthur OG to the Escrow Agent:*
- (A) *the McArthur OG Contribution Amount is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the McArthur OG Contribution Amount together with the Issuer Escrow Deposit (if any) to redeem all of the Notes by the payment of the Outstanding Principal Amount of each Note being redeemed together with accrued interest, if any;*
- (B) *the balance of the McArthur Escrow Deposit (if any) is released to McArthur OG; and*
- (4) *otherwise, in accordance with an order of a court of competent jurisdiction.”.*
- (f) The Registrar, the Note Trustee, the Noteholders and the Agent acknowledge and agree that they have received sufficient notice by the Issuer of its intention to redeem all of the Notes in connection with the IPO in accordance with Condition 9.4(ii) “Early redemption at the option of the Issuer (Issuer call)” and that Condition is satisfied and no further notice by the Issuer is required in relation to redemption in connection with the IPO.
- (g) The Noteholders provide their irrevocable and unconditional consent, direction, authorisation and instruction:
- (1) to the Security Trustee, including for the purposes of clauses 4.2(b) (“Matters requiring a Special Resolution”), 4.5(b) (“Removal of property from a Security”), 4.6 (“Release certificate”), 4.8 (“Release or discharge by the Security Trustee”) and the Meeting Provisions of the Security Trust Deed, to perform its obligations as set out in condition 5AA of the Conditions as amended by this Special Resolution and to take all other actions necessary or desirable to give effect to the resolutions in this Special Resolution as the Security Trustee sees fit; and.
- (2) to the Note Trustee, including for the purposes of clauses 6.1 (“Instructions from Noteholders”), 6.4 (“Note Trustee’s rights in connection with resolutions”), 10.10 (“Acting on directions”) and 17.3(a) (“Special Resolution”) and the Meeting Provisions of the Note Trust Deed, to:
- (A) perform its obligations as set out in conditions 5AA, 5AAA and 5AAAA of the Conditions as amended by this Special Resolution;

- (B) direct the Security Trustee to perform its obligations as set out in condition 5AA of the Conditions as amended by this Special Resolution; and
 - (C) to take all other actions necessary or desirable to give effect to the resolutions in this Special Resolution as the Note Trustee sees fit.
- (h) The Issuer may execute, deliver (if applicable) and to do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient in its sole opinion to carry out and give effect to this Special Resolution and the implementation of the amendments referred to in this Special Resolution, including but not limited to making any consequential amendments necessary or desirable to any document in respect of the Conditions of the Notes or any such document, agreement or arrangement to provide for such amendments, including the issue of a replacement Pricing Supplement.”

The Noteholders irrevocably and unconditionally direct the Note Trustee and the Security Trustee to do anything they consider necessary or desirable to give effect to the Special Resolution (including, without limitation, by obtaining any certificate, legal opinion or professional advice that anything may be necessary or desirable, and by entering into a deed of release and discharge to give effect to the Special Resolution).

If the Invitation is terminated by the Issuer for any reason prior to the Special Resolution having been passed, the Special Resolution shall be deemed not have occurred and the amendments shall be deemed not to have taken effect.

Further background information with respect to the rationale of the Special Resolution are set out in the Explanatory Memorandum.

Your vote is important

This document constitutes notice of the Circulating Resolution. The Circulating Resolution will only be passed if **at least 75%** of the principal amount of the Notes and at least 75% of the Secured Money vote in favour of the proposed amendments.

Instructions to Austraclear to sign

Only those Austraclear Participants in whose Austraclear Security Record the Notes appear immediately prior to the Austraclear System opening on the Record Date (the “**Austraclear Holders**”) will be entitled to instruct Austraclear to sign the Special Resolution.

If you are a Beneficial Holder then you must direct the Austraclear Holder, in whose Security Record the Notes in respect of which you have that beneficial interest are recorded, to complete the “Instruction to Sign” form.

Action required by Austraclear Holders

To instruct Austraclear, Austraclear Holders must complete the Instruction to Sign and return that document by email to the Note Trustee at the following:

Attention: Manager, Agency & Trustee

Email: csf.team@perpetual.com.au

The Instruction to Sign must be received no later than 10.00 am on 23 July 2021 to be valid.

Austraclear to sign

Austraclear is recorded in the Register as the sole Noteholder for the Notes. Consequently, only Austraclear will be entitled to vote in respect of the Special Resolution. Austraclear will vote on the Special Resolution on the instruction of Austraclear Holders on whose behalf it holds the Notes as nominee.

Neither Austraclear, the Note Trustee nor the Security Trustee express any opinion about the terms of the Special Resolution or makes any recommendation as to whether to vote in favour of or against or how to vote in respect of the Special Resolution.

The Board of the Issuer recommends that you vote in favour of the Special Resolution.

Armour Energy Limited

Dated: 13 July 2021

ANNEXURE A – SPECIAL RESOLUTION

The Special Resolution to be considered by Noteholders is set out immediately below.

Special Resolution

The Circulating Resolution is to seek and, if passed, obtain approval and consent from Noteholders for the Special Resolution set out below:

- (a) Condition 1.2 (“Definitions”) is amended by adding the following new definitions in applicable alphabetical order:

“ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it (as the context requires);

ASX Listing Rules means the listing rules as published from time to time by the ASX;

ASIC means the Australian Securities and Investments Commission;

ATP means an authority to prospect, granted under the QLD Petroleum Act;

EP means an exploration permit granted under the NT Petroleum Act;

EPSA means the Exploration Permit Sale Agreement between the Issuer and McArthur NT dated 14 May 2021, in respect of the sale of the Northern Basin Assets from the Issuer to McArthur NT.

Escrow Agent means Perpetual Corporate Trust Limited or such other third party as is nominated by Perpetual Corporate Trust Limited, appointed by the Issuer as escrow agent pursuant to an escrow agreement to be entered into between the Issuer and the Escrow Agent in a form acceptable to the Escrow Agent;

Interposition Agreement means the Interposition Agreement between the Issuer and McArthur OG dated 14 May 2021;

IPO means an initial public offering of fully paid ordinary shares in McArthur OG made under the IPO Prospectus where such ordinary shares are to be quoted on the ASX;

IPO Prospectus means the prospectus to be lodged by McArthur OG with ASIC in respect of the IPO;

Issuer Escrow Account means an account in the name of the Escrow Agent established at the direction of the Issuer in accordance with Condition 5AAA for the purposes of holding monies in accordance with Condition 5AAA;

McArthur NT means McArthur NT Pty Ltd (ACN 649 856 315);

McArthur OG means McArthur Oil and Gas Limited (ACN 648 622 404);

McArthur OG Escrow Account means an account in the name of the Escrow Agent established at the direction of McArthur OG in accordance with Condition 5AAAA for the purposes of holding monies in accordance with Condition 5AAAA;

McArthur OG Contribution Amount has the meaning given in Condition 5AAAA;

New Tenement means an EL, RL or ATP granted as a result of any Tenement Application;

Northern Basin Assets means the following:

- (a) *the NT Granted Tenements;*
- (b) *the NT Applications; and*
- (c) *the QLD Application;*

Northern Basin Assets Transaction means the sale of the Northern Basin Assets from the Issuer to McArthur NT on the terms set out in the EPSA;

NT Applications means the following exploration permit applications, and includes any grant of a New Tenement and any renewal, re-issuance, extension, modification, substitution, variation, amalgamation or substitution of any of the following exploration permit applications:

- (a) EP 173;
- (b) EP 178;
- (c) EP 179;
- (d) EP 193;
- (e) EP 194;
- (f) EP 195;
- (g) EP 196; and
- (h) *the Retention Licence Applications;*

NT Granted Tenements means the following granted tenements and includes any renewal, re-issuance, extension, modification, variation, amalgamation or substitution of the following:

- (a) EP 171;
- (b) EP 174;
- (c) EP 176;
- (d) EP 190;
- (e) EP191; and
- (f) EP 192;

NT Petroleum Act means the Petroleum Act 1984 (NT);

QLD Application means the application for the authority to prospect ATP(A)1107, and includes any grant of a New Tenement and any renewal, re-issuance, extension, modification, substitution, variation, amalgamation or substitution of the application for the authority to prospect ATP(A)1107;

QLD Petroleum Act means the Petroleum and Gas (Production and Safety) Act (Qld) and the Mineral and Energy Resources (Common Provisions) Act 2016 (Qld);

RL means a retention licence granted under the NT Petroleum Act;

Retention Licence Application means the retention licence applications RL 5 and RL 6; and

Tenement Application means the NT Applications and the QLD Application.”;

- (b) a new Condition 5A (“Northern Basin Assets Corporate Restructure, Demerger and IPO”) shall be added as follows:

“5A Northern Basin Assets Corporate Restructure, Demerger and IPO

Notwithstanding any other Condition, covenant, restriction or obligation contained within the Transaction Documents, the Issuer, McArthur OG and McArthur NT are expressly permitted to undertake the corporate restructure, demerger and IPO for the sole purpose of executing the Northern Basin Assets Transaction, and each of the following actions will be permitted and will not constitute a default or an Event of Default pursuant to the Transaction Documents:

(a) **(Interposition)**

- (1) *The Issuer is permitted to Dispose all of the issued share capital in McArthur NT to McArthur OG; and*
- (2) *McArthur OG is permitted to issue shares in itself to the Issuer equivalent in value to the value of the shares referred to in paragraph (1) above at the time of Interposition under the Interposition Agreement,*

in accordance with the terms of the Interposition Agreement (the “Interposition”);

- (b) **(IPO)** *McArthur OG is permitted to offer and issue ordinary shares pursuant to the IPO Prospectus in respect of its IPO;*

- (c) **(In-Specie Distribution)** *the Issuer is permitted to distribute in-specie to its shareholders up to 100% of the issued share capital of McArthur OG (which may be first subdivided in order to obtain the desired pre-IPO and post-IPO share structure of McArthur OG) that the Issuer will hold following the completion of the Interposition Agreement (whether by way of capital reduction, demerger dividend or in any other manner determined by the Issuer) (the “In-Specie Distribution”). The In-Specie Distribution will constitute both a Permitted Payment for the purposes of Condition 5.5 (“Limit on making certain payments”) and a Permitted Disposal for the purposes of Condition 5.6 (“Disposals”);*

- (d) **(Financial Accommodation)** *the Issuer, McArthur OG and McArthur NT, are permitted to make available Financial Accommodation between each of them in respect of the Northern Basin Assets Transaction, including but not limited to the Issuer making Financial Accommodation available to McArthur NT in relation to:*

- (1) *the amount payable by McArthur OG (on behalf of McArthur NT) to the Issuer (the “IPO Consideration Debt”) for the Northern Basin Assets in accordance with the EPSA; and*
- (2) *the period until the earlier of:*
 - (A) *McArthur NT replacing the securities or financial assurances provided by the Issuer to the Northern Territory Government in respect of the EPs; and*
 - (B) *the redemption in full of the Notes,*

and all such Financial Accommodation will constitute Permitted Financial Accommodation for the purposes of Condition 5.4 (“Limit on providing Financial Accommodation”);

(e) (**Financial Indebtedness**) the following Financial Indebtedness is permitted to be incurred and to subsist and will constitute Permitted Financial Indebtedness for the purposes of Condition 5.3(a) (“Limit on incurring Financial Accommodation”) (but will not be subject to Condition 5.3(b)):

(A) any Financial Indebtedness between each of the Issuer, McArthur OG and McArthur NT, including but not limited to McArthur NT incurring Financial Indebtedness to the Issuer in relation to the obligation to pay the IPO Consideration Debt in accordance with the EPSA; and

(B) Financial Indebtedness of up to A\$10,000,000 (exclusive of interest) by way of the issue of either redeemable exchangeable notes by McArthur NT (“**Redeemable Exchangeable Notes**”) or convertible notes by McArthur OG (“**Convertible Notes**”), which in either case will be unsecured and will rank subordinated and junior to the Notes pursuant to Condition 5.3(a)(vii) (“Limit on incurring Financial Accommodation”) and the Tribeca Facility;

(f) (**Disposals**) the Disposal by the Issuer of:

(1) the shares in each of McArthur OG and McArthur NT; and

(2) the Northern Basin Assets to McArthur NT,

that arises pursuant to any aspect of the Northern Basin Assets Transaction is permitted and will constitute a Permitted Disposal for the purposes of Condition 5.6 (“Disposals”); and

(g) (**Ancillary support arrangements**) any pre-existing arrangements in respect of the Northern Basin Assets Transaction as between the Issuer, McArthur OG and McArthur NT that were or would be permitted pursuant to the Transaction Documents where all such entities are Obligors are expressly permitted to continue, notwithstanding that McArthur OG and McArthur NT may cease to be Obligors for the period between their release pursuant to Condition 5AA (“Staged release of Security”) and the redemption of the Notes.”;

(c) a new Condition 5AA (“Staged release of Security”) shall be added as follows:

“5AA Staged release of Security

(a) (**Stage One Release of McArthur OG Share Security - In-Specie Distribution**): on and from the date of the IPO Prospectus, the shares held by the Issuer in McArthur OG are unconditionally released from all Security Interests, Security arrangements and any other similar arrangements under the Transaction Documents, and the Security Trustee is directed, instructed and irrevocably authorised by all Beneficiaries (as defined in the Security Trust Deed) to:

(1) execute a deed of release in a form acceptable to the Security Trustee; and

(2) to take all other actions necessary or desirable as the Security Trustee sees fit,

to give effect to such unconditional release ("**Stage One Release**");

- (b) (**Stage Two Release of Northern Basin Assets Security - last condition precedent to Admission**) if the ASX determines to admit McArthur OG to the Official List of ASX ("**Admission**") and to quote its ordinary shares, subject to the satisfaction of certain conditions precedent described as "**Conditions of Admission**" and "**Conditions of Quotation**", then on the date of the Issuer providing written confirmation to the Note Trustee and Security Trustee that McArthur OG has satisfied all Conditions of Admission and Conditions of Quotation (other than any conditions relating to the Security in respect of the Northern Basin Assets, McArthur OG or McArthur NT), and provided that on such date (i) there are sufficient funds in the Issuer Escrow Account and the McArthur Escrow Account to redeem all of the Notes by payment of the Outstanding Principal Amount together with any accrued interest and (ii) the Issuer has provided written notice to that effect to the Note Trustee, then:

- (1) McArthur OG and McArthur NT;
- (2) all shares held in each of McArthur OG and McArthur NT;
- (3) all property (including the Collateral) owned by McArthur OG and McArthur NT; and
- (4) the Northern Basin Assets (including all tenement mortgages),

are released from all Security Interests, Security arrangements, obligations, guarantees and any other similar arrangements under the Transaction Documents (including without limitation, the release of each of McArthur OG and McArthur NT as a Guarantor under the Note Trust Deed and an Obligor under the Security Trust Deed), and each of the Note Trustee and Security Trustee is directed, instructed and irrevocably authorised by all the Noteholders and all the Beneficiaries (as defined in the Security Trust Deed) to:

- (1) in respect of the Note Trustee, execute a confirmation of release in favour of each of the Issuer, McArthur OG and McArthur NT in a form acceptable to the Note Trustee that each of McArthur OG and McArthur NT is discharged and released from all its obligations and covenants under the Transaction Documents as a Guarantor;
- (2) in respect of the Security Trustee, execute a deed of release in a form acceptable to the Security Trustee to release the Security Interests in respect of:
 - (A) McArthur OG and McArthur NT;
 - (B) all shares held in each of McArthur OG and McArthur NT;
 - (C) all property (including the Collateral) owned by McArthur OG and McArthur NT; and
 - (D) the Northern Basin Assets (including all tenement mortgages),
- (3) take all other actions necessary or desirable to give effect to such unconditional discharge and release as the Security Trustee sees fit,

("Stage Two Release"). The Issuer undertakes to provide to the Note Trustee and the Security Trustee relevant bank statements to evidence the amounts standing to the credit of the Issuer Escrow Account and the McArthur Escrow Account including for the purposes of the Stage Two Release;

- (c) **(No encumbrances)** the Issuer must not, and must procure that upon the Stage Two Release, McArthur OG and McArthur NT do not, grant any Security Interests, guarantees or otherwise encumber:

- (1) McArthur OG;
- (2) McArthur NT;
- (3) the shares of either McArthur OG or McArthur NT;
- (4) the Northern Basin Assets; or
- (5) any other assets of McArthur OG or McArthur NT,

while the Notes remain outstanding (other than as may arise in respect of any escrow or restriction requirements imposed by the ASX in respect of shares in McArthur OG); and

- (d) **(Re-accession)** in the event that Stage Two Release occurs and McArthur OG is not admitted to the Official List of ASX (and its securities are not quoted) within 3 months of the date of the prospectus in respect of its IPO, then upon the release of the relevant funds pursuant to Conditions 5AAA(e)(2) ("Issuer Escrow Account") and 5AAAA(e)(2) ("McArthur Escrow Account"), the Issuer must procure that McArthur OG and McArthur NT re-accede to the relevant security and guarantee arrangements that were in place prior to the Stage Two Release as soon as reasonably practicable and do all things necessary to assist and procure that the Northern Basin Assets are again encumbered under such arrangements PROVIDED THAT the Issuer, McArthur OG and McArthur NT shall be entitled to procure such accession and encumbrances in the manner with the least tax, stamp duty or transfer duty liability for them while still ensuring that the Northern Basin Assets are fully subject to first ranking Security Interests in favour of the Security Trustee by no later than one month after the date of the release of the relevant funds.”;

- (d) a new Condition 5AAA ("Issuer Escrow Account") shall be added as follows:

"5AAA Issuer Escrow Account

- (a) The Issuer undertakes to procure that the Issuer Escrow Account is opened.
- (b) The Issuer Escrow Account is on opening held by the Escrow Agent for the account of the Noteholders and amounts standing to the credit of the Issuer Escrow Account ("**Issuer Escrow Deposit**") may only be withdrawn in accordance with this Condition 5AAA.
- (c) The Issuer may (but is not obliged to) deposit cash into the Issuer Escrow Account from time to time.
- (d) The Issuer Escrow Deposit (if any) shall be included in the calculation of the Cash Balance of the Issuer.
- (e) The Issuer Escrow Deposit (if any) must only be dealt with as follows:
 - (1) where McArthur OG is admitted to the Official List of the ASX and such admission is notified in writing to the Escrow Agent by the Issuer, the Issuer Escrow Deposit is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the Issuer Escrow Deposit together with the McArthur OG Contribution Amount to redeem all of the Notes by payment of the Outstanding Principal Amount together with any accrued interest, if any;

- (2) *where McArthur OG is not admitted and quoted on the ASX within [3] months of the date of the IPO Prospectus in respect of its IPO (or such other time period as may otherwise be permitted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70) (if applicable), the Issuer Escrow Deposit is released to the Issuer;*
- (3) *where the repayment of the IPO Consideration Debt is required in order to satisfy a specific condition precedent required in order for McArthur OG to be admitted to the Official List of the ASX, then upon the written direction of both the Issuer and McArthur OG to the Escrow Agent, the Issuer Escrow Deposit is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the Issuer Escrow Deposit together with the McArthur OG Contribution Amount to redeem all of the Notes by payment of the Outstanding Principal Amount together with accrued interest, if any; and*
- (4) *otherwise, in accordance with an order of a court of competent jurisdiction.”;*

(e) a new Condition 5AAAA (“McArthur Escrow Account”) shall be added as follows:

“5AAAA McArthur Escrow Account

- (a) *McArthur OG undertakes to procure that the McArthur Escrow Account is opened.*
- (b) *The McArthur Escrow Account on opening is held by the Escrow Agent for the account of the Noteholders and amounts standing to the credit of the McArthur Escrow Account (“**McArthur Escrow Deposit**”) may only be withdrawn in accordance with this Condition 5AAAA.*
- (c) *The McArthur Escrow Deposit shall be included in the calculation of the Cash Balance of McArthur OG.*
- (d) *McArthur OG must, upon becoming unconditionally entitled to access the subscription monies received in respect of the IPO, deposit the IPO Consideration Debt into the McArthur Escrow Account.*
- (e) *The McArthur Escrow Deposit must only be dealt with as follows:*
 - (1) *where McArthur OG is admitted to the Official List of the ASX and such admission is notified in writing to the Escrow Agent by the Issuer:*
 - (A) *an amount equal to the Outstanding Principal Amount of all of the Notes together with any accrued interest less the Issuer Escrow Deposit (if any) (the “**McArthur OG Contribution Amount**”) is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the McArthur OG Contribution Amount together with the Issuer Escrow Deposit (if any) to redeem all of the Notes by the payment of the Outstanding Principal Amount of each Note being redeemed together with the accrued interest, if any; and*
 - (B) *the balance of the McArthur Escrow Deposit (if any) is released to McArthur OG;*
 - (2) *where McArthur OG is not admitted and quoted on the ASX within [3] months of the date of the IPO Prospectus in respect of its IPO (or such other time period as may otherwise be permitted by ASIC Corporations*

(Minimum Subscription and Quotation Conditions) Instrument 2016/70) (if applicable), the McArthur OG Escrow Deposit is released to McArthur OG; and

(3) *where the repayment of the IPO Consideration Debt is required in order to satisfy a specific condition precedent required in order for McArthur OG to be admitted to the Official List of the ASX, then upon the written direction of both the Issuer and McArthur OG to the Escrow Agent:*

(A) *the McArthur OG Contribution Amount is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the McArthur OG Contribution Amount together with the Issuer Escrow Deposit (if any) to redeem all of the Notes by the payment of the Outstanding Principal Amount of each Note being redeemed together with accrued interest, if any;*

(B) *the balance of the McArthur Escrow Deposit (if any) is released to McArthur OG; and*

(4) *otherwise, in accordance with an order of a court of competent jurisdiction.”.*

(f) The Registrar, the Note Trustee, the Noteholders and the Agent acknowledge and agree that they have received sufficient notice by the Issuer of its intention to redeem all of the Notes in connection with the IPO in accordance with Condition 9.4(ii) “Early redemption at the option of the Issuer (Issuer call)” and that Condition is satisfied and no further notice by the Issuer is required in relation to redemption in connection with the IPO.

(g) The Noteholders provide their irrevocable and unconditional consent, direction, authorisation and instruction:

(1) to the Security Trustee, including for the purposes of clauses 4.2(b) (“Matters requiring a Special Resolution”), 4.5(b) (“Removal of property from a Security”), 4.6 (“Release certificate”), 4.8 (“Release or discharge by the Security Trustee”) and the Meeting Provisions of the Security Trust Deed, to perform its obligations as set out in condition 5AA of the Conditions as amended by this Special Resolution and to take all other actions necessary or desirable to give effect to the resolutions in this Special Resolution as the Security Trustee sees fit; and.

(2) to the Note Trustee, including for the purposes of clauses 6.1 (“Instructions from Noteholders”), 6.4 (“Note Trustee’s rights in connection with resolutions”), 10.10 (“Acting on directions”) and 17.3(a) (“Special Resolution”) and the Meeting Provisions of the Note Trust Deed, to:

(A) perform its obligations as set out in conditions 5AA, 5AAA and 5AAAA of the Conditions as amended by this Special Resolution;

(B) direct the Security Trustee to perform its obligations as set out in condition 5AA of the Conditions as amended by this Special Resolution; and

(C) to take all other actions necessary or desirable to give effect to the resolutions in this Special Resolution as the Note Trustee sees fit.

- (h) The Issuer may execute, deliver (if applicable) and to do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient in its sole opinion to carry out and give effect to this Special Resolution and the implementation of the amendments referred to in this Special Resolution, including but not limited to making any consequential amendments necessary or desirable to any document in respect of the Conditions of the Notes or any such document, agreement or arrangement to provide for such amendments, including the issue of a replacement Pricing Supplement.”

The Noteholders irrevocably and unconditionally direct the Note Trustee and the Security Trustee to do anything they consider necessary or desirable to give effect to the Special Resolution (including, without limitation, by obtaining any certificate, legal opinion or professional advice that anything may be necessary or desirable, and by entering into a deed of release and discharge to give effect to the Special Resolution).

If the Invitation is terminated by the Issuer for any reason prior to the Special Resolution having been passed, the Special Resolution shall be deemed not to have occurred and the amendments shall be deemed not to have taken effect.

ANNEXURE B - INSTRUCTION TO SIGN

1 DETAILS OF AUSTRACLEAR HOLDER

Name:

Address:

Phone Number:

2 DETAILS OF NOTES HELD BY AUSTRACLEAR HOLDER

	Aggregate principal amount of Notes held by the Austraclear Holder
A\$33,717,200 in aggregate principal amount outstanding of the 8.75% Fixed Rate Secured Amortising Notes due 29 March 2024 (ISIN: AU3CB0261998)	A\$[●]

3 DETAILS OF BENEFICIAL HOLDERS WHICH HAVE INSTRUCTED YOU AS THE AUSTRACLEAR HOLDER (This section is not mandatory and failure to complete this section does not invalidate this Instruction to Sign.)

Name:

Name:

Name:

Name:

4 DIRECTION TO SIGN

I direct Austraclear Ltd to vote in favour of the Special Resolution below in accordance with the following.

Special Resolution in respect of the Notes					
The Noteholder resolves that the Special Resolution set out in the Notice of Circulating Resolution and Explanatory Memorandum dated 13 July 2021 be voted as follows.					
Noteholder	Name of authorised representative	Outstanding principal amount of Notes to be voted for	Outstanding principal amount of Notes to be voted against	Outstanding principal amount of Notes abstained	Date of signing
Austraclear Ltd		A\$[●]	A\$[●]/Nil	A\$[●]/Nil	

SIGNING PAGE

Signing Instructions:

Austraclear Holders are requested to:

- 1 select the appropriate execution clause from those set out below (or if the appropriate execution clause is not set out below, insert the appropriate execution clause);
- 2 sign and date it accordingly; and
- 3 deliver the completed Instruction to Sign form by email to the Note Trustee at the following details, by no later than 10.00 am (Sydney time) on 23 July 2021:

Attention: Manager, Agency & Trustee

Email: csf.team@perpetual.com.au

Executed as a deed on 2021

EXECUTED by)	
)	
.....)	
Name of Austraclear Holder)	
)	
.....)
Company Secretary/Director)	Director
)	
.....)
Name of Company Secretary/Director (block letters))	Name of Director (block letters)

OR

SIGNED by)	
)	
.....)	
Name of Attorney)	
as attorney for:)	
)	
.....)
<i>[insert name of Austraclear Holder]</i>)	By executing these Instructions to Sign
pursuant to power of attorney in the)	the attorney states that the attorney has
presence of:)	received no notice of revocation of the
)	power of attorney and has included a
.....)	certified copy of the power of attorney
Signature of witness)	with these Instructions to Sign.
)	
.....)	
Name of witness (block letters))	

OR

SIGNED by)
)
)
)
 as Authorised Representative for)
)
)
 [*insert name of Austraclear Holder*])
 in the presence of:)
)
)
 Signature of witness)
)
)
 Name of witness (block letters))

.....
By executing these Instructions to Sign
the authorised representative states that
the authorised representative has
received no notice of revocation of their
authority to sign.

OR INSERT OTHER BELOW

CIRCULATING RESOLUTION

[to be delivered by the Issuer to the Note Trustee]

Date: [●] 2021

Circulating Resolution of Noteholders of the following Notes (together, the “Notes”):

Issuer	ISIN	Title	Status	Aggregate outstanding principal amount
Armour Energy Limited	AU3CB0261998	8.75% Fixed Rate Secured Amortising Notes due 29 March 2024	Secured	A\$33,717,200

Austraclear Ltd refers to the Notice of Circulating Resolution and Explanatory Memorandum dated 13 July 2021 (“**Notice of Circulating Resolution**”) in respect of the proposed amendments (“**Proposed Amendments**”) to the Conditions of the Notes.

Austraclear Ltd, being the registered holder of all of the outstanding Notes, hereby votes in favour of the Special Resolution and, consequently, the Special Resolution set out below is passed by this Circulating Resolution in accordance with the Armour Energy Note Trust constituted by the Note Trust Deed dated 25 March 2019 between the Issuer, the Initial Guarantors (as defined therein) and Perpetual Corporate Trust Limited.

Capitalised terms

Capitalised terms used in this resolution and not otherwise defined have the meaning given to them in the Notice of Circulating Resolution and Explanatory Memorandum.

Special Resolution

(a) Condition 1.2 (“Definitions”) is amended by adding the following new definitions in applicable alphabetical order:

“ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it (as the context requires);

ASX Listing Rules means the listing rules as published from time to time by the ASX;

ASIC means the Australian Securities and Investments Commission;

ATP means an authority to prospect, granted under the QLD Petroleum Act;

EP means an exploration permit granted under the NT Petroleum Act;

EPSA means the Exploration Permit Sale Agreement between the Issuer and McArthur NT dated 14 May 2021, in respect of the sale of the Northern Basin Assets from the Issuer to McArthur NT.

Escrow Agent means Perpetual Corporate Trust Limited or such other third party as is nominated by Perpetual Corporate Trust Limited, appointed by the Issuer as escrow agent pursuant to an escrow agreement to be entered into between the Issuer and the Escrow Agent in a form acceptable to the Escrow Agent;

Interposition Agreement means the Interposition Agreement between the Issuer and McArthur OG dated 14 May 2021;

IPO means an initial public offering of fully paid ordinary shares in McArthur OG made under the IPO Prospectus where such ordinary shares are to be quoted on the ASX;

IPO Prospectus means the prospectus to be lodged by McArthur OG with ASIC in respect of the IPO;

Issuer Escrow Account means an account in the name of the Escrow Agent established at the direction of the Issuer in accordance with Condition 5AAA for the purposes of holding monies in accordance with Condition 5AAA;

McArthur NT means McArthur NT Pty Ltd (ACN 649 856 315);

McArthur OG means McArthur Oil and Gas Limited (ACN 648 622 404);

McArthur OG Escrow Account means an account in the name of the Escrow Agent established at the direction of McArthur OG in accordance with Condition 5AAAA for the purposes of holding monies in accordance with Condition 5AAAA;

McArthur OG Contribution Amount has the meaning given in Condition 5AAAA;

New Tenement means an EL, RL or ATP granted as a result of any Tenement Application;

Northern Basin Assets means the following:

- (a) the NT Granted Tenements;
- (b) the NT Applications; and
- (c) the QLD Application;

Northern Basin Assets Transaction means the sale of the Northern Basin Assets from the Issuer to McArthur NT on the terms set out in the EPSA;

NT Applications means the following exploration permit applications, and includes any grant of a New Tenement and any renewal, re-issuance, extension, modification, substitution, variation, amalgamation or substitution of any of the following exploration permit applications:

- (a) EP 173;
- (b) EP 178;
- (c) EP 179;
- (d) EP 193;
- (e) EP 194;
- (f) EP 195;
- (g) EP 196; and
- (h) the Retention Licence Applications;

NT Granted Tenements means the following granted tenements and includes any renewal, re-issuance, extension, modification, variation, amalgamation or substitution of the following:

- (a) EP 171;
- (b) EP 174;

- (c) EP 176;
- (d) EP 190;
- (e) EP191; and
- (f) EP 192;

NT Petroleum Act means the Petroleum Act 1984 (NT);

QLD Application means the application for the authority to prospect ATP(A)1107, and includes any grant of a New Tenement and any renewal, re-issuance, extension, modification, substation, variation, amalgamation or substitution of the application for the authority to prospect ATP(A)1107;

QLD Petroleum Act means the Petroleum and Gas (Production and Safety) Act (Qld) and the Mineral and Energy Resources (Common Provisions) Act 2016 (Qld);

RL means a retention licence granted under the NT Petroleum Act;

Retention Licence Application means the retention licence applications RL 5 and RL 6; and

Tenement Application means the NT Applications and the QLD Application.”;

- (b) a new Condition 5A (“Northern Basin Assets Corporate Restructure, Demerger and IPO”) shall be added as follows:

“5A Northern Basin Assets Corporate Restructure, Demerger and IPO

Notwithstanding any other Condition, covenant, restriction or obligation contained within the Transaction Documents, the Issuer, McArthur OG and McArthur NT are expressly permitted to undertake the corporate restructure, demerger and IPO for the sole purpose of executing the Northern Basin Assets Transaction, and each of the following actions will be permitted and will not constitute a default or an Event of Default pursuant to the Transaction Documents:

(a) **(Interposition)**

- (1) *The Issuer is permitted to Dispose all of the issued share capital in McArthur NT to McArthur OG; and*
- (2) *McArthur OG is permitted to issue shares in itself to the Issuer equivalent in value to the value of the shares referred to in paragraph (1) above at the time of Interposition under the Interposition Agreement,*

in accordance with the terms of the Interposition Agreement (the “Interposition”);

- (b) **(IPO)** *McArthur OG is permitted to offer and issue ordinary shares pursuant to the IPO Prospectus in respect of its IPO;*

- (c) **(In-Specie Distribution)** *the Issuer is permitted to distribute in-specie to its shareholders up to 100% of the issued share capital of McArthur OG (which may be first subdivided in order to obtain the desired pre-IPO and post-IPO share structure of McArthur OG) that the Issuer will hold following the completion of the Interposition Agreement (whether by way of capital reduction, demerger dividend or in any other manner determined by the Issuer) (the “In-Specie Distribution”). The In-Specie Distribution will constitute both a Permitted*

Payment for the purposes of Condition 5.5 (“Limit on making certain payments”) and a Permitted Disposal for the purposes of Condition 5.6 (“Disposals”);

- (d) **(Financial Accommodation)** the Issuer, McArthur OG and McArthur NT, are permitted to make available Financial Accommodation between each of them in respect of the Northern Basin Assets Transaction, including but not limited to the Issuer making Financial Accommodation available to McArthur NT in relation to:
- (1) the amount payable by McArthur OG (on behalf of McArthur NT) to the Issuer (the “**IPO Consideration Debt**”) for the Northern Basin Assets in accordance with the EPSA; and
 - (2) the period until the earlier of:
 - (A) McArthur NT replacing the securities or financial assurances provided by the Issuer to the Northern Territory Government in respect of the EPs; and
 - (B) the redemption in full of the Notes,

and all such Financial Accommodation will constitute Permitted Financial Accommodation for the purposes of Condition 5.4 (“Limit on providing Financial Accommodation”);

- (e) **(Financial Indebtedness)** the following Financial Indebtedness is permitted to be incurred and to subsist and will constitute Permitted Financial Indebtedness for the purposes of Condition 5.3(a) (“Limit on incurring Financial Accommodation”) (but will not be subject to Condition 5.3(b)):
- (A) any Financial Indebtedness between each of the Issuer, McArthur OG and McArthur NT, including but not limited to McArthur NT incurring Financial Indebtedness to the Issuer in relation to the obligation to pay the IPO Consideration Debt in accordance with the EPSA; and
 - (B) Financial Indebtedness of up to A\$10,000,000 (exclusive of interest) by way of the issue of either redeemable exchangeable notes by McArthur NT (“**Redeemable Exchangeable Notes**”) or convertible notes by McArthur OG (“**Convertible Notes**”), which in either case will be unsecured and will rank subordinated and junior to the Notes pursuant to Condition 5.3(a)(vii) (“Limit on incurring Financial Accommodation”) and the Tribeca Facility;

- (f) **(Disposals)** the Disposal by the Issuer of:
- (1) the shares in each of McArthur OG and McArthur NT; and
 - (2) the Northern Basin Assets to McArthur NT,

that arises pursuant to any aspect of the Northern Basin Assets Transaction is permitted and will constitute a Permitted Disposal for the purposes of Condition 5.6 (“Disposals”); and

- (g) **(Ancillary support arrangements)** any pre-existing arrangements in respect of the Northern Basin Assets Transaction as between the Issuer, McArthur OG and McArthur NT that were or would be permitted pursuant to the Transaction Documents where all such entities are Obligors are expressly permitted to continue, notwithstanding that McArthur OG and McArthur NT may cease to be

Obligors for the period between their release pursuant to Condition 5AA (“Staged release of Security”) and the redemption of the Notes.”;

(c) a new Condition 5AA (“Staged release of Security”) shall be added as follows:

“5AA Staged release of Security

(a) **(Stage One Release of McArthur OG Share Security - In-Specie Distribution):** *on and from the date of the IPO Prospectus, the shares held by the Issuer in McArthur OG are unconditionally released from all Security Interests, Security arrangements and any other similar arrangements under the Transaction Documents, and the Security Trustee is directed, instructed and irrevocably authorised by all Beneficiaries (as defined in the Security Trust Deed) to:*

- (1) *execute a deed of release in a form acceptable to the Security Trustee; and*
- (2) *to take all other actions necessary or desirable as the Security Trustee sees fit,*

to give effect to such unconditional release (“Stage One Release”);

(b) **(Stage Two Release of Northern Basin Assets Security - last condition precedent to Admission)** *if the ASX determines to admit McArthur OG to the Official List of ASX (“Admission”) and to quote its ordinary shares, subject to the satisfaction of certain conditions precedent described as “Conditions of Admission” and “Conditions of Quotation”, then on the date of the Issuer providing written confirmation to the Note Trustee and Security Trustee that McArthur OG has satisfied all Conditions of Admission and Conditions of Quotation (other than any conditions relating to the Security in respect of the Northern Basin Assets, McArthur OG or McArthur NT), and provided that on such date (i) there are sufficient funds in the Issuer Escrow Account and the McArthur Escrow Account to redeem all of the Notes by payment of the Outstanding Principal Amount together with any accrued interest and (ii) the Issuer has provided written notice to that effect to the Note Trustee, then:*

- (1) *McArthur OG and McArthur NT;*
- (2) *all shares held in each of McArthur OG and McArthur NT;*
- (3) *all property (including the Collateral) owned by McArthur OG and McArthur NT; and*
- (4) *the Northern Basin Assets (including all tenement mortgages),*

are released from all Security Interests, Security arrangements, obligations, guarantees and any other similar arrangements under the Transaction Documents (including without limitation, the release of each of McArthur OG and McArthur NT as a Guarantor under the Note Trust Deed and an Obligor under the Security Trust Deed), and each of the Note Trustee and Security Trustee is directed, instructed and irrevocably authorised by all the Noteholders and all the Beneficiaries (as defined in the Security Trust Deed) to:

- (1) *in respect of the Note Trustee, execute a confirmation of release in favour of each of the Issuer, McArthur OG and McArthur NT in a form acceptable to the Note Trustee that each of McArthur OG and McArthur NT is discharged and released from all its obligations and covenants under the Transaction Documents as a Guarantor;*

(2) *in respect of the Security Trustee, execute a deed of release in a form acceptable to the Security Trustee to release the Security Interests in respect of:*

(A) *McArthur OG and McArthur NT;*

(B) *all shares held in each of McArthur OG and McArthur NT;*

(C) *all property (including the Collateral) owned by McArthur OG and McArthur NT; and*

(D) *the Northern Basin Assets (including all tenement mortgages),*

(3) *take all other actions necessary or desirable to give effect to such unconditional discharge and release as the Security Trustee sees fit,*

(“Stage Two Release”). The Issuer undertakes to provide to the Note Trustee and the Security Trustee relevant bank statements to evidence the amounts standing to the credit of the Issuer Escrow Account and the McArthur Escrow Account including for the purposes of the Stage Two Release;

(c) *(**No encumbrances**) the Issuer must not, and must procure that upon the Stage Two Release, McArthur OG and McArthur NT do not, grant any Security Interests, guarantees or otherwise encumber:*

(1) *McArthur OG;*

(2) *McArthur NT;*

(3) *the shares of either McArthur OG or McArthur NT;*

(4) *the Northern Basin Assets; or*

(5) *any other assets of McArthur OG or McArthur NT,*

while the Notes remain outstanding (other than as may arise in respect of any escrow or restriction requirements imposed by the ASX in respect of shares in McArthur OG); and

(d) *(**Re-accession**) in the event that Stage Two Release occurs and McArthur OG is not admitted to the Official List of ASX (and its securities are not quoted) within 3 months of the date of the prospectus in respect of its IPO, then upon the release of the relevant funds pursuant to Conditions 5AAA(e)(2) (“Issuer Escrow Account”) and 5AAAA(e)(2) (“McArthur Escrow Account”), the Issuer must procure that McArthur OG and McArthur NT re-accede to the relevant security and guarantee arrangements that were in place prior to the Stage Two Release as soon as reasonably practicable and do all things necessary to assist and procure that the Northern Basin Assets are again encumbered under such arrangements PROVIDED THAT the Issuer, McArthur OG and McArthur NT shall be entitled to procure such accession and encumbrances in the manner with the least tax, stamp duty or transfer duty liability for them while still ensuring that the Northern Basin Assets are fully subject to first ranking Security Interests in favour of the Security Trustee by no later than one month after the date of the release of the relevant funds.”;*

(d) a new Condition 5AAA (“Issuer Escrow Account”) shall be added as follows:

“5AAA Issuer Escrow Account

(a) *The Issuer undertakes to procure that the Issuer Escrow Account is opened.*

- (b) *The Issuer Escrow Account is on opening held by the Escrow Agent for the account of the Noteholders and amounts standing to the credit of the Issuer Escrow Account (“**Issuer Escrow Deposit**”) may only be withdrawn in accordance with this Condition 5AAA.*
- (c) *The Issuer may (but is not obliged to) deposit cash into the Issuer Escrow Account from time to time.*
- (d) *The Issuer Escrow Deposit (if any) shall be included in the calculation of the Cash Balance of the Issuer.*
- (e) *The Issuer Escrow Deposit (if any) must only be dealt with as follows:*
 - (1) *where McArthur OG is admitted to the Official List of the ASX and such admission is notified in writing to the Escrow Agent by the Issuer, the Issuer Escrow Deposit is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the Issuer Escrow Deposit together with the McArthur OG Contribution Amount to redeem all of the Notes by payment of the Outstanding Principal Amount together with any accrued interest, if any;*
 - (2) *where McArthur OG is not admitted and quoted on the ASX within [3] months of the date of the IPO Prospectus in respect of its IPO (or such other time period as may otherwise be permitted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70) (if applicable), the Issuer Escrow Deposit is released to the Issuer;*
 - (3) *where the repayment of the IPO Consideration Debt is required in order to satisfy a specific condition precedent required in order for McArthur OG to be admitted to the Official List of the ASX, then upon the written direction of both the Issuer and McArthur OG to the Escrow Agent, the Issuer Escrow Deposit is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the Issuer Escrow Deposit together with the McArthur OG Contribution Amount to redeem all of the Notes by payment of the Outstanding Principal Amount together with accrued interest, if any; and*
 - (4) *otherwise, in accordance with an order of a court of competent jurisdiction.”;*

(e) a new Condition 5AAAA (“McArthur Escrow Account”) shall be added as follows:

"5AAAA McArthur Escrow Account

- (a) *McArthur OG undertakes to procure that the McArthur Escrow Account is opened.*
- (b) *The McArthur Escrow Account on opening is held by the Escrow Agent for the account of the Noteholders and amounts standing to the credit of the McArthur Escrow Account (“**McArthur Escrow Deposit**”) may only be withdrawn in accordance with this Condition 5AAAA.*
- (c) *The McArthur Escrow Deposit shall be included in the calculation of the Cash Balance of McArthur OG.*
- (d) *McArthur OG must, upon becoming unconditionally entitled to access the subscription monies received in respect of the IPO, deposit the IPO Consideration Debt into the McArthur Escrow Account.*
- (e) *The McArthur Escrow Deposit must only be dealt with as follows:*

- (1) *where McArthur OG is admitted to the Official List of the ASX and such admission is notified in writing to the Escrow Agent by the Issuer:*
- (A) *an amount equal to the Outstanding Principal Amount of all of the Notes together with any accrued interest less the Issuer Escrow Deposit (if any) (the “**McArthur OG Contribution Amount**”) is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the McArthur OG Contribution Amount together with the Issuer Escrow Deposit (if any) to redeem all of the Notes by the payment of the Outstanding Principal Amount of each Note being redeemed together with the accrued interest, if any; and*
- (B) *the balance of the McArthur Escrow Deposit (if any) is released to McArthur OG;*
- (2) *where McArthur OG is not admitted and quoted on the ASX within [3] months of the date of the IPO Prospectus in respect of its IPO (or such other time period as may otherwise be permitted by ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70) (if applicable), the McArthur OG Escrow Deposit is released to McArthur OG; and*
- (3) *where the repayment of the IPO Consideration Debt is required in order to satisfy a specific condition precedent required in order for McArthur OG to be admitted to the Official List of the ASX, then upon the written direction of both the Issuer and McArthur OG to the Escrow Agent:*
- (A) *the McArthur OG Contribution Amount is immediately released to the Note Trustee and the Note Trustee will, as soon as reasonably practicable, apply the McArthur OG Contribution Amount together with the Issuer Escrow Deposit (if any) to redeem all of the Notes by the payment of the Outstanding Principal Amount of each Note being redeemed together with accrued interest, if any;*
- (B) *the balance of the McArthur Escrow Deposit (if any) is released to McArthur OG; and*
- (4) *otherwise, in accordance with an order of a court of competent jurisdiction.”.*
- (f) The Registrar, the Note Trustee, the Noteholders and the Agent acknowledge and agree that they have received sufficient notice by the Issuer of its intention to redeem all of the Notes in connection with the IPO in accordance with Condition 9.4(ii) “Early redemption at the option of the Issuer (Issuer call)” and that Condition is satisfied and no further notice by the Issuer is required in relation to redemption in connection with the IPO.
- (g) The Noteholders provide their irrevocable and unconditional consent, direction, authorisation and instruction:
- (1) to the Security Trustee, including for the purposes of clauses 4.2(b) (“Matters requiring a Special Resolution”), 4.5(b) (“Removal of property from a Security”), 4.6 (“Release certificate”), 4.8 (“Release or discharge by the Security Trustee”) and the Meeting Provisions of the Security Trust Deed, to perform its obligations as set out in condition 5AA of the Conditions as amended by this Special Resolution and to take all other

actions necessary or desirable to give effect to the resolutions in this Special Resolution as the Security Trustee sees fit; and.

- (2) to the Note Trustee, including for the purposes of clauses 6.1 (“Instructions from Noteholders”), 6.4 (“Note Trustee’s rights in connection with resolutions”), 10.10 (“Acting on directions”) and 17.3(a) (“Special Resolution”) and the Meeting Provisions of the Note Trust Deed, to:
- (A) perform its obligations as set out in conditions 5AA, 5AAA and 5AAAA of the Conditions as amended by this Special Resolution;
 - (B) direct the Security Trustee to perform its obligations as set out in condition 5AA of the Conditions as amended by this Special Resolution; and
 - (C) to take all other actions necessary or desirable to give effect to the resolutions in this Special Resolution as the Note Trustee sees fit.
- (h) The Issuer may execute, deliver (if applicable) and to do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient in its sole opinion to carry out and give effect to this Special Resolution and the implementation of the amendments referred to in this Special Resolution, including but not limited to making any consequential amendments necessary or desirable to any document in respect of the Conditions of the Notes or any such document, agreement or arrangement to provide for such amendments, including the issue of a replacement Pricing Supplement.”

The Noteholders irrevocably and unconditionally direct the Note Trustee and the Security Trustee to do anything they consider necessary or desirable to give effect to the Special Resolution (including, without limitation, by obtaining any certificate, legal opinion or professional advice that anything may be necessary or desirable, and by entering into a deed of release and discharge to give effect to the Special Resolution).

If the Invitation is terminated by the Issuer for any reason prior to the Special Resolution having been passed, the Special Resolution shall be deemed not have occurred and the amendments shall be deemed not to have taken effect.

Executed

by **ARMOUR ENERGY LIMITED** as attorney
for **AUSTRACLEAR LTD** under the Power of
Attorney set out in the Austraclear Regulations:

▲ Signature of witness

▲ Signature of an Authorised
Representative of the Attorney

▲ Full name of witness (print)

▲ Full name of Authorised Representative
of the Attorney (print)

EXPLANATORY MEMORANDUM

The information in this section is a brief explanation and summary of the reasons for the proposed amendments and consents being requested by the Issuer, which it believes are necessary to permit the Northern Basin Assets Corporate Restructure, Demerger and IPO (as each of those terms as defined below) of McArthur Oil and Gas Limited (“**McArthur OG**”) to take place without the Issuer being in breach of the Conditions.

Background to the Special Resolution and Commercial Rationale for the Proposed Amendments

Overview of the Northern Basin Assets Corporate Restructure, Demerger and IPO

The Notes were issued on 27 March 2019 and amended on 25 March 2020 and 1 April 2021. Since then, the Issuer has continued with development activities associated with its exploration and production tenures in Queensland and South Australia and is continuing to seek to unlock value in the Northern Australian assets.

As announced to the ASX on 3 March 2021, the Issuer is taking steps to demerge its tenements in Northern Australia through its new wholly-owned subsidiaries, McArthur OG, and McArthur NT Pty Ltd (“**McArthur NT**”). These tenements are: six granted exploration permits (“**EP**”); seven exploration permit applications in the Northern Territory; and one exploration permit application in the South Nicholson Basin in Queensland (see map in Figure 1) (together the “**Northern Basin Assets**”).

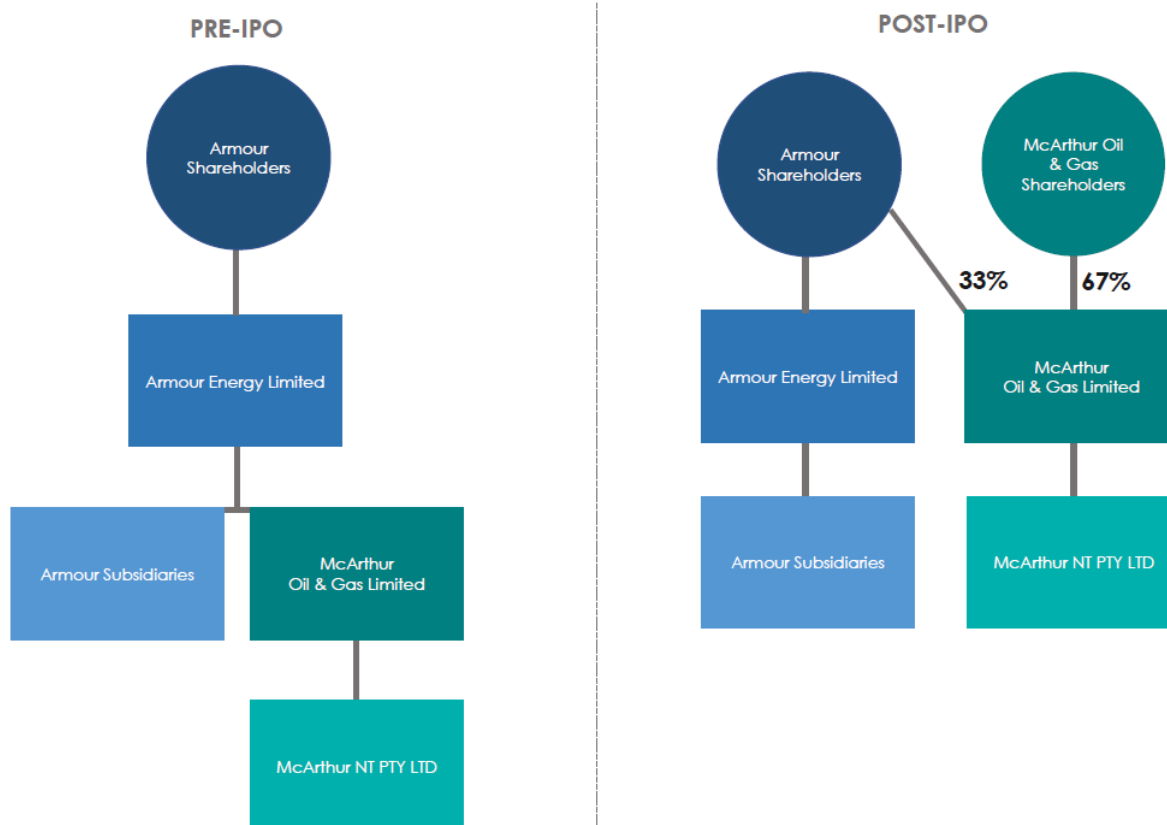
The Issuer proposes to demerge the Northern Basin Assets by way of an in-specie distribution of the Issuer’s shareholding in McArthur OG and the completion of an initial public offering (the “**IPO**”) and ASX listing of McArthur OG (the “**Demerger**”).

As was foreshadowed in the announcement to the ASX on 23 March 2021 in respect of the most recent amendment to the Notes, the Issuer now seeks further amendments to the Notes, along with such consents and security releases in respect of the Northern Basin Assets as necessary to give effect to the Demerger and IPO without breach of the Conditions.

If the Demerger and IPO are ultimately successful, the Issuer proposes to use the consideration that it receives from the sale of the Northern Basin Assets to McArthur NT (which will be a wholly owned subsidiary of McArthur OG), to redeem all Notes by paying the Outstanding Principal Amount of each Note being redeemed together with any accrued interest.

Northern Basin Assets Corporate Restructure

The Issuer is currently restructuring the manner in which the Northern Basin Assets are held within the Issuer’s Group, so that they may be more easily separated from the Issuer’s Group pursuant to the Demerger. The pre-IPO and post-IPO proposed Northern Basin Asset Corporate Restructure is shown in Figure 1 below.



On 14 May 2021, the Issuer and McArthur NT (a wholly owned subsidiary of the Issuer) entered into a conditional agreement (the “**Exploration Permit Sale Agreement**”) to sell the Northern Basin Assets to McArthur NT for consideration of A\$40 million (as may be adjusted in favour of either party depending on the nature of certain costs incurred in respect of the Northern Basin Assets up to successful completion of the IPO) (the “**IPO Consideration Debt**”). The Issuer, McArthur NT and McArthur OG (a wholly owned public company subsidiary of the Issuer which will eventually be interposed between the Issuer and McArthur NT), are seeking to structure the sale of the Northern Basin Assets by the Issuer to McArthur NT, so as to legitimately minimise any liability for duty (for any of them) under the *Stamp Duty Act 1978* (NT). To this end McArthur NT has secured a ruling issued by the Commissioner of Territory Revenue (the “**Transfer Duty Ruling**”). If the conditions of that Transfer Duty Ruling are complied with then the relevant transactions will be exempt from duty.

McArthur NT may issue unsecured, subordinated and redeemable notes (carrying rights of exchange into equity in McArthur OG) (the “Unsecured Notes”), to investors prior to the successful completion of the IPO. The issue of the Unsecured Notes by McArthur OG or McArthur NT may result in the benefit of the Transfer Duty Ruling being lost, exposing one or more of the Issuer, McArthur OG and McArthur NT to duty. Also McArthur OG is required to remain dormant until the interposition has occurred. Accordingly it is not the current intention that McArthur OG will be the issuer of those Unsecured Notes.

The IPO Consideration Debt will be paid to the Issuer by McArthur OG (on behalf of McArthur NT) on successful completion of the IPO, either entirely from the proceeds of the IPO, or from a combination of the IPO proceeds and part of the proceeds from the issue of the Unsecured Notes, if the latter are issued. The terms of the Unsecured Notes are discussed in further detailed below under the heading “**Unsecured Redeemable Exchangeable Note**”.

The Northern Basin Assets are shown in Figure 2.

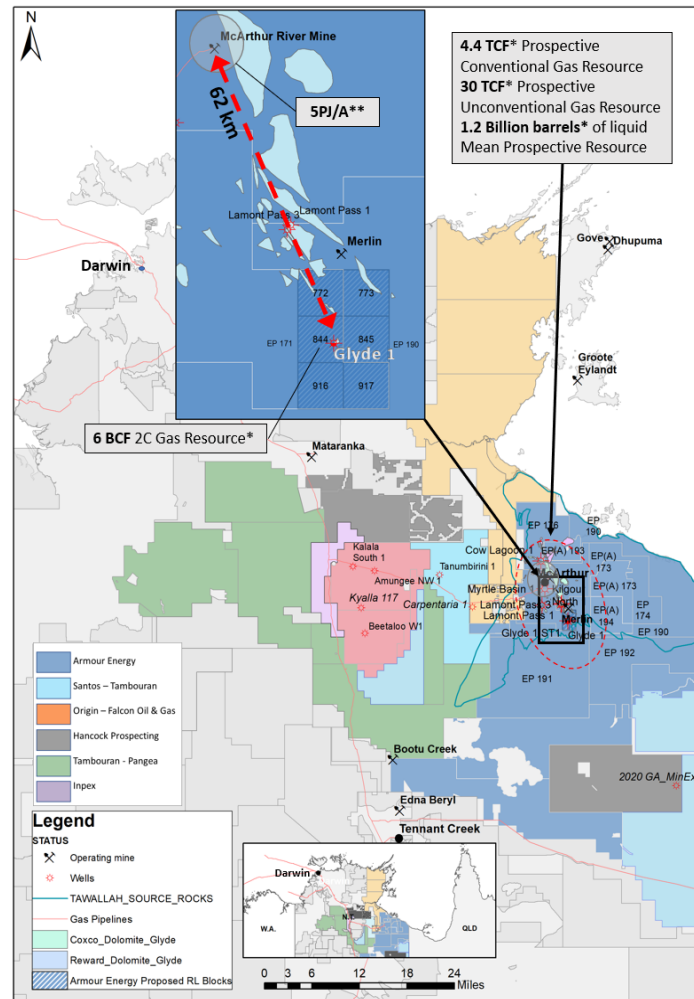


Figure 2 – Northern Basin Assets

On 14 May 2021, the Issuer and McArthur OG entered into a conditional agreement (“**Interposition Agreement**”) for:

- a) the Issuer to transfer the issued share capital in McArthur NT to McArthur OG; and
- b) McArthur OG to issue shares in McArthur OG to the Issuer to the value of A\$40 million (or such other number and value of shares in McArthur OG which is equal in value to the value of the Issuer’s shares in McArthur NT at the time of interposition, in order to ensure that the conditions of the Transfer Duty Ruling are met).

The effect of the Interposition Agreement is that:

- a) the Issuer will remain as the ultimate parent entity of both McArthur OG and McArthur NT until the Demerger is complete;
- b) McArthur OG will be “interposed” below the Issuer (which will remain the ultimate parent entity pre-Demerger) and above McArthur NT (which will become, and it is currently intended, will remain a wholly owned direct subsidiary of McArthur OG); and
- c) McArthur NT will continue to hold the Northern Basin Assets, with such assets having been transferred to McArthur NT pursuant to the Exploration Permit Sale Agreement.

Following the completion of the Exploration Permit Sale Agreement and the Interposition Agreement, the shares in McArthur OG will be subdivided in order for MOG to obtain its desired pre-IPO and post-IPO share structure.

Relevantly, prior to the Demerger, the Northern Basin Assets, McArthur OG and McArthur NT will all remain within the Issuer's Group.

At the time of the Demerger (which will occur contemporaneously with the IPO), the "McArthur Group" (McArthur OG and McArthur NT) will be separate from the Issuer's Group.

Unsecured Redeemable Exchangeable Notes

As noted above McArthur NT or McArthur OG may issue debt securities (the "**Unsecured Notes**") to investors prior to the successful completion of the IPO.

The intention is to raise approximately \$10,000,000 from the issue of the Unsecured Notes. This money may be used to fund amongst other things:

- a) a deposit or advance payment in respect of the Northern Basin Assets (the **Deposit**);
- b) the costs of the IPO;
- c) McArthur NT's short term work program; and
- d) the working capital of both McArthur NT and McArthur OG,.

Subject to the Issuer's shareholder approval, the Unsecured Notes may be exchanged into McArthur OG shares.

The terms of the Unsecured Notes are summarised below.

In-Specie Distribution

Subject to a number of conditions (including the Issuer's shareholder approval) that will be contained within a short-form prospectus and a notice of general meeting of the Issuer, the Issuer intends to distribute its shareholding in McArthur OG to the Issuer's shareholders on an *in-specie* basis by way of a return of capital (i.e. capital reduction and/or demerger dividend) (the "**In-specie Distribution**"). Entitlement to the distribution by the Issuer's shareholders will be determined as at a record date to be set by the Issuer closer to the time of the execution of the Demerger.

The admission of McArthur OG to the Official List of the ASX (the "**Admission**") and the quotation of McArthur OG's securities on the ASX for the purpose of trading (the "**Quotation**"), depend upon the successful and contemporaneous completion of the In-specie Distribution and the IPO. Following Admission and Quotation, shareholders of the Issuer will hold a direct interest in two separately listed companies (i.e. the Issuer and McArthur OG). The Issuer will retain no legal or beneficial interest in the Northern Basin Assets or in McArthur OG. However until they are replaced by McArthur OG (or McArthur NT as the case may be), the Issuer will be providing interim support arrangements to McArthur NT, in the form of securities or financial assurances previously provided by the Issuer to the Northern Territory Government as conditions of the grant of the EPs to the Issuer (the "**Legacy Support**").

The McArthur OG shares to be distributed pursuant to the In-Specie Distribution (the "**In-Specie Shares**"), will be distributed contemporaneously with the issue of the McArthur OG shares the subject of the IPO (the "**IPO Shares**"). The IPO Shares are expected to commence trading on the ASX contemporaneously should Quotation ultimately be granted. Typically this will occur within 2 trading days of the date of Admission.

IPO

McArthur OG will seek to raise approximately A\$65 million through the issue of the IPO Shares. These funds will be used by McArthur OG to pay, amongst other things, the IPO Consideration Debt (being the consideration for the Northern Basin Assets sold by the Issuer to McArthur NT), as well as to further McArthur OG's work programmes.

If the Demerger and IPO are ultimately successful, the Issuer will use the consideration received from the sale of the Northern Basin Assets (i.e. the IPO Consideration Debt) to redeem all Notes by paying the Outstanding Principal Amount of each Note being redeemed together with any accrued interest, to the date of redemption.

Looking at each of these issues in greater detail.

A. Northern Basin Assets Corporate Restructure, Demerger and IPO Amendments to: Condition 1.2 ("Definitions") and insertion of a new Condition 5A ("Northern Basin Assets Corporate Restructure, Demerger and IPO").

The Issuer is seeking the addition of a new Condition and associated definitions to permit it to undertake the Northern Basin Assets Corporate Restructure (including the issue of the Unsecured Notes), the Demerger and the IPO.

If the Special Resolution is passed:

- a) the Issuer, McArthur OG and McArthur NT will be expressly permitted to undertake certain actions in respect of the Northern Basin Assets Corporate Restructure, Demerger and IPO which, absent the proposed amendments, may not otherwise be permitted under the Conditions. These actions include:
 - a. the Issuer, McArthur OG and McArthur NT incurring Financial Indebtedness (including the Unsecured Notes and the IPO Consideration Debt incurred pursuant to the Exploration Permit Sale Agreement);
 - b. the Issuer providing Financial Accommodation to McArthur NT as a result of:
 - i. the Issuer creating an account receivable in relation to the IPO Consideration Debt pursuant to the Exploration Permit Sale Agreement; and
 - ii. post-release of McArthur NT as an Obligor, the Issuer providing the Legacy Support until the earlier of McArthur NT or McArthur OG replacing the relevant securities or financial assurance, or the redemption of the Notes;
 - c. the Issuer undertaking the In-specie Distribution of the In-Specie Shares to its shareholders;
 - d. the Issuer disposing of assets in a series of transactions including the disposal of the Northern Basin Assets to McArthur NT, and the shares in each of McArthur OG and McArthur NT ; and
- b) the Issuer will be entitled to redeem all of the Notes soon as practicable following the repayment of the IPO Consideration Debt, and following that, each of the Registrar, the Note Trustee, the Noteholders and the Agent will have acknowledged and agreed that the Issuer has provided the relevant notice under Condition 9.4 ("Early redemption at the option of the Issuer (Issuer call)"), and has otherwise met its obligations to repay the Notes.

Northern Basin Assets Corporate Restructure

The Issuer is currently restructuring the ownership of the Northern Basin Assets within its corporate group. In particular the Northern Basin Assets are to be transferred to McArthur NT, and McArthur NT will become a wholly-owned subsidiary of McArthur OG. Until the Demerger and the IPO McArthur OG

will be a wholly-owned subsidiary of the issuer. Following the Demerger, the IPO, the Admission and the Quotation, McArthur OG and McArthur NT will be entirely separate from the Issuer's Group. A

In accordance with Condition 5.7 ("Guarantor Group Test"), the Issuer undertakes that it will at all times cause all subsidiaries incorporated in Australia to accede to the Note Trust Deed as Guarantors, and to the Security Trust Deed as New Obligors. Accordingly the Issuer has an obligation to procure that each of McArthur OG and McArthur NT accede to the Transaction Documents, and is currently taking steps to do so, although that process will not have been completed by the date of this Notice of Circulating Resolution of Noteholders. The Issuer will use its best endeavours to complete all outstanding accessions and related matters required under Condition 5.7 by 31 August 2021.

Once McArthur OG and McArthur NT become Obligors under the Notes, the Issuer, McArthur OG and McArthur NT will be permitted under the Conditions to undertake certain transactions amongst themselves (as they will be transactions occurring 'between Obligors') which are necessary to effect the Demerger and the IPO. These transactions will together or separately constitute the:

- a) incurring of certain Financial Indebtedness under Condition 5.3 ("Limit on incurring Financial Indebtedness") (subject to restrictions);
- b) providing of certain Financial Accommodation under Condition 5.4 ("Limit on providing Financial Accommodation"); and
- c) disposing of assets under Condition 5.6 ("Disposals").

Each of these transactions is considered in turn immediately below. For the purposes of the following discussion it is assumed that both McArthur OG and McArthur NT are Obligors and Guarantors.

Financial Indebtedness

Condition 5.3(a) provides that no Obligor is permitted to incur any "Financial Indebtedness". For present purposes "Financial Indebtedness" includes any liability, obligation or indebtedness (whether present or future, actual or contingent) in respect of money borrowed, or consideration for the acquisition of assets payable more than 90 days after their acquisition.

While Condition 5.3(a)(vi) permits Financial Indebtedness that is incurred between Obligors, this permission is subject to a restriction that the aggregate amount of all such Financial Indebtedness does not exceed the relevant multiple of EBITDA contained in Condition 5.3(b) (2.50x multiple of EBITDA until 30 June 2021, and from 1 July 2021 until 30 June 2022, 2.00x multiple of EBITDA).

For the avoidance of doubt and to overcome any potential restriction on incurring Financial Indebtedness, the Issuer is seeking the insertion of a new Condition 5A ("Northern Basin Assets Corporate Restructure, Demerger and IPO") to expressly permit it to incur the following Financial Indebtedness which will constitute 'Permitted Financial Indebtedness' for the purposes of Condition 5.3(a) (but will not be subject to Condition 5.3(b):

- a) any Financial Indebtedness between each of the Issuer, McArthur OG and McArthur NT, including but not limited to McArthur NT incurring Financial Indebtedness to the Issuer in relation to the obligation to pay the IPO Consideration Debt in accordance with the Exploration Permit Sale Agreement; and
- b) Financial Indebtedness of up to \$10,000,000 (exclusive of interest) by way of the issue of the Unsecured Notes (the terms of which are set out below under the heading "**Unsecured Redeemable Exchangeable Note**").

If the Special Resolution is passed, the Issuer will be able to incur the Financial Indebtedness referred to above as part of the Demerger and the IPO, without breach of the Conditions.

Financial Accommodation

Condition 5.4 provides that no Obligor will make available Financial Accommodation to or for the benefit of any person. The Condition relating to Financial Accommodation is broad reaching and includes entering into any arrangement as a result of which a debt or liability arises to a person or for that person's benefit. However Condition 5.4(a) allows an Obligor to make available "Permitted Financial Accommodation", which includes Financial Accommodation provided by that Obligor to another Obligor.

The Issuer is of the view that certain aspects of the Northern Basin Assets Corporate Restructure will be Permitted Financial Accommodation. However once McArthur OG and McArthur NT are released from the Transaction Documents as Obligors, those aspects of the Northern Basin Assets Corporate Restructure will cease to be Permitted Financial Accommodation, and the Issuer will be in breach of Conditions until the Notes are redeemed.

Accordingly the Issuer is seeking the insertion of a new Condition 5A ("Northern Basin Assets Corporate Restructure, Demerger and IPO") which will allow the Issuer, McArthur OG and McArthur NT to make available Financial Accommodation between themselves so as to effect the Northern Basin Assets Restructure. In particular that new Condition will allow the Issuer to make Financial Accommodation available to McArthur NT in the form of :

- a) the IPO Consideration Debt, incurred by McArthur NT to the Issuer in accordance with the Exploration Permit Sale Agreement; and
- b) the Legacy Support which will remain in place until such time as it is replaced by McArthur OG or McArthur NT as the case may be.

If the Special Resolution is passed, the Issuer will be able to provide Financial Accommodation to McArthur OG and McArthur NT (following their release as Obligors) for the purposes of completing the Demerger and the IPO without breach of the Conditions.

Disposals

Condition 5.6 restricts the Obligors from, amongst other things, selling, transferring, or otherwise disposing of its assets, undertakings or businesses (or that of another Obligor), other than a "Permitted Disposal". One such Permitted Disposal is a sale or transfer of assets from one Obligor to another Obligor. The Issuer is of the view that at the time they take place, one or more of the sale of the Northern Basin Assets by the Issuer to McArthur NT, and the disposal by the Issuer of its shareholding in each of McArthur OG and McArthur NT, may not be Permitted Disposals.

Accordingly the Issuer is seeking the insertion of Condition 5A ("Northern Basin Assets Corporate Restructure, Demerger and IPO") to permit the following disposals to take place as "Permitted Disposals":

- a) the disposal by the Issuer of the shares that it holds in each of McArthur OG and McArthur NT; and
- b) the disposal of the Northern Basin Assets by the Issuer to McArthur NT.

If the Special Resolution is passed, the Issuer will be able to complete these transactions as part of the Demerger and the IPO without breach of the Conditions.

Unsecured Redeemable Exchangeable Note

As noted above, McArthur NT or McArthur OG may issue the Unsecured Notes to raise up to \$10,000,000. Amongst other things some of these proceeds may be used to pay the Deposit.

The face value and accumulated interest of the Unsecured Notes will be:

- a) subject to the approval of the Issuer's shareholders, exchangeable for shares in McArthur OG ("**McArthur OG Exchange**") on the date of settlement for the IPO ("**IPO Date**"); or

- b) in the event that the Issuer's shareholder approval is not obtained to permit the McArthur OG Exchange, paid in full on the maturity date of the Unsecured Notes.

The Unsecured Notes are proposed to be issued with:

- a) a face value of A\$1.00 per Unsecured Note;
- b) a maturity date of 15 months from the date of issue ("**Maturity Date**");
- c) a 15% per annum coupon rate (accrued and capitalised monthly from their date of issue and capitalised for the purposes of a McArthur OG Exchange); and
- d) an ability to be exchanged in the event of a McArthur OG Exchange, at 80% of the issue price of the IPO.

Subject to any necessary amendments to the Exploration Permit Sale Agreement and/or Interposition Agreement an amount of the funds raised pursuant to the Unsecured Notes may be paid to the Issuer as the Deposit.

In-Specie Distribution

Subject to a number of conditions, including the Issuer's shareholder approval, the Issuer intends to distribute its shareholding interest in McArthur OG to the Issuer's shareholders on an in-specie basis by way of a return of capital (i.e. capital reduction and/or demerger dividend). The right of the Issuer's shareholders to take part in the In-specie Distribution will be determined as at a record date to be set by the Issuer closer to the time of the execution of the Demerger. Upon successful completion of the In-specie Distribution and IPO, shareholders of the Issuer will hold a direct interest in two separately listed companies (i.e. the Issuer and McArthur OG).

As noted above following the In-specie Distribution and IPO, the Issuer will retain no legal or beneficial interest in any In-Specie Shares or IPO Shares, but will be providing the Legacy Support until such time as it is replaced by either McArthur OG or McArthur NT.

Under applicable ASIC guidelines, the invitation to shareholders of the Issuer to vote on the In-specie Distribution contained in the Notice of Meeting constitutes an "offer" to transfer In-Specie Shares to eligible shareholders under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies, or ASIC provides relief. As no exemptions are likely to apply and no relief is likely to be sought by the Issuer, the Issuer will be required to prepare a prospectus that, together with the Notice of Meeting, contains detailed information in relation to McArthur OG.

In addition to the approval of the Issuer's shareholders and the approval of Noteholders pursuant to this Notice of Circulating Resolution, the In-specie Distribution will also be conditional upon (amongst other conditions):

- a) McArthur OG receiving the minimum level of subscriptions set as a condition to the IPO, which will be set out (along with other terms of the offer) in a prospectus (the "**IPO Prospectus**"); and
- b) McArthur OG being granted conditional listing approval by the ASX to admit it to the Official List of the ASX.

The In-Specie Shares distributed pursuant to the In-specie Distribution will be distributed contemporaneously with the issue of the IPO Shares. All McArthur OG shares – whether In-Specie Shares or IPO Shares – are expected to commence trading on the ASX contemporaneously.

IPO

As noted above McArthur OG will seek to raise approximately A\$65 million through the issue of the IPO Shares to fund both the consideration for the Northern Basin Assets (payable by McArthur OG on behalf

of McArthur NT to the Issuer to satisfy the IPO Consideration Debt), and McArthur OG's work programmes.

The offers the subject of the IPO Prospectus will:

- a) be conditional upon, amongst other matters:
 - a. the Issuer's shareholder approval for the purposes of ASX Listing Rule 11.4 and for all other purposes;
 - b. McArthur OG receiving the minimum level of subscriptions set as a condition to the IPO;
 - c. McArthur OG being granted conditional listing approval by the ASX to admit it to the Official List of the ASX; and
- b) contain a general offer, a priority offer (for existing shareholders of the Issuer) and an exchangeable offer (in respect of the Unsecured Notes).

If the Demerger and IPO are ultimately successful, the Issuer will use the consideration received from the sale of the Northern Basin Assets (i.e. the IPO Consideration Debt) to redeem the Notes.

In order to facilitate the IPO, including satisfying anticipated ASX listing conditions for the Admission of McArthur OG, Noteholders are being asked to release the Security, guarantees and similar arrangements imposed pursuant to the Transaction Documents in respect of:

- a) the shares held by the Issuer in McArthur OG (the "**Stage One Release**"). The intention is that the Stage One Release will take place on the date of lodgement of the IPO Prospectus. The Stage One Release is discussed in detail below under the heading "**B insertion of a new Condition 5AA ("Release of Security")**"; and
- b) McArthur OG; McArthur NT; the shares in McArthur NT (and in McArthur OG to the extent that they have not been fully released in the Stage One Release); all property (including the Collateral) owned by each of McArthur OG and McArthur NT; and the Northern Basin Assets (including the tenement mortgages) (the "**Stage Two Release**").

The Stage Two Release will not take place until all of the following conditions have been satisfied:

- a) McArthur OG has received sufficient subscriptions pursuant to the IPO Prospectus (or the IPO is sufficiently underwritten) (the "**IPO subscription monies**"), to pay the Issuer for the Northern Basin Assets in accordance with the stated use of funds contained within the IPO Prospectus (or any supplementary or replacement prospectus), either alone or in aggregate with the amount of the Deposit;
- b) the IPO subscription monies are, either alone or in aggregate with the Deposit (and any monies held in the Issuer Escrow Account) sufficient for the Issuer to redeem all of the Notes. The Issuer Escrow Account is discussed below under the heading "**C Insertion of new Condition 5AAA ("Issuer Escrow Account") and Condition 5AAAA ("McArthur Escrow Account")**"; and
- c) McArthur OG has been granted conditional listing approval by the ASX to admit it to the Official List of the ASX.

Should each of these conditions be fulfilled, then McArthur OG will at that time (the "**Relevant Date**") be substantially progressed towards its IPO (having raised the required amount of funding and having been granted conditional listing approval by the ASX), and will look to satisfy the remaining conditions of listing in order to be admitted to the Official List of the ASX, as soon as is reasonably practicable.

However Noteholders should be aware that from the Relevant Date until the Notes are ultimately redeemed, the relevant Northern Basin Assets will not be secured under the Transaction Documents. It

is intended that as soon as practicable following the satisfaction of the Stage Two Release conditions outlined above (by which time the IPO Shares will have been issued and McArthur OG will have access to the IPO subscription monies), McArthur OG shall pay to the Issuer the IPO Consideration Debt on behalf of McArthur NT. Thereafter the Issuer will seek to immediately to redeem the Notes. The new Conditions which the Issuer proposes, prohibit the Issuer, McArthur OG and McArthur NT from granting any Security Interests or otherwise encumbering such assets from the moment of the Stage Two Release until the redemption of the Notes in full. In addition, should the IPO and In-specie Distribution not proceed for any reason, McArthur OG and McArthur NT must re-accede to all relevant security arrangements pursuant to the Transaction Documents as soon as reasonably practicable (including encumbering the Northern Basin Assets under such arrangements again).

B. insertion of a new Condition 5AA (“Release of Security”).

The Issuer is seeking the addition of a new Condition and associated definitions to direct that the Security that exists over the Northern Basin Assets be released in a staged and controlled manner so as to allow the In-Specie Distribution to occur contemporaneously with the IPO and the Admission and Quotation of McArthur OG on the ASX.

Stage One Release

As noted above, the first release of Security (being the Stage One Release) being requested is the release of Security over the existing McArthur OG shares held by the Issuer. As noted above, it is proposed that the existing share capital of McArthur OG be subdivided in advance of the In-Specie Distribution. While the exact degree of sub-division is currently not known, the desired outcome is to “split” the existing 100 ordinary shares into such a number of shares (anticipated to be in the millions), as to allow the Issuer to distribute those shares (i.e. the In-Specie Shares) to its shareholders as at a certain record date in a ratio of one (1) In-Specie Share for every certain number of Issuer shares held.

The Issuer requests that the Security is released as at the date of lodgement of the IPO Prospectus. This will provide the Issuer with sufficient time to comply with the relevant mandated timetables of the ASX relating to a return of capital.

The current intention of the Issuer is that the In-Specie Distribution of the In-Specie Shares held by the Issuer and the issue of the new IPO Shares will occur contemporaneously.

It is anticipated that the In-Specie Distribution of In-Specie Shares to the Issuer’s existing shareholders will assist McArthur OG in satisfying both:

- a) the “spread” requirement for Admission to the Official List of the ASX (ASX Listing Rule 1.1 Condition 8, which requires that there be at least 300 non-affiliated shareholders each holding a parcel of shares, not subject to escrow, with a value of at least \$2,000); and
- b) the “free float” requirement for Admission to the Official List of the ASX (ASX Listing Rule 1.1 Condition 7 which requires that at least 20% of the McArthur OG shares on issue immediately following Admission, not be escrowed or held by affiliated shareholders).

While Noteholders are being asked to consent and approve the release of Security in respect of the McArthur OG Shares (and when such shares have been distributed In-Specie they will be outside of the control of the Issuer and McArthur OG), the Security in respect of the Northern Basin Assets will remain in place until the point of Stage Two Release.

Stage Two Release

As noted above, the second release of Security requested (being the Stage 2 Release), is the release of Security over: each and all of the Northern Basin Assets; any other assets held by each of McArthur OG and McArthur NT; and any shares held by the Issuer in McArthur NT (and over any shares in McArthur OG to the extent that they have not been released as part of the Stage One Release); and the release of each of McArthur OG and McArthur NT as Obligors under the Security Trust Deed and Guarantors under the Note Trust Deed (the **Stage Two Release**).

It is intended that the Stage Two Release will:

- a) *only* take place following the ASX having confirmed that McArthur OG has satisfied all conditions of Admission and Quotation other than the release of the Securities the subject of the Stage Two Release, as evidenced by the issue to McArthur OG by the ASX of a Conditional Admission Letter; and
- b) *only* if there are sufficient funds in either or both of the Issuer Escrow Account and the McArthur Escrow Account to redeem the Outstanding Principal Amount of all Notes together with any accrued interest.

Each of the Issuer Escrow Account and the McArthur Escrow Account and their operation are discussed immediately below.

As noted above by the time of the Stage Two Release McArthur OG will have:

- a) raised the required amount of funding to redeem the Notes in full; and
- b) been granted conditional listing approval by the ASX.

McArthur OG will be substantially progressed towards its IPO and be looking to satisfy as soon as practicable the remaining conditions of listing in order to be Admitted to the Official List of the ASX.

However again Noteholders should be aware that from the Relevant Date until the Notes are ultimately redeemed, the relevant Northern Basin Assets will not be secured under the Transaction Documents. As noted above, by this point in time sufficient funds will be in escrow to pay out the Notes, but that step will not actually have taken place. As also noted above, should the IPO and In-specie Distribution not proceed for any reason, McArthur OG and McArthur NT must re-accede to all relevant security arrangements pursuant to the Transaction Documents as soon as reasonably practicable (including encumbering the Northern Basin Assets under such arrangements again).

C. Insertion of new Condition 5AAA ("Issuer Escrow Account") and Condition 5AAAA ("McArthur Escrow Account"), and redemption of the Notes.

As noted above it is intended that the Stage Two Release will only take place if there are sufficient funds in one or both of the Issuer Escrow Account and the McArthur Escrow Account to redeem the Outstanding Principal Amount of all Notes, together with any accrued interest.

Insertion of new Condition 5AAA ("Issuer Escrow Account").

The Issuer is seeking the addition of a new Condition and associated definitions to provide for the establishment of the Issuer Escrow Account to be held by the Escrow Agent for the benefit of the Noteholders.

The Issuer may, but is not obliged to, deposit cash into the Issuer Escrow account from time to time. As provided for in the new Condition 5AAA ("Issuer Escrow Account"), the terms of the Issuer Escrow Account will require that:

- a) Immediately following the Admission of McArthur OG to the Official List of the ASX, the contents of the Issuer Escrow Account (if any) will be released to the Note Trustee. The contemporaneous release to the Note Trustee of any credit balance of the Issuer Escrow Account along with an appropriate amount from the McArthur Escrow Account (which is considered below), will allow the Notes to be fully redeemed.
- b) Where it is a specific condition of the Admission that the IPO Consideration Debt be repaid first, then the contents of the Issuer Escrow Account, if any, will be released to the Note Trustee. Again the contemporaneous release of an appropriate amount of the McArthur Escrow Account along with any credit balance of the Issuer Escrow Account, will allow the Notes to be fully redeemed.

- c) Where McArthur OG is not Admitted in accordance with the timeframes provided for under the Corporations Act, any credit balance of the Issuer Escrow Account will be released to the Issuer.

In addition Condition 5AAA provides that any credit balance of the Issuer Escrow Account will be included in the calculation of the Cash Balance of the Issuer for the purposes of financial covenants contained in Condition 5.1 (b) (“**Gearing Ratio**”) and Condition 5.1 (d) (“**Cash Balance**”), until the Notes are redeemed in full.

Insertion of new Condition 5AAAA (“McArthur Escrow Account”).

The Issuer is seeking the addition of a new Condition and associated definitions to provide for the establishment of the McArthur Escrow Account to be held by the Escrow Agent for the benefit of the Noteholders.

Prior to the time of the Stage Two Release, the IPO subscription monies will have been received by McArthur OG. The IPO subscription monies must then be held in escrow pending the issue of the IPO Shares.

As provided for in the new Condition 5AAAA (“McArthur Escrow Account”), upon the IPO Shares having been issued by McArthur OG, the IPO subscription monies must be paid into the McArthur Escrow Account. As further provided for in the new Condition 5AAAA (“McArthur Escrow Account”), the terms of the McArthur Escrow Account will require that:

- a) Immediately following the Admission of McArthur OG to the Official List of the ASX:
 - a. so much of the credit balance of the McArthur Escrow Account as (together with the contemporaneous release of any credit balance of the Issuer Escrow Account) equals the Outstanding Principal Amount of all the Notes together with any accrued interest, will be released to the Note Trustee (the **McArthur OG Contribution Amount**); and
 - b. the remaining credit balance of the McArthur Escrow Account will be released to McArthur OG.
- b) Where it is a specific condition of the Admission that the IPO Consideration Debt be repaid first, then the McArthur OG Contribution Amount will be released to the Note Trustee. The contemporaneous release to the Note Trustee of any credit balance of the Issuer Escrow Account along with an appropriate amount of the credit balance of the McArthur Escrow Account, will allow the Notes to be fully redeemed.
- c) Where McArthur OG is not Admitted in accordance with the timeframes provided for under the Corporations Act, the credit balance of the McArthur Escrow Account will be released to McArthur OG. McArthur OG will then refund the IPO subscription monies to those having applied for shares in the IPO.

In addition Condition 5 AAAA provides that the balance of the McArthur Escrow Account will be included in the calculation of the Cash Balance of McArthur OG for the purposes of financial covenants contained in Condition 5.1, until the Notes are redeemed in full.

It is proposed that separate escrow accounts (that is the Issuer Escrow Account and the McArthur Escrow Account) be established, so that in the event that the IPO does not proceed, any IPO subscription monies can be easily identified and repaid to the subscribers as required by law.

Request of Noteholders

The Issuer is seeking approval by the Noteholders of the proposed amendments described in “Annexure A – Special Resolution” of this Notice of Circulating Resolution of Noteholders and Explanatory Memorandum to amend the Conditions and to facilitate the plans described above.

The Issuer asks that you vote in favour of the proposed amendments.