

ADDENDUM TO NOTICE OF MEETING AND WAIVER OF ASX LISTING RULE 10.1 GRANTED

Armour Energy Limited (**Armour** or the **Company**) (ASX: AJQ) refers to its Notice of Extraordinary General Meeting and Explanatory Memorandum dated 30 June 2023 (**Notice of Meeting**).

Capitalised terms not otherwise defined in this announcement have the same meanings given in the Notice of Meeting.

Addendum to Notice of Meeting

Annexure A to this announcement is an addendum to the Notice of Meeting. The addendum corrects an error on page 12 of the explanatory memorandum, where a reference to 31,304 MOG Notes held by BCP (and which were to be replaced with Armour Convertible Notes subject to approval of Resolution 3) was intended to refer to Secured Amortising Notes. BCP does not currently hold any MOG Notes.

There are no other changes to the Notice of Meeting at this time and the general meeting remains scheduled to be held at 10.00am (Brisbane time) on Wednesday, 2 August 2023.

Waiver of ASX Listing Rule 10.1 Granted

It was noted in the explanatory memorandum accompanying the Notice of Extraordinary Meeting in relation to Resolutions 3 and 4 that the Company is seeking shareholder approval for the issue of Armour Convertible Notes to DGR Global Limited (DGR) and Bizzell Capital Partners Pty Ltd (BCP) in exchange for existing McArthur Oil & Gas (MOG) Notes and/or Secured Amortising Notes (as applicable), for further additional subscription amounts and in repayment of various other commitments outlined in the explanatory memorandum, subject to ASX granting a waiver pursuant to ASX Listing Rule 10.1.

The Company is pleased to advise that ASX has granted a waiver from ASX Listing Rule 10.1 to the extent necessary to permit the Company to grant security over present and acquired assets of the Company in favour of the Armour Convertible Note holders without obtaining shareholder approval, on the conditions outlined further below and in the attached summary of the waiver.

As the proposed terms of the Armour Convertible Notes to be issued to DGR and BCP represented the best debt financing terms that were available to the Company and are no more favourable than terms on which other investors are to be issued Armour Convertible Notes, it is considered that the allotments to DGR and BCP would be on arm's length terms and as such, Armour can rely on an exception to section 208 of the Corporations Act in relation to Resolutions 3 and 4. As such, the consent of ASIC has not been sought in relation to Resolutions 3 and 4, but Shareholder approval will be sought under Listing Rule 10.11.

The Company sought the waiver from the application of Listing Rule 10.1 to allow the Company to issue the Armour Convertible Notes to DGR and BCP, on the basis the security is granted on the following terms and conditions:

- 1) the security interest documents expressly provide that:
 - i. the security interest is limited to the funds due under the financial accommodation;

- ii. the security interest will be discharged when the funds due under the financial accommodation have been repaid in full;
 - iii. if the security is enforced the assets can only be disposed to a 10.1 party or an associate of the 10.1 party, if the disposal is first approved by shareholders of the Company for the purposes of Listing Rule 10.1; and
 - iv. otherwise, any disposal of the assets under the security may only be sold to an unrelated third party on arms' length commercial terms (whereby any proceeds of sale would be distributed by the note trustee to the relevant noteholders including the 10.1 party); and
- 2) any variation to the terms of the financial accommodation or the security which:
- i. advantages the 10.1 party in a material respect;
 - ii. disadvantages the company in a material respect; or
 - iii. is inconsistent with the terms of the waiver (if granted),
- must be subject to shareholder approval under Listing Rule 10.1.
- 3) for each year while they remain on foot, a summary of the material terms of the convertible notes and the security is included in the related party disclosures in the company's audited annual accounts.

If Resolutions 3 and 4 are passed, the Armour Convertible Notes will be issued in exchange for the MOG Notes and/or Secured Amortising Notes (as applicable), for further additional subscription amounts and in repayment of various other commitments to DGR and BCP.

If Resolutions 3 and 4 are not passed, the Armour Convertible Notes will not be issued to DGR or BCP. In these circumstances, the Company may be required to enter into further negotiations with DGR and BCP with a view to negotiating a separate arrangement to repay the monies owing under the MOG Notes, Secured Amortising Notes and other amounts. Where an arrangement cannot be reached, the Company will be obliged to repay and otherwise discharge its obligations under the various liabilities on current terms, which will require a further capital raising. There is no guarantee that the Company will be able to raise such amounts.

The terms of the proposed Armour Convertible Notes are comparable to other recent convertible note financings undertaken by similar companies, provided an extended term of 3 years compared to the maturing MOG Notes and Secured Amortising Notes and the conversion price limits the amount of potential dilution to other ordinary shareholders compared to a discounted equity raising.

Based on the circumstances set out above, the Board considers that the grant of security in respect of the Armour Notes is fair and reasonable to Armour's shareholders.

A summary of the terms of the Armour Convertible Notes and the ASX Listing Rule 10.1 Waiver are attached as appendices to this announcement.

This Announcement has been authorised & approved by the Board of Armour Energy for ASX lodgement.

Geoff Walker
CFO & Company Secretary

ASX: AJQ

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FORWARD LOOKING STATEMENT: Statements & material contained in this ASX Release, particularly those regarding possible or assumed future performance, production levels or rates, commodity prices, resources or potential growth of AJQ, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events & expectations and, as such, involve known and unknown risks & uncertainties. Although reasonable care has been taken to ensure facts stated in this Release are accurate and/or that the opinions expressed are fair & reasonable, no reliance can be placed for any purpose whatsoever on the information contained in this document or on its completeness. Actual results & developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this Release should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

ANNEXURE A – ADDENDUM TO NOTICE OF MEETING

This is an addendum to the Notice of Extraordinary General Meeting and Explanatory Memorandum dated 30 June 2023 issued by the Board. Capitalised terms not otherwise defined in this addendum have the same meanings given in the explanatory memorandum.

On page 12 of the explanatory memorandum, the words “Up to 31,304 Armour Convertible Notes will be issued in exchange for MOG Notes” are deleted and replaced with “Up to 31,304 Armour Convertible Notes will be issued in exchange for Secured Amortising Notes”.

ANNEXURE B - SUMMARY OF ARMOUR CONVERTAIBLE NOTE TERMS

Issuer	Armour Energy Limited ACN 141 198 414
Offering	Convertible Notes (Notes) to be issued by the Issuer pursuant to the Convertible Note Deed and which will be convertible into shares in the Issuer (subject to the Condition Precedent for Conversion being satisfied).
Issue size	Up to 30,000,000 Notes (\$30,000,000). The Notes may be issued in two or more tranches.
Face Value	Face Value of \$1.00 per Note
Term	3 years
Maturity Date	31 March 2026
Security/ Ranking/Status	<p>Initially the Notes will constitute direct and unsecured obligations of the Issuer and will rank subordinated and be junior to the Secured Amortising Notes issued by Armour Energy.</p> <p>It is the intention for the Secured Amortising Notes to be repaid and upon repayment, the Notes will be senior secured obligations of the Issuer (subject to any approval required from the Issuer's shareholders for the purposes of the Listing Rules or the Corporations Act, required tenement level security requirements to support Gas Sale Agreements and prepayments).</p> <p>Subject to the initial subordination to the Secured Amortising Notes, each Note otherwise ranks for payment in a winding up of the Issuer:</p> <ul style="list-style-type: none"> (1) equally and proportionally with each Note; and (2) ahead of all subordinated debts of the Issuer and ordinary shareholders. <p>The security is granted on the basis that:</p> <ul style="list-style-type: none"> (1) if the security is enforced: <ul style="list-style-type: none"> i. the assets can only be disposed to a 10.1 party or an associate of the 10.1 party, if the disposal is first approved by shareholders of the Company for the purposes of Listing Rule 10.1; or ii. otherwise, any disposal of the assets under the security may only be sold to an unrelated third party on arms' length commercial terms (whereby any proceeds of sale would be distributed by the note trustee to the relevant noteholders including the 10.1 party); and (2) any variation to the terms of the financial accommodation or the security which: <ul style="list-style-type: none"> i. advantages the 10.1 party in a material respect; ii. disadvantages the company in a material respect; or iii. is inconsistent with the terms of the waiver (if granted), must be subject to shareholder approval under Listing Rule 10.1. <p>The Company has sought a waiver from ASX from the application of Listing Rule 10.1 on the above basis and that, for each year while they remain on foot, a summary of the material terms of the convertible notes and the security is included in the related party disclosures in the company's audited annual accounts.</p>

Coupon Rate	<p>10% per annum coupon rate, accrued from the Issue Date.</p> <p>Interest is payable either in cash or, at Armour's election, by the issue to the Noteholder of Armour ordinary shares, issued at a 10% discount to the 30-day volume weighted average price (VWAP) of Armour shares traded on the ASX up to the Interest Payment Date.</p>
Interest Payment Dates	<p>The coupon on the Notes will be payable half yearly for the half year periods to 30 September and 31 March on the following dates:</p> <ul style="list-style-type: none"> - 15 October 2023; - 15 April 2024; - 15 October 2024; - 15 April 2025; - 15 October 2025; <p>and will be payable for the period from the last Interest Payment Date to the Maturity Date or Redemption Date.</p>
Conversion	<p>Each Note (and any accrued and unpaid interest due and capitalised) will, subject to satisfaction of the Condition Precedent below, be convertible at the Noteholder's election into fully paid ordinary shares of the Issuer at a price of \$0.30 cents per share on a post-Consolidation basis (or \$0.006 per share if Resolution 2 is not passed).</p> <p>A Noteholder may exercise conversion rights in relation to some, or all, of their Notes at any time (subject to satisfaction of the Condition Precedent for Conversion).</p>
Conversion Protections	Notes will be subject to standard anti-dilution adjustments including share consolidations, share splits, rights issues, bonus issues and reorganisations.
Condition Precedent for Conversion	The Conversion of the Notes for Armour Energy Shares is subject to and conditional upon Armour obtaining any necessary shareholder approvals for the purposes of Listing Rules and the Corporations Act (including section 606 of the Corporations Act).
Noteholder Redemption	Repayment of Face Value and any unpaid interest at the Maturity Date or in the event an Exit Event occurs, or the Issuer commits an Event of Default.
Early Redemption – Takeover Event	<p>The Company may give a Redemption Notice in the event of a Takeover Event.</p> <p>Takeover Event means that if at any time on or before the Maturity Date, an off market bid, a market bid, scheme of arrangement, or offer or invitation is made to all holders of ordinary shares to purchase or otherwise acquire ordinary shares and the bid, scheme or offer becomes unconditional, and the offeror has at least 50% of the voting power (as defined by the Corporations Act) in Armour.</p> <p>Notwithstanding the issue of a Redemption Notice, a Holder may give a Conversion Notice (which will remain subject to any Condition Precedent to Conversion being satisfied and may be expressed to be subject to a Takeover Event completing) in respect of any of its Notes which are the subject of the Redemption Notice up to the relevant Redemption Date (or such later time as the Company may agree with the relevant Holder), and only Notes for which Conversion Notices have not been so given or are treated as having not been given will be Redeemed on the specified Redemption Date. In the event of a Early Redemption pursuant to a Takeover Event, a Takeover Early Redemption Fee of 5% of the Face Value of Notes redeemed will apply.</p>

Company Early Redemption Option	<p>The Company may issue a Redemption Notice to Noteholders at any time specifying a Redemption Date no earlier than 30 days after the date of the Redemption Notice.</p> <p>Notwithstanding the issue of a Redemption Notice, a Holder may give a Conversion Notice (which will remain subject to any Condition Precedent to Conversion being satisfied) in respect of any of its Notes which are the subject of the Redemption Notice up to the day before the relevant Redemption Date (or such later time as the Company may agree with the relevant Holder), and only Notes for which Conversion Notices have not been so given or are treated as having not been given will be Redeemed on the specified Redemption Date and the applicable Early Redemption Fee will be payable by the Company to the Noteholder on the Redemption Date and the Early Redemption Options will be issued to the Noteholder subject to receipt of any necessary shareholder approvals under the Listing Rules and the Corporations Act.</p>
Company Early Redemption Fee and Early Redemption Options	<p>If redeemed by the Company an Early Redemption Fee of 3% of the face value of Notes redeemed will be payable to the Noteholder together with the issue to the Noteholder of 33 options for every 1 Note redeemed, exercisable at \$0.006, expiring 31 March 2026 (which is equivalent to options over ~20% of the face value of the Notes redeemed).</p>
Transaction Documents	<p>The parties will enter into the following definitive agreements to document the Note Offer (Transaction Documents):</p> <ul style="list-style-type: none"> ▪ Convertible Note Deed; and ▪ Security Trust Deed.
Events of Default	<p>Customary events of default are to be incorporated in the Transaction Documents for a transaction of this nature, including but not limited to payment, redemption or conversion breaches, covenant breaches cross defaults, and insolvency events.</p>
Covenants	<p>Customary covenants are to be incorporated in the Transaction Documents applicable to the Issuer and the Parent Company for a transaction of this nature.</p>
No Dividends	<p>No dividends may be declared or paid whilst the Notes are on issue.</p>
Voting Rights	<p>Until Conversion, the Notes do not give a Noteholder voting rights or dividend rights.</p>
Investor Eligibility	<p>The Notes are being offered to 'sophisticated investors', 'professional investors' (under the Corporations Act) and investors who are exempt to disclosure requirements.</p>
Note Trustee and Security Trustee	<p>Centec Securities Pty Ltd</p>

ANNEXURE C – TERMS OF THE ASX LISTING RULE 10.1 WAIVER

1. Based solely on the information provided, ASX Limited ('ASX') grants Armour Energy Limited (the 'Company') a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over present and acquired assets of the Company in favour of the Armour Convertible Note holders without obtaining shareholder approval, on the following conditions:
 - 1.1 The material terms of the Armour Convertible Notes and the Waiver are announced to the market;
 - 1.2 the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the 10.1 party rather than a lender that is not a 10.1 party and the steps the board of the entity has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;
 - 1.3 the Security Interest documents expressly provide that:
 - 1.3.1 the Security Interest is limited to the funds due under the financial accommodation;
 - 1.3.2 the Security Interest will be discharged when the funds due under the financial accommodation have been repaid in full;
 - 1.3.3 in the event the Security Interest is enforced, the assets can only be disposed of to the 10.1 party or an associate of the 10.1 party if the disposal is first approved by the entity's security holders under Listing Rule 10.1; and
 - 1.3.4 otherwise, if the holder of the Security Interest exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security Interest, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the 10.1 party in accordance with their legal entitlements;
 - 1.4 any variation to the terms of the financial accommodation or the Security Interest which:
 - 1.4.1 advantages the 10.1 party in a material respect;
 - 1.4.2 disadvantages the entity in a material respect; or
 - 1.4.3 is inconsistent with the terms of the waiver,must be subject to security holder approval under Listing Rule 10.1; and
 - 1.5 for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security Interest is included in the related party disclosures in the entity's audited annual accounts.
2. ASX has considered Listing Rule 10.1 only and makes no statement as to the Company's compliance with other listing rules.