

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

23 March 2023

Dear Optionholder

NOTICE TO OPTIONHOLDERS

On 23 March 2023, Armour Energy Limited (ACN 141 198 414) (**Company** or **Armour Energy**) announced that it is undertaking:

- an institutional placement of fully paid ordinary shares (**New Shares**) to raise approximately \$2.7 million before costs (**Placement**); and
- a fully underwritten 1 for 1 pro rata accelerated non-renounceable entitlement offer (**Entitlement Offer**) to raise approximately \$9.3 million before costs.

The Placement and Entitlement Offer are managed and fully underwritten by Wilsons Corporate Finance Limited (ACN 057 547 323).

Armour will also seek shareholder approval and consent from holders of Armour's existing Secured Amortising Notes to issue new convertible notes to raise approximately \$20 million (**Armour Notes Issue**). The Armour Notes Issue will be managed and fully underwritten by Bizzell Capital Partners Pty Ltd (ACN 118 741 012).

Details of the Entitlement Offer

The Entitlement Offer is being made pursuant to section 708AA of the *Corporations Act 2001* (Cth) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*) (**ASIC Instruments**), which allows the Entitlement Offer to be made without a prospectus.

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

The Institutional Entitlement Offer has already closed and the results have been announced to the ASX.

Shareholders who are entitled to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) may subscribe for one New Share for every existing share held on the Record Date (as defined below), at an issue price of \$0.004 per New Share.

This is a letter to inform you that, according to our records, unfortunately you do not satisfy the eligibility criteria to participate in the Retail Entitlement Offer.

This is a letter to inform you that your options do not entitle you to participate in the Entitlement Offer.

Eligibility to participate in the Retail Entitlement Offer

Eligible Retail Shareholders include persons who:

- are registered as a holder of fully paid ordinary shares in Armour Energy as at 7:00 pm (AEDT) on Monday, 27 March 2023 (**Record Date**);
- have a registered address in Australia or New Zealand as noted on the Company's share register, or are a Shareholder that the Company has otherwise determined is eligible to participate in the Retail Entitlement Offer;

- are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States (to the extent such person holds existing shares for the account or benefit of such person in the United States);
- were not invited to participate in the Institutional Entitlement Offer and were not treated as an “ineligible institutional shareholder” under the Institutional Entitlement Offer (other than as nominee or custodian, in each case in respect of other underlying holdings); and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer, **(Eligible Retail Shareholder)**.

Why have I received this letter?

You have received this letter because you currently hold options issued by the Company. If you wish for some or all of the shares underlying your options to be counted as part of your entitlement under the Retail Entitlement Offer, you will need to exercise that portion of your exercisable options for which you wish to participate and pay the current exercise price for them so that those shares are issued to you before the Record Date. Please contact the Company Secretary should you wish to exercise your options.

If you choose to participate in the Retail Entitlement Offer by exercising some or all of your options prior to the Record Date, you will be sent a Retail Offer Booklet and a personalised Entitlement and Acceptance Form containing important information about the Retail Entitlement Offer. A copy of the Retail Offer Booklet will also be available on the ASX website at www.asx.com.au. Before deciding whether to exercise all or any of your options, you should ensure that you satisfy the requirements for an Eligible Retail Shareholder and consider the terms of the Retail Entitlement Offer carefully. It is recommended that you consult with your professional adviser before making any investment decision.

If you do not wish to participate in the Retail Entitlement Offer (in respect of your options) you do not need to take any action.

Further information

For further information regarding the Entitlement Offer, please contact the Company on (07) 3303 0620 (within Australia) or +61 7 3303 0620 (outside Australia) between 8.30am to 5.00pm (AEDT) Monday to Friday during the offer period. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

On behalf of the Directors, I thank you for your ongoing support of the Company.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Mather".

Nicholas Mather
Executive Chairman
Armour Energy Limited

Important information

This letter is issued by Armour Energy. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any entitlements or securities in Armour Energy in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or Armour Energy securities.

This letter may not be released or distributed in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction. In particular, the New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements, the New Shares may not be issued to, purchased or traded by, or taken up or exercised by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable United States state securities laws. The entitlements and New Shares to be offered in the Entitlement



Offer will only be offered outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the U.S. Securities Act.