



Notice of Annual General Meeting and Explanatory Memorandum

Armour Energy Limited

Date of Meeting: Friday 30 November 2012

Time of Meeting: 11.00am (Brisbane time)

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



Notice is given that the 2012 Annual General Meeting of shareholders of **Armour Energy Limited ACN 141 198 414 (Company)** will be held at the offices of HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 on 30 November 2012, at 11.00am (Brisbane time).

Agenda

ORDINARY BUSINESS

Annual Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statement of Changes in Equity, Statement of Cashflows and notes to and forming part of the accounts for the Company for the financial year ended 30 June 2012.

See Explanatory Statement below for further information.

1. Resolution 1 - Remuneration Report

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

"That, the Remuneration Report for the year ended 30 June 2012 (as set out in the Directors' Report) is adopted."

The vote on Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

Terms used in this Notice of Meeting are defined in the Interpretation section of the accompanying Explanatory Memorandum.

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

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

However, a vote **may** be cast on Resolution 1 by a KMP or a Closely Related Party of a KMP, if:

- (a) the KMP or a Closely Related Party of a KMP does so as a proxy appointed in writing;
- (b) the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of a KMP;
- (c) either:
 - (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
 - (2) the voter is the Chairman of the meeting and the appointment of the Chairman as proxy:
 - (A) does not specify the way the proxy is to vote on the resolution; and
 - (B) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP for the Company or, if the Company is part of a consolidated entity, for the entity.

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

See Explanatory Statement below for further information.

2. Resolution 2 — Re-Election of William (Bill) Stubbs as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with Article 38 of the Company’s Constitution, Bill Stubbs, who retires in accordance with the Company’s Constitution and, being eligible for re-election offers himself for re-election, be re-elected as a Director of the Company.”

See Explanatory Statement below for further information.

3. Resolution 3 — Re-Election of Jeremy Barlow as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

“That in accordance with Article 36 of the Company’s Constitution, Jeremy Barlow, who retires in accordance with the Company’s Constitution and, being eligible for re-election offers himself for re-election, be re-elected as a Director of the Company.”

See Explanatory Statement below for further information.

4. Resolution 4 – Re-Election of Stephen Bizzell as a Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution, of the Company:

“That in accordance with Article 36 of the Company’s Constitution, Stephen Bizzell, who retires in accordance with the Company’s Constitution and, being eligible for re-election offers himself for re-election, be re-elected as a Director of the Company.”

See Explanatory Statement below for further information.

GENERAL BUSINESS

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

By Order of the Board



Karl Schlobohm
Company Secretary
26 October 2012

Explanatory Memorandum

EXPLANATORY STATEMENT

This Explanatory Memorandum is provided to Shareholders of Armour Energy Limited ACN 141 198 414 (**Company**) to explain the resolutions to be put to Shareholders at the Annual General Meeting to be held at HopgoodGanim, Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 on 30 November 2012 at 11.00 am (Brisbane time)

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

ORDINARY BUSINESS

Consider the Company's Annual Report

The Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Income Statements, Balance Sheets, Statement of Changes in Equity, Statement of Cash flows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 30 June 2012. The Company's Annual Report for the financial year ended 30 June 2012 is attached. No voting is required for this item.

Shareholders can obtain a copy of the Company's 2012 Annual Report by sending a request to info@armourenergy.com.au or by downloading a copy from the Company's website: www.armourenergy.com.au. The Company's 2012 Annual Report was released to the ASX on 28 September 2012.

Resolution 1 - Remuneration Report

The Board has submitted its Remuneration Report (included in the 2012 Annual Report) to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the 2012 Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive Directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the "consolidated group" (ie. DGR Global and each company in which DGR Global holds (or held) a greater than 50% interest); and
- details and explains any performance conditions applicable to the remuneration of executive Directors and senior executives of the Company.

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

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report.

Voting restrictions on Key Management Personnel and Their Proxies and Closely Related Parties

Members of the Key Management Personnel (**KMP**) and their proxies and Closely Related Parties are restricted from voting on a resolution (**Voting Restriction**) put to Shareholders that the remuneration report of the Company be adopted. Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Voting Restriction does not apply where:

- (a) the Chairman or any other KMP is appointed in writing (by a Shareholder who is not a KMP or a Closely Related Party of a KMP) as a proxy with specific instructions on how to vote on a resolution to adopt the remuneration report of the Company; or
- (b) the Chairman is appointed in writing (by a Shareholder who is not a KMP or a Closely Related Party of a KMP) as a proxy with no specific instructions on how to vote on a resolution to adopt the remuneration report, where the Shareholder provides express authorisation for the Chairman to vote on the resolution.

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

Resolution 2 – Re-Election of William (Bill) Stubbs as a Director

Mr Stubbs was appointed to the Board of Directors on 18 December 2009. Mr Stubbs is retiring at the Annual General Meeting by rotation under Article 38.1 of the Company's Constitution, and will stand for re-election at the Annual General Meeting.

William (Bill) Stubbs is a lawyer of 35 years experience, having practised extensively in the area of commercial law including stock exchange listings and all areas of mining law. Mr Stubbs has been a Director of various public companies over the past 25 years in the mineral exploration and biotech fields. He is the former Chairman of Alchemia Limited, and Bemax Resources Limited which discovered and developed extensive mineral sands resources in the Murray Basin. He was the founding Chairman of Arrow Energy NL. Mr Stubbs currently acts as the Non-Executive Chairman of DGR Global Limited, Chairman of the Advisory Board of Tetra Q – the commercial arm of the centre for integrated pre-clinical drug development of the University of Queensland. He also serves as a Non-Executive Director on the Board of Coalbank Limited.

The Directors (with Mr Stubbs abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 3 – Re-Election of Jeremy Barlow as a Director

Mr Barlow was appointed to the Board of Directors on 14 February 2012 pursuant to Article 36.1 of the Company's Constitution, is retiring at the Annual General Meeting under Article 38.1 of the Company's Constitution, and will stand for re-election at the Annual General Meeting.

Jeremy Barlow has had a long and distinguished career in the coal and petroleum industries and brings a wealth of experience to the Armour Energy's Board. Mr Barlow is a Fellow of the Australasian Institute of Mining and Metallurgy and is currently a Non-Executive Director of coal explorer and developer Bandanna Energy Limited (ASX). He was a founding director of CH4 Gas Limited and after its merger with Arrow Energy Limited in August 2006, continued as a director of Arrow until its acquisition by Shell and PetroChina in 2010. Mr Barlow is the founder of well-respected coal consulting firm Barlow Jonker which was sold to Wood Mackenzie in 2007. In the early years of his career he held diverse technical and commercial positions with operating resource companies in Australia and overseas.

The Directors (with Mr Barlow abstaining) recommend that you vote in favour of this Ordinary Resolution.

Resolution 4 – Re-Election of Stephen Bizzell as a Director

Mr Bizzell was appointed to the Board of Directors on 9 March 2012 pursuant to Article 36.1 of the Company's Constitution, is retiring at the Annual General Meeting under Article 38.1 of the Company's Constitution, and will stand for re-election at the Annual General Meeting.



Stephen Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. Mr Bizzell was previously an Executive Director of Arrow Energy Ltd from 1999 until its acquisition by Shell and PetroChina, for \$3.5 billion in 2010. He was instrumental in Arrow Energy's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. He was also previously a Non-Executive Director of Bow Energy Ltd prior to its takeover by Arrow Energy Pty Ltd for \$0.5 billion in January 2012. He has had further experience in the CSG sector as an Executive Director of Dart Energy Ltd (ASX) and Non-Executive Director Apollo Gas Ltd. Mr Bizzell qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He is a Non-Executive Director of ASX listed Hot Rock Ltd, Stanmore Coal Ltd, Diversa Ltd and Titan Energy Services Ltd. He is Chairman of Renaissance Uranium Ltd and Renison Consolidated Mines NL. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions and has over 15 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.

The Directors (with Mr Bizzell abstaining) recommend that you vote in favour of this Ordinary Resolution.

Interpretation

ASX means the ASX Limited ACN 008 624 691;

Board means the board of directors of the Company;

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

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

Company means Armour Energy Limited ACN 141 198 414;

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

Director means a director of the Company;

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting;

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

Meeting or **Annual General Meeting** means the annual general meeting to be held on 30 November 2012;

Notice of Meeting means this Notice of Meeting convening the Meeting and the Explanatory Memorandum;

Ordinary Resolution means a Resolution passed by more than 50% of the votes cast at a general meeting of shareholders;

Resolution means a resolution proposed at the Meeting;

Share means an ordinary fully paid share in the issued capital of the Company; and

Shareholder means a holder of Shares in the Company.

ENQUIRIES

Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Karl Schlobohm (Company Secretary), at Level 27, 111 Eagle Street Brisbane QLD 4000, or on (07) 3303-0620.

Notes

Entitlement to Vote

For the purposes of determining those shareholders entitled to attend and vote at the Annual General Meeting of the Company, shall be those persons recorded in the register of shareholders as at 7pm (AEST) 28 November 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

How to Vote

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

Voting in Person

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

Voting by Proxy

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

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

Signing instructions

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

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

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

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

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

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

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

Completed proxies can be returned to the Company Secretary by either mail to GPO Box 5261, Brisbane, Qld 4001; or facsimile to (07) 3303-0681, or scanned and emailed to kschlobohm@armourenergy.com.au

Appointment of Proxy

I/We being a shareholder(s) of Armour Energy Limited and entitled to attend and vote hereby appoint

A	the chairman of the Meeting (mark box)	<input type="checkbox"/>	OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person you are appointing as your proxy	
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or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at 11.00 am on Friday 30 November 2012, at HopgoodGanim. Level 7, Waterfront Place 1 Eagle Street, Brisbane Qld 4000 and at any adjournment of that meeting.

If the Chairman is appointed as your proxy, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest, subject to compliance with the Corporations Act. If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is [] %. (An additional proxy form will be supplied by the Company on request).

IMPORTANT NOTE

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. If the Chairman of the Meeting is your proxy (or becomes your proxy by default), you authorise the Chairman to exercise your proxy on Resolution 1, that the Remuneration Report for the year ended 30 June 2012 (as set out in the Directors' Report) be adopted (except where I/we have indicated a different voting intention below), even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman. If you do not wish to authorise the Chairman (if he is or becomes your proxy) to vote in this way, you should direct your vote by marking the For, Against or Abstain box for Resolution 1 below.

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is shares. (Note: proxy will be over all shares if left blank). If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain, subject to compliance with the Corporations Act. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest, subject to compliance with the Corporations Act.

I/we direct my/our proxy to vote as indicated below:

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an addition form of proxy is available on request. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

B	To direct your proxy how to vote on any resolution please insert	X	in the appropriate box below.
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	For	Against	Abstain
Resolution 1: ADOPTION OF REMUNERATION-REPORT			
Resolution 2: RE-ELECTION OF WILLIAM (BILL) STUBBS AS DIRECTOR			
Resolution 3: RE-ELECTION OF JEREMY BARLOW AS DIRECTOR			
Resolution 4: RE-ELECTION OF STEPHEN BIZZELL AS DIRECTOR			

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

C SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary Director/Company Secretary (Delete one) Director

This form should be signed by the securityholder. If a joint holding, either security holder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the securityholder's constitution and the Corporations Act 2001 (Cwlth).

How to Complete this Proxy Form

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3 Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses, except in relation to Resolution 1 where you have appointed a member of the Key Management Personnel of the Company (other than the Chairman) or their closely related parties as your proxy, in which case there are additional restrictions explained below. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together.

5 Signing Instructions

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

- Individual:** where the holding is in one name, the holder must sign.
- Joint Holding:** where the holding is in more than one name, either securityholder may sign.
- Power of Attorney:** To sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below by 11.00 am on Wednesday 28 November 2012, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.