

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Armour Energy Limited

ABN

60 141 198 414

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	7,276	7,276
1.2	Payments for		
	(a) exploration & evaluation	(186)	(186)
	(b) development	(4,630)	(4,630)
	(c) production	(5,692)	(5,692)
	(d) staff costs	(812)	(812)
	(e) administration and corporate costs	(2,158)	(2,158)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	56	56
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other income		
	(a) Government Grants (GAP funding)	-	-
	(b) Diesel fuel rebate	2	2
1.9	Net cash from / (used in) operating activities	(6,144)	(6,144)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(19)	(19)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	(17)	(17)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		-
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (security deposits)	(214)	(214)
2.6	Net cash from / (used in) investing activities	(250)	(250)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,895	5,895
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(109)	(109)
3.5	Proceeds from borrowings	6,564	6,564
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Repayment of convertible note interest	-	-
3.10	Net cash from / (used in) financing activities	12,350	12,350
4.	Net increase / (decrease) in cash and cash equivalents for the period	5,956	5,956
4.1	Cash and cash equivalents at beginning of period	5,105	5,105
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,144)	(6,144)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(250)	(250)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,350	12,350
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,061	11,061

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,061	5,105
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	11,061	5,105

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	(110)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
N/A		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A		

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	6,800	6,563
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
The company announced on 26th July that it had executed the Tribeca Environmental bond Facility, totalling \$6.8 million. The Tribeca Facility has a 9% per annum coupon rate payable by the Company quarterly in arrears. The Tribeca Facility may be paid down through monies in the Credit Accounts as and when the banker's undertakings expire or are returned by the State of Queensland.			

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(685)
9.2	Development*	(5,926)
9.3	Production**	(2,905)
9.4	Staff costs	(1,966)
9.5	Administration and corporate costs	(2,263)
9.6	Other (Deferred payment on acquisition***)	(1,000)
9.7	Total estimated cash outflows	(14,707)

* The Development funding outflows do not include GAP funding that Armour anticipates it will receive under the facility.

** The Company will also receive cash inflows for the next quarter from oil, gas and liquids sales. These amounts have not been included in this table.

*** The purchase of the Kincora project from Origin Energy in 2015 consisted of an up-front payment, as well as deferred consideration of three \$1m tranches on each 12-month anniversary of first gas. First gas was achieved at the end of September 2017.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer Appendix A in quarterly activity statement.			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer Appendix A in quarterly activity statement.			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 2018

Print name: Karl Schlobohm – Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources*

and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.