



ASX Announcement

Quarterly Activities Report

For the period ended 30 June 2021

Highlights:

- Substantial progress on proposed demerger and IPO of McArthur Oil & Gas
- Independent review confirms McArthur Basin Prospective Resource Estimates
- Largest private airborne survey commenced over Armour NT exploration acreage
- Development of Cooper and Surat Basin exploration portfolio advancing
- Sale of Ripple Resources to Auburn Resources completed for \$0.7 million
- Quarterly sales revenue of \$4.4 million with strengthening gas prices
- Average gas production of 5.7 TJ/day and 124.1 bbls/day of oil and condensate
- Substantial effort seeking resolution from contractor on recent 3-well frac programme

During the Quarter the Company put substantial effort into three key areas – the preparation for the proposed demerger and IPO of all of the Company's Northern Basin exploration holdings through McArthur Oil and Gas Limited (McArthur), advancement of significant exploration work programmes over the McArthur Basin as well as building a multi-year exploration programme portfolio with a deep portfolio of leads and drill-ready prospects in both the Cooper and Surat Basins and pursuing resolution from the frac service company contractor regarding execution of the recent 3-well frac programme and resulting production outcomes.

PROPOSED MCARTHUR OIL & GAS DEMERGER AND IPO

NSAI McArthur Basin Resource Update

During the Quarter, Armour reported an update on its Contingent and Prospective Gas Resources in the Northern Territory McArthur Basin which substantially confirmed the Company's previous Prospective and Contingent Resource estimates. The Company engaged Netherland, Sewell & Associated, Inc. (NSAI) to provide an independent resource estimate for Armour's McArthur Basin assets. They confirmed the Prospective Resource Best Estimate of approximately 33 TCF from the Conventional and Unconventional structures in the McArthur Basin.

The table below summarises NSAI's Contingent and Prospective Resources independent estimates for the Company's 100% owned and operated exploration permits in the Northern Territory that are to be the core assets of McArthur as part of the proposed demerger and IPO.

Area	Unrisked Gross (100%) Contingent Sales Gas Resource (BCF)			Unrisked Gross (100%) Prospective Conventional Sales Gas Resources (BCF)			Unrisked Gross (100%) Prospective Unconventional Sales Gas Resources (BCF)		
	Estimate			Estimate			Estimate		
	Low (1C)	Best (2C)	High (3C)	Low (1U)	Best (2U)	High (3U)	Low (1U)	Best (2U)	High (3U)
Total	-	6	53	191	4,624	54,813	5,203	28,126	126,303
Table 1 – Summary of the NSAI Batten Trough, McArthur Basin Contingent and Prospective Gas Resource									

For further details of the assessment made by NSAI see the announcement on 27 April 2021.

McArthur Basin Airborne Survey

During the Quarter, the Company also announced that it was undertaking the acquisition of airborne geophysical data over a substantial portion of six Northern Territory permits covering an area of approximately 20,000 km².

Armour undertook the airborne survey on behalf McArthur in advance of the proposed demerger and IPO of McArthur. The airborne survey is the largest private enterprise survey of its type to be undertaken in the Northern Territory and the survey area equals the size of Wales.

The survey was aimed at detecting anomalies in areas of upward fluid flow of migrating hydrocarbons above fluid pathways and/or hydrocarbon accumulations. This will provide information over existing prospects and leads and a regional context on which to plan future follow up exploration work.

The airborne survey (refer to Armour's announcement on 11 May 2021) was acquired over substantial portions of 6 exploration permits (EPs 171, 174, 176, 190, 191 and 192). These permits cover the highly prospective Batten Fault Zone and several oil and gas play fairways, including the proven Coxco Dolomite Play (Glyde gas discovery), which encompass 193 conventional prospects and leads within McArthur and Tawallah Group reservoirs identified by previous exploration work.

Following the end of the Quarter, the Company announced on 27 July 2021 that the airborne survey acquisition had been completed ahead of schedule and within budget.

Northern Territory Permit Administration

During the Quarter, in preparation for the proposed demerger and IPO of all of the Company's Northern Basin exploration holdings through McArthur, the Company undertook a number of key steps towards transferring legal and beneficial title to all of the Northern Basin interests into McArthur. At the time of the announcement of the proposed demerger and IPO of McArthur all the Northern Basin exploration holdings were directly held by Armour at the parent company level.

In this regard, the Company applied to the Northern Territory Government for approval to transfer all of the Northern Territory exploration permits from the Company into a wholly-owned subsidiary McArthur NT Pty Ltd (McArthur NT) on a tax-effective basis with a view to McArthur NT becoming a wholly-owned subsidiary of McArthur as part of the proposed demerger and IPO.

As part of the reorganisation of the ownership of the Northern Basin assets, the Company entered into a purchase and sale agreement with McArthur for the sale of all the legal title and beneficial interest in Northern Basin assets for a purchase price consideration of \$40 million plus a minimum

33.3% retained interest by Armour shareholders in McArthur. In connection with this proposed sale of the Northern Basin assets to McArthur, during the Quarter, the Company applied to the Northern Territory Government Department of Investment, Tourism and Trade (DITT) for approval for the proposed sale and transfer of all of the Northern Territory exploration permits to McArthur NT. The application for approval by DITT for the transfer of the Northern Territory exploration permits to McArthur NT and the acquisition by McArthur of the Northern Territory exploration permits is currently pending and the Company expects to receive the outcome of the transfer application shortly.

EXPLORATION ACTIVITIES

Cooper & Surat Basin Exploration

During the Quarter the Company put a significant amount of focus on developing a multi-year exploration programme portfolio based on building a deep portfolio of exploration leads and drill-ready prospects in both the Cooper and Surat Basins.

In mid-June, the Company provided an early view on the development of this emerging exploration leads and prospects portfolio at the Petroleum Exploration Society of Australia (PESA) Deal Day part of the Australian Petroleum Production & Exploration Association (APPEA) Conference held in Perth. Armour's presentation at the PESA Deal Day emphasised the Company's focus on delivering value for shareholders by demonstrating the value of its high-quality assets in its core areas of interest – the Surat and Cooper Basins.

The focal points of these exploration efforts have been on areas with existing 3D seismic coverage and are focussed on (1) extending the Western Flank Oil Fairway in South Australia in the Company's 100% owned and operated exploration permits PEL 444 and PEL 112 and (2) rediscovering overlooked opportunities adjacent to the Myall Creek area.

Through advanced 3D seismic interpretation techniques, the Company has identified potential significant undrilled virgin gas bearing reservoir sand channels north east of the main Myall Creek Field with 3D seismic attribute signatures analogous to the best producing wells in the Myall Creek Gas Field.

In addition, new technical workflows in the vicinity of the Myall Creek and Riverside gas fields, along with advanced wireline logging and petrophysical re-evaluation, indicates significant bypassed pay in the Permian and Triassic reservoirs within existing wellbores.

Further, evaluation of the existing sparse 2D seismic outside the existing Myall Creek 3D area, shows promising new drill exploration opportunities. To unlock new discovery potential, work has commenced on a feasibility study for acquiring new 3D seismic.

With respect to the Company's Cooper Basin exploration permit holdings, technical workflows have substantially progressed with a significant focus on the potential extension of the Western Flank Oil Fairway in PEL 444.

Along the Western Flank extension, both the southern and northern extents were modelled with positive correlation and prediction. Workflows will continue with the extensive seismic database, but limited 3D coverage, to identify structural and stratigraphic potential. In the Company's PESA

Deal Day presentation, a number of significant 3D-seismic controlled exploration leads and prospects were presented.

DEVELOPMENT ACTIVITIES

Surat Basin Production Enhancement Programme

During the Quarter, the Company pursued the resolution from the frac service company contractor regarding execution of the recent 3-well frac programme and resulting production outcomes. The Company has previously advised that all three wells from the 2020 work programme fracture stimulation programme were not performing to pre-execution expectations and that it pursued remedial diagnostic treatments to support possible plans for rectification.

During the Quarter the Company undertook a detailed independent technical evaluation of the causes for the fracture stimulation programme outcomes and to secure an agreement from the fracture stimulation contractor to undertake rectification works on all three wells to try to achieve the pre-stimulation projected production rates. The Company has not yet been able to secure a satisfactory resolution from the fracture stimulation contractor for rectification of the 3 wells involved in the 2020 fracture stimulation work programme. The Company will continue to pursue all necessary avenues to secure rectification for these 2020 fracture stimulation work programme results.

KEY PERFORMANCE METRICS – PRODUCTION, SALES & REALISED GAS PRICE

Key performance metrics	June Q4 FY21	March Q3 FY21	June Q4 FY20	Qtr. on Qtr. Change	FY21 YTD
Total production (PJe)	0.6	0.7	0.8	(14%)	2.5
Total sales volume (PJe)	0.5	0.7	0.8	(29%)	2.5
Total sales revenue (\$ million)	4.4	4.5	4.2	(2%)	17.5
Average realised gas price (\$/GJ)	7.1	6.0	4.5	18%	5.9
Debt (\$ million) ¹	39.1	42.4	57.9	(8%)	39.1

FINANCIAL PERFORMANCE

Sales Revenue

Total sales revenue decreased by 2% to \$4.4 million compared to the prior quarter largely due to overall lower volumes produced and sold.

\$ million	June Q4 FY21	March Q3 FY21	Qtr. on Qtr. Change
Gas	3.0	3.0	1%
LPG	0.4	0.6	(36%)
Oil	0.2	0.2	18%
Condensate	0.8	0.7	8%
Total Sales Revenue	4.4	4.5	(2%)

¹ Includes Secured Amortising Notes and Tribeca Facilities

Sales Volume & Average Realised Prices

Quarterly sales volumes were lower than the prior quarter for all products except LPG. This was due to unscheduled days offline for plant maintenance and natural decline.

Average realised weighted average pricing across all products was \$7.5/GJe, an increase of 12% on the prior quarter, primarily due to higher average oil, condensate and recovering gas prices.

	June Q4 FY21	March Q3 FY21	Qtr. on Qtr. Change
Volumes			
Gas (TJ)	483.5	562.6	(14%)
LPG (Tonnes)	906.0	860.0	5%
Oil (Bbl)	2,873.0	2,129.3	35%
Condensate (Bbl)	7,817.1	9,017.0	(13%)
Prices			
Sales Gas (\$/GJ)	7.1	6.0	18%
LPG (\$/tonne)	489.8	577.8	(15%)
Oil and Condensate (\$/Bbl)	89.4	78.8	13%
All products Weighted Average (\$/GJe)	7.5	6.7	12%

Sources and Uses of Funds

The below is an update on the Sources and Uses of Funds based on cash inflows and outflows for the 5-month period ending 30 June 2021 compared to the investor presentation released on 18 March 2021.

\$ million	Actuals	Forecast
Opening cash	4.1	4.1
Sources of funds		
Kincora operating revenues	8.4	8.0 – 9.0
Proceeds from capital raising	10.8	7.5 – 11.5
Proceeds from anticipated Surat farm-in	-	6.0 – 9.0
Proceeds from completed asset transactions	9.2	9.2
Net proceeds from anticipated asset transactions	-	10.0 – 15.0
Use of funds		
Kincora operating costs	6.0	7.5 – 8.5
Kincora Plant capital expenditure & engineering	0.2	1.0 – 2.0
Kincora area 2021 work program	0.1	6.0 – 9.0
Exploration expenditure	1.3	2.0 – 3.0
Permit license fees	0.1	1.0
Corporate G&A	3.7	3.0 – 4.0
Demerger transaction costs	0.0	1.0
Costs of capital raise	0.3	0.6
Funding costs (including interest payable)	2.1	2.3
Secured amortising notes debt reduction, plus fees	9.9	10.0
Interest reserve account	2.3	-
Cash on hand and working capital	6.5	10.4 - 16.4

Capital Expenditure

Capital expenditure of \$2.3 million reflects licence fees, reserve reporting for the Northern Basin, and production enhancement activities.

\$ million	June Q4 FY21	March Q3 FY21	Qtr. on Qtr. Change
Exploration and Appraisal	1.8	0.9	67%
Development, Plant and Equipment	1.3	1.1	(45%)

Related Party Transactions

The June quarter related party transactions totalled \$0.2 million. Like the previous quarter, the related party transactions during this period related to director fees, administrative overheads, charges for rent and IT expenses for the purposes of 6.1 and 6.2 of Appendix 5B.

\$AUD millions	June Q4 FY21	March Q3 FY21	Qtr. on Qtr. Change
Director fees	0.0	0.1	(100%)
Admin overheads	0.2	0.1	100%

CORPORATE AND COMMERCIAL

Extraordinary General Meeting

An extraordinary general meeting was held 11 June 2021. Approval was received to issue \$2.7m of conditional placement shares and attaching options from the equity raising announced on 18 March 2021. The funds from the additional shares issued were received mostly in June with the balance early July.

Sale of Ripple Resources

The sale of Ripple Resources Pty Ltd to Auburn Resources Limited was completed 10 May 2021. Armour received 5,600,000 fully-paid ordinary Auburn shares for consideration which makes up approximately 12.5% of Auburn's issued share capital. The divestment will allow Armour's Board and management to focus their time, and the Company's capital, on its core oil and gas business.

Management Team Update

Mark Greenwood has been appointed as the Company's Chief Commercial Officer.

Mark joins Armour from Santos Limited where he spent the last seven years in senior roles spanning commercial, joint venture management, gas & liquids marketing, strategy and business development.

Prior to Santos, Mark was a top-rated Energy analyst at Citigroup and JP Morgan. Mark holds a Bachelor of Chemical Engineering from the University of Adelaide.



Due to family reasons, Olivia Versace has decided to step down from the Joint Company Secretary role. Olivia will be remaining with Armour Energy as a legal consultant.

OTHER CORPORATE UPDATES

Investor Relations

A copy of recent presentations can be found at:

[https://www.armourenergy.com.au/presentations/.](https://www.armourenergy.com.au/presentations/)

**Authorised by the Board of Directors
On behalf of the Board
Karl Schlobohm
Company Secretary**

Competent Persons Statement

Forward Looking Statement

This announcement may contain certain statements and projections provided by or on behalf of Armour Energy Limited (Armour) with respect to the anticipated future undertakings. These forward-looking statements reflect various assumptions by or on behalf of Armour. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with exploration and/or production which may be beyond the control of Armour which could cause actual results or trends to differ materially, including but not limited to price fluctuations, exploration results, resource estimation, environmental risks, physical risks, legislative and regulatory changes, political risks, project delay or advancement, ability to meet funding requirements, factors relating to property title, native title and aboriginal heritage issues, dependence on key personnel, share price volatility, approvals and cost estimates. Accordingly, there can be no assurance that such statements and projections will be realised.

Armour makes no representations as to the accuracy or completeness of any such statement of projections or that any forecasts will be achieved.

Additionally, Armour makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by Armour or by any of their respective officers, directors, shareholders, partners, employees, or advisers as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this information, Armour undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Armour Energy Limited.

Competent Persons Statement

Statements in this presentation as to gas and mineral resources has been compiled from data provided by Armour's Chief Operating Officer, Mr Michael Laurent. Mr Laurent's qualifications include being a professionally registered engineer in both Australia and Canada, has over 20 years of diverse oil and gas industry experience and has successfully held various senior managerial and GM positions. His career spans several sectors and includes expertise in reservoir, drilling, facilities, production and operations with particular emphasis on resource and business development. Experience is underpinned with strong strategic, commercial and technical acumen in both conventional and unconventional reservoirs. Prior to joining Armour Energy, Michael successfully held a variety of domestic and international technical leadership appointments. Most recently he worked for Santos where he was responsible for managing Cooper Basins oil and gas appraisal/development wells and field optimisation initiatives from inception through to approval and implementation. Mr Laurent has sufficient experience that is relevant to Armour's reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Laurent has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Appendix A

Interests in Tenements this Quarter

TYPE	LOCATION	OWNER	INTEREST
PL 14	Queensland	AE (SB) P/L	100.00%
PL 53	Queensland	AE (SB) P/L	100.00%
PL 70	Queensland	AE (SB) P/L	100.00%
PL 511	Queensland	AE (SB) P/L	100.00%
PL 227	Queensland	AE (SB) P/L	100.00%
PPL 3	Queensland	AE (SB) P/L	100.00%
PPL 20	Queensland	AE (SB) P/L	100.00%
PPL 63	Queensland	AE (SB) P/L	100.00%
PL 28	Queensland	AE (SB) P/L	46.25%
PL 69	Queensland	AE (SB) P/L	46.25%
PL 89	Queensland	AE (SB) P/L	46.25%
PL 320	Queensland	AE (SB) P/L	46.25%
PL 321 Waldegrave	Queensland	AE (SB) P/L	46.25%
PL 12	Queensland	AE (SB) P/L	46.25%
PL 321 Snake Creek	Queensland	AE (SB) P/L	25.00%
PL 21	Queensland	AE (SB) P/L	100.00%
PL 22	Queensland	AE (SB) P/L	100.00%
PL 27	Queensland	AE (SB) P/L	100.00%
PL 71	Queensland	AE (SB) P/L	100.00%
PL 264	Queensland	AE (SB) P/L	100.00%
PL 30	Queensland	AE (SB) P/L	90.00%
PL 512	Queensland	AE (SB) P/L	84.00%
PPL 22	Queensland	AE (SB) P/L	84.00%
ATP 647 (PCA 246)	Queensland	AE (SB) P/L	100.00%
Newstead Gas storage ¹	Queensland	AE (SB) P/L	100.00%
ATP 1190 (Weribone)	Queensland	AE (SB) P/L	50.64%
ATP 1190 (Bainbilla)	Queensland	AE (SB) P/L	24.75%
ATP 2028	Queensland	AE (SB) P/L	50.00%
ATP 2029	Queensland	AE (SB) P/L	100.00%
ATP 2030	Queensland	AE (SB) P/L	100.00%
ATP 2032	Queensland	AE (SB) P/L	100.00%
ATP 2034	Queensland	AE (SB) P/L	100.00%
ATP 2035	Queensland	AE (SB) P/L	100.00%
ATP 2041	Queensland	AE (SB) P/L	100.00%
EP 171	Northern Territory	Armour Energy Ltd	100.00%
EP 174	Northern Territory	Armour Energy Ltd	100.00%
EP 176	Northern Territory	Armour Energy Ltd	100.00%
EP 190	Northern Territory	Armour Energy Ltd	100.00%
EP 191	Northern Territory	Armour Energy Ltd	100.00%
EP 192	Northern Territory	Armour Energy Ltd	100.00%
PEP 169 ²	Victoria	Armour Energy Ltd	51.00%
PEP 166 ²	Victoria	Armour Energy Ltd	25.00%
PRL 2 ²	Victoria	Armour Energy Ltd	15.00%
EL 30817	Northern Territory	Ripple Resources P/L ³	100.00%

TYPE	LOCATION	OWNER	INTEREST
EL 30818	Northern Territory	Ripple Resources P/L ³	100.00%
EL 31012	Northern Territory	Ripple Resources P/L ³	100.00%
EL 30494	Northern Territory	Ripple Resources P/L ³	100.00%
EPM 19833	Queensland	Ripple Resources P/L ³	100.00%
EPM 19835	Queensland	Ripple Resources P/L ³	100.00%
EPM 19836	Queensland	Ripple Resources P/L ³	100.00%
EPM 25504	Queensland	Ripple Resources P/L ³	100.00%
EPM 25505	Queensland	Ripple Resources P/L ³	100.00%
EPM 25802	Queensland	Ripple Resources P/L ³	100.00%
EPM 26497	Queensland	Ripple Resources P/L ³	100.00%
PEL 112	South Australia	Holloman Petroleum Pty Ltd	100.00%
PEL 444	South Australia	Holloman Petroleum Pty Ltd	100.00%
PRL 50	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 51	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 52	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 53	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 54	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 55	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 56	South Australia	Cordillo Energy Pty Ltd	100.00%
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PRL 71	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 72	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 74	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 75	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 124	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 248	South Australia	Cordillo Energy Pty Ltd	100.00%
Kanywataba Block	Uganda	AE (Uganda) SMC Ltd	16.82%

Notes:

1. The Newstead Storage Facility sits mostly within PL27 and also straddles PL 14. It is a depleted underground natural gas reservoir that is currently utilised as a storage facility, i.e. it is used for injection and withdrawal of gas. The Newstead Storage Facility has a capacity of approximately 7.5PJ of gas
2. Joint Venture with Lakes Oil NL
3. Ripple Resources Pty Ltd and its assets were sold 10 May 2021

Glossary

AE (SB) P/L	Armour Energy (Surat Basin) Pty Ltd
AE (Uganda) SMC Ltd	Armour Energy (Uganda) SMC Ltd
ATP	Authority to Prospect
Bbl	Barrels - the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons
EL	Exploration Licence
EPP	Exploration Permit - Petroleum
FY	Financial Year
GJ	Gigajoule = 10^9 joules
GJe	Gigajoule equivalent
LPG	Liquid petroleum gas
PCA	Potential Commercial Area
PEL	Petroleum Exploration Licence
PEP	Petroleum Exploration Permit
PJ	Petajoule
PJe	Petajoule equivalent
PL	Petroleum Lease
PPL	Petroleum Pipeline Licence
PRL	Petroleum Retention Lease/Licence
Q, Qtr	Quarter
TCF	Trillions of standard cubic feet of gas
TJ	Terajoule
TJ/day	Terajoules per day
YTD	Year to date

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ARMOUR ENERGY LIMITED

ABN

60 141 198 414

Quarter ended ("current quarter")

30-Jun-21

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers	4,786	18,901
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(476)	(9,435)
(c) production (including COGS and Royalties)	(3,199)	(13,411)
(d) staff costs	(1,616)	(6,750)
(e) administration and corporate costs	(1,071)	(6,157)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(0)	98
1.5 Interest and other costs of finance paid	(1,009)	(4,525)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	72	524
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,514)	(20,756)
2.0 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(0)	(30)
(d) exploration & evaluation (if capitalised)	(672)	(2,011)
(e) investments	(40)	(461)
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	0	21,664
(c) property, plant and equipment	-	-
(d) investments	1,385	1,385
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	674	20,548
3.0 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,108	21,025
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(264)	(562)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(3,292)	(18,799)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(2,339)	(2,339)
3.1 Net cash from / (used in) financing activities	(3,787)	(675)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4.0 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	7,990	3,246
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,514)	(20,756)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	674	20,548
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(3,787)	(675)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	2,362	2,362

5.0 Reconciliation of cash and cash equivalents <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,362	7,990
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - see below	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,362	7,990

Other

The Company holds additional restricted and not immediately available cash which has not been included above. During the Quarter, Armour deposited \$2.3m into an Interest Reserve Account under the terms of the amendments of the Senior Secured Amortising Notes (refer to item 3.9). Following successful completion of the proposed demerger and IPO of McArthur, and retirement of debt, these funds would be returned to Armour. Armour holds a further \$5.4m cash held on deposit as security for the Tribeca facility.

6.0 Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	(208)
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.0 <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	5,393	5,393
7.2 Credit standby arrangements	-	-
7.3 Other (Secured & Amortising Notes)	33,717	33,717
7.4 Total financing facilities	39,110	39,110

7.5 Unused financing facilities available at quarter end

-

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If

7.6 any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Tribeca

26 July 2018 | \$6.8 million (Secured Environmental Bond Facility) | 9.0% per annum Coupon rate payable (quarterly in arrears). The facility has been extended to mature on 30 September 2021. As announced in March 2021, the Queensland Department of Environment and Science reduced Armour's Financial Provisioning Scheme (FPS) requirement by \$1.1 million, which was repaid to Tribeca. An additional \$0.2m was repaid in April 2021 reducing the Tribeca facility to \$5.4 million. Armour holds a further \$5.4m cash held on deposit as security for this facility (refer to item 5 above).

Senior Secured Amortised Notes 29 March 2019 | \$55 million (Secured and Amortising Notes) | 8.75% per annum Fixed Interest payable (quarterly in arrears). Maturing on 29 March 2024. Principal repayments of \$2.0 million were made in the March Quarter with the outstanding facility now at \$33.7 million. A further \$2.3m was deposited and is held in trust in an Interest Reserve Account under the terms of the Notes (refer to item 5 above).

8.0 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,514)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(672)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,186)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	2,362
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	2,362
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Armour saw lower sales volumes due to the 2020 work program low-side outcome (See Quarterly Activity Reports for more detail) and unscheduled days offline for plant maintenance.

The cash generating ability of the Kincora Project will increase with the Group's planned 2021 work program expected to commence later in the year. Armour is also starting to see a recovery of Gas, LPG, Oil and Condensate prices following Covid-19 impacts.

The Company is continuing its cost reduction initiatives including payments in shares, minimisation of field expenditures and administration costs and overheads. In addition, the company are continuously looking at opportunities to uplift production where possible.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Further funds from the March 2021 capital raise were received in the quarter with the final balance received early July. These funds will be used for the proposed demerger, exploration expenditure and other operating expenditure.

Armour is continuing its focus on its core assets. Armour announced on 3 March 2021, plans to demerge and IPO a new company to unlock the value of its Northern Basin Exploration assets.

The Company can manage capital and liquidity by taking some or all of the following further actions:

- a. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required to meet the Group's working capital requirements
- b. Reducing its level of capital expenditure through farm-outs and/or joint ventures
- c. Managing its working capital expenditure
- d. Applying for Government incentives and
- e. Disposing of non-core assets

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, on the basis that together with cost reduction initiatives, the disposal of non-core assets and the renegotiated terms of its Secured Amortising Note requirements, Armour will fund its operations and meet its business objectives.

Compliance statement

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

Date **30-Jul-21**

Auth **The Board of Directors**

(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 1.0 If this quarterly cash flow 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 cash flow 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.
 - 3.0 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.
 - 4.0 If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
 - 5.0 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.