



# ASX Announcement

## Quarterly Activities Report

For the period ended 30 September 2022

### Highlights:

- Surat Basin in-wellbore (IWB) program to restore production is progressing well
- Kincora plant maintenance shut-down completed on time, on budget
- Enterprise North-1 drill planning progressing on schedule
- Armour has secured \$5m of funding primarily used to repay and restructure existing debt facilities and for progressing the IWB program
- Other corporate activities being advanced to fund 2023 work programs including well optimisation initiatives and process improvements
- Quarterly sales revenue of \$3.1 million
- Cash balance of \$1.77 million
- Average normalised gas production of 4.1 TJ/day and 85.2 bbls/day of oil and condensate

Quarter 1, 2023 has once again been a busy and exciting time for Armour Energy with Mr Christian Lange, the new Company Chief Executive at the helm supported by Mr Geoff Walker, Armour's Chief Financial Officer and Company Secretary. With a renewed focus on delivering short-term shareholder value, Christian has implemented a flatter organisational structure with clear accountabilities and deliverables. The Board believes that Armour now has an effective management team in place to develop and maximise value from the Company's portfolio of assets. The strong acreage positions held by the Company in the Cooper Basin in South Australia, the Otway Basin in Victoria, the McArthur Basin in the Northern Territory and its production assets in the Surat Basin in Queensland provide it with both strategic development and exploration diversity. Maturing these assets will help support the demands of the East Coast Australian Gas markets and provide Armour access to short-term lucrative revenue streams. A number of parallel corporate initiatives have been and continue to be progressed with the aim of providing further funding and realising Shareholder value.

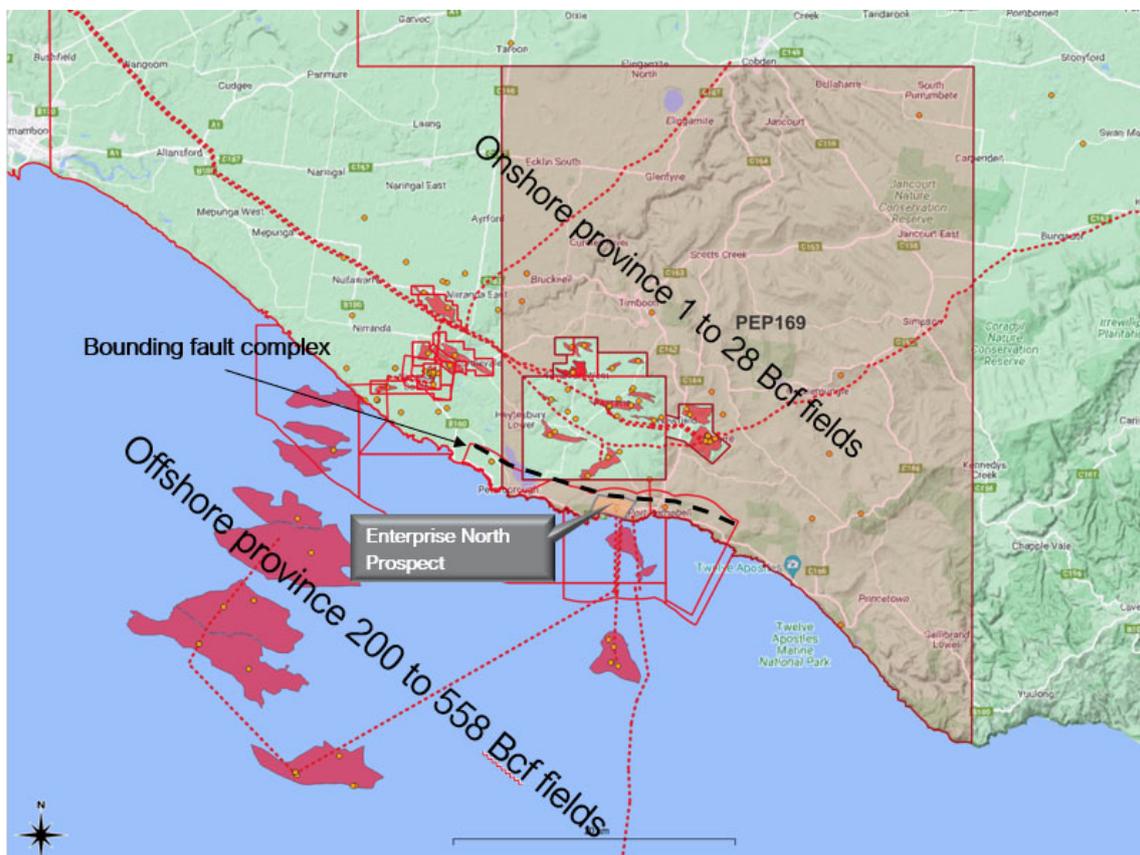
## EXPLORATION ACTIVITIES

### Surat Basin Exploration

Armour is continuing to advance exploration programs including the completion of a 400km seismic survey and the drilling of up to 6 wells to test highly rated prospects and leads (including Riverside, Myall Creek North East and Riverslea) within Armour's Surat basin production licenses. Armour is continuing to progress a number of alternate proposals from third parties to fund these activities.

### Otway Basin Exploration

The Enterprise North-1 drill planning is progressing on schedule. The Enterprise North prospect is in Victorian tenement PEP 169 (Armour 51% interest and operator) and is on trend with the Enterprise 1 discovery (Beach Energy) and Minerva gas field (Cooper Energy). New transition seismic interpretation has identified the Enterprise North prospect as an analogue of the Enterprise Gas field recently discovered by Beach Energy in the adjacent tenement to PEP169. The Enterprise 1 discovery well flowed on test at 61 million standard cubic feet per day and 2P gas reserves of 161PJ have been assessed (Beach Energy Ltd - ASX release 15 February 2021). The Enterprise North 1 prospect is well located relative to gas pipeline, processing and storage infrastructure with two nearby gas processing plants with current excess capacity providing a potential near-term processing option to expedite commercialisation of a discovery.



Enterprise North Prospect

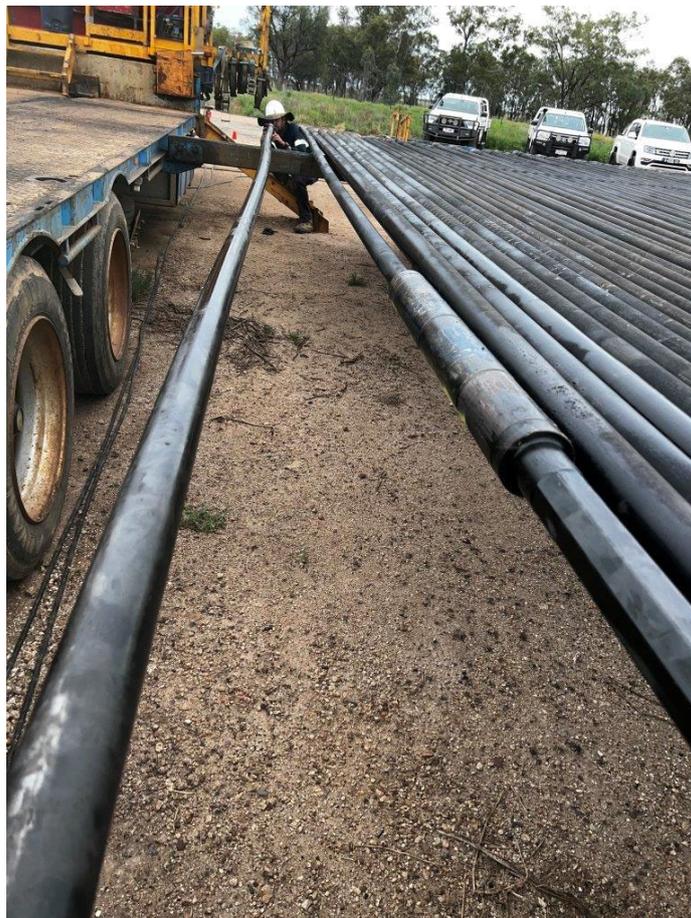
## Cooper Basin Exploration

During the Quarter, the Company continued to refine its charge modelling work for hydrocarbons in the Western Flank of the Cooper Basin. The charge modelling work identifies a likely extension of the Western Flank into the Company's licenses to the north (PEL 444) and southwest (PEL 112) of the known Western Flank. The Company continues to evaluate prospects in PEL 112 based on the charge modelling and 2D Seismic, and in PEL 444, based on the charge modelling and 3D Seismic.

## DEVELOPMENT ACTIVITIES

### Surat Basin Production Enhancement Programme

Armour's H2 2022 IWB program was designed to target a range of opportunities to restore production, arrest premature decline and access bypassed pay. The well workover and recompletion at Myall Creek 5a is progressing well. Despite complications retrieving the bottom hole packer assembly and some delays due to substantial unseasonal rainfall events, the workover and subsequent return to production is expected to be concluded in early November.



Myall Creek #5A Workover – October 2022

Other rig-less well interventions, including additional well perforations and the installation of a plunger lift system, have been successfully completed. The programme also includes a rod pumping unit install on an existing oil well and the installation of 6 automated intermitter units which is currently on track for November. Preparations for the connection of an existing stranded well are proceeding with first gas expected from this well in late November.

## Kincora Gas Processing Plant

Over the last quarter, plant uptime at Kincora continues to exceed 95%, despite flooding at some field locations. In late September, the Armour operation's team successfully executed the annual maintenance shutdown at Kincora Plant. All activities were safely completed on time, on budget with no incidents and the Kincora Plant returned to processing as planned.



The Kincora Processing Plant Team

## Other development activities

The Emissions Reduction study being undertaken and funded by PZE Limited will evaluate emission reduction options within Armour's Surat Basin acreage. PZE will carry out in-house decarbonization studies. A carbon sequestration and a post-combustion carbon capture plant designed to remove CO<sub>2</sub> emissions case study are the core of these activities.

## Warroon#1

Warroon #1 has consistently flowed around 530 MSCF/D and 12 BBLs/D of condensate for Q3 2022. The well has now been on production for 9 months since its January fracture stimulation. The production team are investigating ways to optimise production via both the completion design and reducing gathering constraints. Lessons learned from the successful campaign are now being applied to the design of future stimulation activities.

## Myall Creek#2 (Tinowon-C)

Following the January recompletion and perforation of the prospective Tinowon-C formation, Myall Creek #2 continues to flow gas to sales via the Myall Creek compressor station. Further analysis of the log data and reservoir modelling confirms the Tinowon-C as a suitable fracture stimulation target. At this stage, Armour is considering a single zone fracture stimulation programme in late Quarter 1/early Quarter 2 2023 pending equipment availability. Due to the challenges of technical execution, the secondary targets including the Black Alley, Bandana and Basal Rewan formations are not being considered for stimulation at this time but do remain potential targets for future campaigns.

## Future Stimulation Targets

This Quarter, the company continued to focus on “in well bore” opportunities to enhance production in the Myall Creek and Parknook fields. Identifying bypassed pay and low risk fracture stimulation opportunities within our existing well stock continues to be the primary focus of our reservoir and development teams. This quarter, the company has been engaging experts from across the globe investigating alternative frack completions technology, stimulation techniques and innovative diagnostic technologies to better understand the mechanics of our stimulations.

## Arresting Decline

During the quarter, the Company continued to focus on arresting production decline via enhancement of our existing production wells. Plunger lift is now active on 5 wells with a further 6 wells fitted with intermitter functions. A further 6 wells are scheduled for intermitter unit upgrades in our Q4 “IWB” works programme. The ongoing optimisation of these wells ensures the maximum achievable gas recovery by lifting liquids that would otherwise inhibit gas flow. It also provides more efficient liquids recovery including condensates that go to sales.

## KEY PERFORMANCE METRICS – PRODUCTION, SALES & REALISED GAS PRICE

Key performance metrics				Qtr. on Qtr.	FY23 YTD
	Q1 FY23	Q4 FY22	Q1 FY22	Change	
Total production (PJe)	0.4	0.5	0.5	(9%)	0.4
Total sales volume (PJe)	0.4	0.4	0.5	(12%)	0.4
Total sales revenue (\$ million)	3.1	4.7	4.5	(34%)	3.1
Average realised gas price (\$/GJ)	6.4	6.4	7.9	1%	6.4
Debt (\$ million)[1]	<b>26.6</b>	<b>30.2</b>	<b>36.9</b>	<b>(12%)</b>	<b>26.6</b>

## FINANCIAL PERFORMANCE

### Sales Revenue

This quarter’s total sales revenues decreased by 34% to \$3.1 million due to a combination of natural production decline; the delays associated with the Myall Creek 5a well workover and associated weather access delays; a 4-day planned shutdown as well as some short-term unplanned outages at the Kincora gas processing plant. This was partially offset by an increase in production from production optimisation activities and average realised pricing across the product mix.

\$ million				Qtr. on Qtr.	FY23 YTD
	Q1 FY23	Q4 FY22	Q1 FY22	Change	
Gas	1.9	2.2	2.9	(14%)	1.9
LPG	0.3	0.5	0.6	(38%)	0.3
Oil	0.3	0.3	0.1	(2%)	0.3
Condensate	0.7	1.7	0.8	(61%)	0.7
<b>Total Sales Revenue</b>	<b>3.1</b>	<b>4.7</b>	<b>4.4</b>	<b>(34%)</b>	<b>3.1</b>

## Sales Volume & Average Realised Prices

Sales volumes were lower than the prior quarter for Gas, LPG & Oil due to lower production.

Realised weighted average pricing across all products was \$7.9/GJe, an increase on the prior quarter due to product mix.

	Q1 FY23	Q4 FY22	Q1 FY22	Qtr. on Qtr. Change	FY23 YTD
<b>Volumes</b>					
Gas (TJ)	346.0	379.3	431.3	(9%)	346.0
LPG (Tonnes)	353.4	472.8	833.3	(25%)	353.4
Oil (Bbl)	1,692.7	1,244.4	1,456.8	36%	1,692.7
Condensate (Bbl)	4,716.3	7,582.0	7,892.2	(38%)	4,716.3
<b>Prices</b>					
Sales Gas (\$/GJ)	6.4	6.4	7.9	-	6.4
LPG (\$/tonne)	558.0	683.4	646.7	(18%)	558.0
Oil and Condensate (\$/Bbl)	141.0	159.2	100.0	(11%)	141.0
<b>All products Weighted Average (\$/GJe)</b>	<b>7.9</b>	<b>10.3</b>	<b>8.6</b>	<b>(23%)</b>	<b>7.9</b>

## Capital Expenditure

Capital expenditure of \$0.8 million includes the ongoing costs of work programs and compliance costs across various permits such as rents and royalties.

\$ million	Q1 FY23	Q4 FY22	Q1 FY22	Qtr. on Qtr. Change	FY23 YTD
Exploration and Appraisal	0.2	1.2	2.2	(85%)	0.2
Development, Plant and Equipment	0.6	0.3	1.0	82%	0.6

## Payments to Related Parties

There were no related party transactions for the purposes of 6.1 and 6.2 of the Appendix 5B for the quarter.

Payments made to related parties in previous periods relate to director fees, administrative overheads, charges for rent and IT expenses.

\$AUD millions	Q1 FY23	Q4 FY22	Q1 FY22	Qtr. on Qtr. Change	FY23 YTD
Director fees	-	-	-	-	-
Capital raise management fees	-	-	-	-	-
Admin overheads	-	-	-	-	-

## CORPORATE AND COMMERCIAL

### Funding agreement

Armour has entered into subscription agreements with DGR Global Ltd (\$4.0m), Bizzell Capital Partners Pty Ltd (\$0.3m) and BAM Opportunities Fund Pty Ltd (\$0.34m), raising \$4.64m. This funding has been provided by way of a placement of redeemable exchangeable notes issued by Armour's subsidiary, McArthur Oil and Gas Ltd (MOG), at an issue price per note of \$1.00 and otherwise on the terms and conditions set out in the Redeemable Exchangeable Note Trust Deed (including those terms as extracted in Annexure A) (MOG Notes). MOG and Armour intend to obtain all necessary approvals and consents to allow for the exchange of the MOG Notes being subscribed for by DGR Global, Bizzell Capital Partners, BAM Opportunities Fund and the existing MOG Notes already on issue (together with any accrued and unpaid interest) into Armour Convertible Notes on the terms and conditions summarised in Annexure B (Armour Convertible Notes). Approvals and consents expected to be required for the exchange of MOG Notes for Armour Convertible Notes will be sought from Armour shareholders and the holders of Armour's secured amortising notes (Secured Notes). This funding enables Armour to continue to optimize the value of its substantial asset base including pursuing several small production enhancement projects in the Surat area. Armour appreciates the continued confidence shown in the company's ability to realise significant value from its diverse portfolio of assets by DGR Global, Bizzell Capital Partners and BAM Opportunities Fund.

### Share Placement

The Company has placed 51.45m new shares at an issue price of \$0.0065 which represents a premium of 8.3% to the last traded price of \$.006 on 12 October 2022 and a 4% premium to the 5 day volume weighted average price. All New Shares issued pursuant to the placement will rank equally with the Company's existing shares on issue. Funds raised, together with existing funds will be used for general working capital requirements.

### Debt facilities

#### Secured Notes

The Company has made a \$2.475 million principal amortisation payment to the holders of the Company's Secured Amortising Notes (Secured Notes). The remaining face value of the Secured Notes outstanding following the principal and interest payment that was made on 29 September 2022 is now \$22,442,200 (original face value of the Secured Notes at the time of issue was \$55,000,000).

#### Tribeca Environmental Bonding Facility

A Standstill Deed has been entered into with respect to the Tribeca Natural Resources Fund environmental bonding facility allowing for repayment of the remaining principal and interest by Armour by the earlier of 15th November 2022 or 3 days after required approvals are received for the issue of Armour Convertible Notes. The company has recently made principal and interest payments on this facility of \$2.5m leaving an outstanding principal of approximately \$1.7m.

## OTHER CORPORATE UPDATES

Armour is also continuing to pursue a number of other corporate, commercial and work program initiatives with the aim of recapitalising the balance sheet and realising near term value from its portfolio of projects. A number of initiatives are being progressed including; preparation and planning for drilling Enterprise North-1 in the Otway Basin (Armour 51% and operator); a new gas sales agreement (GSA) to commence at the end of the present GSA in November '23; well optimisation and process improvement programme to lift production to 10TJ/Day by June '23; commercial opportunities for the Newstead Gas Storage Facility and the sale of non-core assets.

### Investor Relations

A copy of recent presentations can be found at:

<https://www.armourenergy.com.au/corporate-presentation>

**Authorised by the Board of Directors**  
**On behalf of the Board**  
**Geoff Walker**  
**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 <sup>1</sup>	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 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	McArthur NT Pty Ltd	100.00%
EP 174	Northern Territory	McArthur NT Pty Ltd	100.00%
EP 176	Northern Territory	McArthur NT Pty Ltd	100.00%
EP 190	Northern Territory	McArthur NT Pty Ltd	100.00%
EP 191	Northern Territory	McArthur NT Pty Ltd	100.00%
EP 192	Northern Territory	McArthur NT Pty Ltd	100.00%
PEP 169 <sup>2</sup>	Victoria	Armour Energy Ltd	51.00%
PEP 166 <sup>2</sup>	Victoria	Armour Energy Ltd	25.00%
PRL 2 <sup>2</sup>	Victoria	Armour Energy Ltd	15.00%
PEL 112	South Australia	Holloman Petroleum Pty Ltd	100.00%

TYPE	LOCATION	OWNER	INTEREST
<b>PEL 444</b>	South Australia	Holloman Petroleum Pty Ltd	100.00%
<b>PRL 50</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 51</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 52</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 53</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 54</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 55</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 56</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 57</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 58</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 59</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 60</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 61</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 62</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 63</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 64</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 65</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 66</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 67</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 68</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 69</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 70</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 71</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 72</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 74</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 75</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 124</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>PRL 248</b>	South Australia	Cordillo Energy Pty Ltd	100.00%
<b>Kanywataba Block</b>	Uganda	AE (Uganda) SMC Ltd	16.82%

Notes:

1. The Newstead Storage Facility sits mostly within PL 27 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 is licenced for 7.5PJ of gas.
2. Joint Venture with Lakes Oil NL
3. PL28, PL69, PL89, PL320W, PL321 and PL12W are subject to the PZE Limited divestment.

## Glossary

<b>AE (SB) P/L</b>	Armour Energy (Surat Basin) Pty Ltd
<b>AE (Uganda) SMC Ltd</b>	Armour Energy (Uganda) SMC Ltd
<b>ATP</b>	Authority to Prospect
<b>Bbl</b>	Barrels - the standard unit of measurement for all oil and condensate production. One barrel = 159 litres or 35 imperial gallons
<b>EL</b>	Exploration Licence
<b>EPP</b>	Exploration Permit - Petroleum
<b>FY</b>	Financial Year
<b>GJ</b>	Gigajoule = 10 <sup>9</sup> joules
<b>GJe</b>	Gigajoule equivalent
<b>LPG</b>	Liquid petroleum gas
<b>PCA</b>	Potential Commercial Area
<b>PEL</b>	Petroleum Exploration Licence
<b>PEP</b>	Petroleum Exploration Permit
<b>PJ</b>	Petajoule
<b>PJe</b>	Petajoule equivalent
<b>PL</b>	Petroleum Lease
<b>PPL</b>	Petroleum Pipeline Licence
<b>PRL</b>	Petroleum Retention Lease/Licence
<b>Q, Qtr</b>	Quarter
<b>TCF</b>	Trillions of standard cubic feet of gas
<b>TJ</b>	Terajoule
<b>TJ/day</b>	Terajoules per day
<b>YTD</b>	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-Sep-22

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (months) \$A'000
<b>1.0 Cash flows from operating activities</b>		
1.1 Receipts from customers	3,947	3,947
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(492)	(492)
(c) production (including COGS and Royalties)	(2,874)	(2,874)
(d) staff costs	(1,104)	(1,104)
(e) administration and corporate costs	(520)	(520)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(696)	(696)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,738)</b>	<b>(1,738)</b>
<b>2.0 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(615)	(615)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(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)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(615)</b>	<b>(615)</b>
<b>3.0 Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	1,077	1,077
3.2 Proceeds from issue of convertible debt securities	3,800	3,800
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(4,006)	(4,006)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) Proceeds from joint venture funding partners	-	-
<b>3.1 Net cash from / (used in) financing activities</b>	<b>871</b>	<b>871</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (months) \$A'000
<b>4.0 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,255	3,255
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,738)	(1,738)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(615)	(615)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	871	871
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,773</b>	<b>1,773</b>

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	1,773	3,255
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) - see below	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,773</b>	<b>3,255</b>

#### Other

The Company holds additional restricted and not immediately available cash which has not been included above. Armour holds an Interest Reserve Deposit Account with a balance of \$1.5m at 30 September 2022. This is a requirement under the amendments of the Senior Secured Amortising Notes. Following successful retirement of debt, these funds would be returned to Armour. Armour holds a further \$5.6m 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	-
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

7.0 Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,153	4,153
7.2 Credit standby arrangements	-	-
7.3 Other (Secured Amortising Notes & Redeemable Exchangeable Notes)	32,319	32,319
<b>7.4 Total financing facilities</b>	<b>36,472</b>	<b>36,472</b>

#### 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.

7.6 If 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). A Standstill Deed n agreement has been entered into to extend the loan maturity to allowing for repayment by 15 November 2022. At 30 September 2022, the Tribeca facility balance is \$4.2 million. Subsequent to the end of the Quarter, Armour made principal and interest payments on this facility of \$2.5m leaving an outstanding principal amount of approximately \$1.7m. Armour still holds \$5.6 million cash on deposit as security for this facility and the financial assurances provided in relation to Armour's environmental authorities.

#### Senior Secured Amortised Notes

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. A principal repayment of \$2.2 million was made in the September Quarter with the outstanding facility now at \$22.3 million. A further \$1.4m is held in trust in an Interest Reserve Account under the terms of the Notes.

#### Redeemable Exchangeable Notes

MOG and Armour intend to obtain all necessary approvals and consents to allow for the exchange of the MOG Notes being subscribed for by DGR Global Ltd and the existing MOG Notes already on issue (together with any accrued and unpaid interest) into Armour Convertible Notes.

8.0 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,738)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(615)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,353)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,773
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,773
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>(0.75)</b>

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:**

The cash generating ability of the Kincora Plant is a continual focus with efforts having been made and proposals remain under consideration to uplift production where possible. The recovery of Gas, LPG, Oil and Condensate prices are also expected to continue, with very favourable prices in comparison to the prices we have realised in recent times. Gas production in excess of 5TJ/day will enable the Company to derive the advantage of the high spot gas price.

The Company is continuing its cost reduction and cash preservation initiatives including payments in shares, minimisation of field expenditures and administration costs and overheads.

In addition, the group have progressed various agreements to assist with production uplift and reduce levels of capital expenditure through various strategies.

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:**

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. In addition, Armour continued its focus on the issuance of McArthur Redeemable Exchangeable Notes;
- b. The issuance of Armour Energy Convertible Notes is being progressed;
- c. Working with significant shareholder DGR Global Ltd;
- d. Seeking further opportunities to settle liabilities through an issuance of equity;
- e. Reducing its level of capital expenditure through asset disposals, farm outs and/or joint ventures;
- f. Disposing of non-core assets.
- g. Managing its working capital expenditure; and
- h. Issuance of new equity for cash.

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: **31-Oct-22**

Authorised by: **The Board of Directors**

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

### Notes

- 1.0 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.
- 2.0 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.