



ASX Announcement

Quarterly Activities Report

For the period ended 30 June 2023

Highlights:

- A portfolio of follow up prospects and leads is being matured for the highly prospective PEP169
- Myall Creek-5A gas flow rates continued to increase over the quarter
- New Royal 8 restarted and contributing to oil sales
- Quarterly sales revenue of \$3.6 million
- Average gas sales of \$24,545/day and \$10,058/day of oil and condensate

Armour continues to pursue a number of corporate and commercial initiatives with the aim of strengthening and capitalising on the balance sheet. Management are focussed on realising near term value from its portfolio of projects to deliver shareholder value.

EXPLORATION ACTIVITIES

Otway Basin Exploration

The Enterprise North-1 exploration well planning, approvals, Native Title considerations and stakeholder engagement is progressing with the drilling of the well currently scheduled for spud mid-CY2024. The timing of the drilling and the new inventory of opportunities being developed gives rise to the possibility of an aggregated drilling campaign which presents an opportunity to deliver cost efficiencies to a broader project.

Armour has made considerable progress in a detailed review of the hydrocarbon prospectivity across PEP169 in 2023, which to date has identified multiple undrilled structures with a combination of drill-ready prospect and lead status opportunities which are being interpreted on the Enterprise Transition Zone 3D seismic survey and other Port Campbell Embayment (PCE) 3D seismic data volumes – all Pre Stack Time Migration Volumes (PSTM). In undertaking the prospectivity review, Armour has embarked on new Pre Stack Depth Migration (PSDM) reprocessing and merge of all 3D data across the Permit. This data will be the first time a reprocessing workflow will be taken through to a multi-survey merged seismic Depth volume across the onshore Otway and will assist to better image follow up exploration targets and build the Permit Prospect and Lead Inventory for future drilling.

Several factors, including proximity and access to onshore processing infrastructure, shortfalls in gas processing capacity in existing facilities and continuing strong demand for domestic gas supply, are driving rapid commercialisation of gas in the Otway Basin making PEP169 some of the best placed acreage for E&P activities in Victoria.

Cooper Basin Exploration

Armour Energy has executed a contract for service with Pinemont Technologies Australia to acquire an Airborne AEM-PTP survey to assist in the imaging of hydrocarbon fluid migration pathways in the subsurface. The Airborne survey design, planning and regulatory approvals workflows are progressing and acquisition is scheduled for late CY2023. This technique will be calibrated to both dry structures and known field outcomes and will be used as a focusing tool. As well as being integrated with other data sets including both 2D and 3D seismic to assist in planning for future exploration activity across the broad acreage position.

"Seisnetics" AI processing has been completed on the Cordillo 3D seismic data volume which is located across multiple Armour Energy PRLs. The dataset has identified a large number of interesting geobodies across multiple surfaces with associated attributes. Ongoing geological and geophysical workflows are being undertaken with the view of high-grading subtle stacked and stratigraphic oil leads in the Triassic and Jurassic intervals.

Ongoing assessment of the resource potential of the greater deep Permian wet gas play resource is maturing with consideration of possible appraisal options for the Paning-1 well gas discovery including re-entry and fracking of the thick Toolachee Formation coal interval.

McArthur Basin Exploration – Northern Territory

Armour has recently undergone a reset of the McArthur Basin exploration strategy and has submitted its permit renewals for the next 5-year exploration term across its acreage and is awaiting approval from the NT Regulator.

Exploration efforts will focus on a 2-tier integrated strategy, initially evaluating the extent of the conventional gas play fairway whilst continuing to develop the unconventional shale potential of the Basin. Conventional gas has a clear path to commercialisation in the Basin, demonstrated by the Heads of Agreement executed in Feb 2023 between Armour Energy and Australian Natural Diamonds Ltd, a wholly owned subsidiary of Lucapa Diamond Company Ltd, to supply approximately 7PJ's of gas to the Merlin Diamond Project for the life of mine estimated at 14 years. The agreement reinforces the hydrocarbon potential of the McArthur Basin in the Northern Territory and Armour Energy's ability to provide gas to the domestic market, particularly in supporting local mining activities.

The initial work program aims to test the Glyde gas discovery and to acquire new 3D seismic data, both scheduled for the 2nd half of CY2024. The intent is to re-enter the Glyde well and undertake an extended well test to quantify the gas resources, pressures and flow rates ahead of further proposed appraisal drilling. New 3D seismic data is proposed to be acquired to allow for the planning of further appraisal wells over the Glyde discovery. Plans are progressing to undertake appropriate baseline studies to support the Environmental Management Plan and approvals process.

Kincora Operations & Community update

Kincora Terminal maintained an uptime of 99% over the quarter while managing the natural decline by maximising optimisation opportunities.

Armour facilitated "An evening with Owen Finegan" in Surat raising over \$16,000 for the Kids' Cancer Project. The local feedback was excellent with Armour strengthening ties in the community.

DEVELOPMENT ACTIVITIES

Surat Basin Production Enhancement Programme

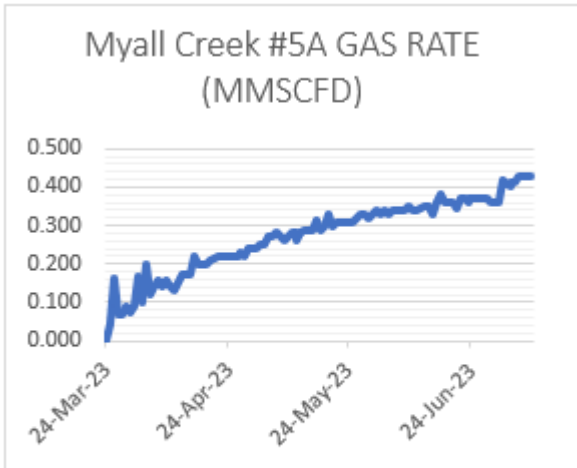
Well Optimisation

During the second quarter of CY2023, Armour continued to focus on optimising well performance and addressing pre-mature production decline. Multi-disciplinary well reviews were completed on numerous wells across the field to assess opportunities for small rig-less well interventions and top side improvements to incrementally improve and/or sustain production.

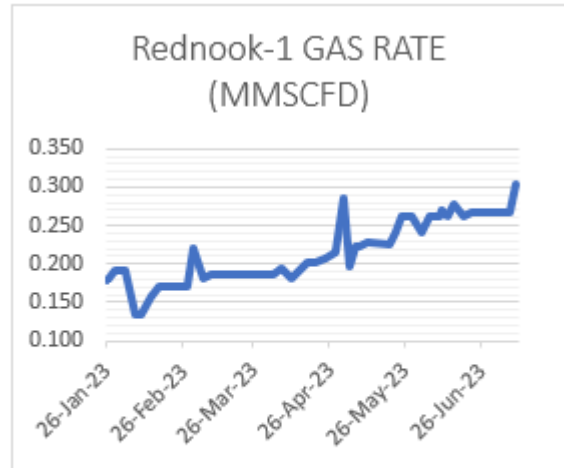
As previously communicated, SLB were engaged to assist with the development of a comprehensive network simulation model to evaluate opportunities for improvement within the ~350km pipeline gathering network feeding Kincora. This body of work is nearing completion with several operational improvements to be implemented in the second half of CY2023. One of the outputs of this work will include a static network model to determine de-bottlenecking opportunities and compression uplift scenarios. It will also include a dynamic model to better understand liquid hold up in the network and opportunities to reduce systems back pressure by optimising operating envelopes and modifying pigging regimes. For the wells, the output will be the dynamic modelling of free flow, intermittent and artificial lift scenarios. This model will be used to determine the optimal completion design for future workovers as well as optimising the operational parameters of existing intermitters and plunger lift systems. Armour expects to achieve an estimated 15-20% production uplift following the implementation of these initiatives. The installation of an additional 10 intermitter units and 2 plunger lift conversions are in progress and are due to be completed by the end of Q3 CY2023.

Myall Creek #5A & Rednook #01 Production Update

Myall Creek-5A gas flow rates continued to increase over the quarter. Production has now reached 430 MSCF/day with ~3 bbls/day of associated condensate and approximately 20 bbls/day of heavy completion fluids likely attributed to the 2019 post-stimulation workover. Total fluids recovered to date are estimated at 65% of the total stimulation and intervention fluids.



Myall Creek #5A Gas Production
(Mar to Jun 2023)

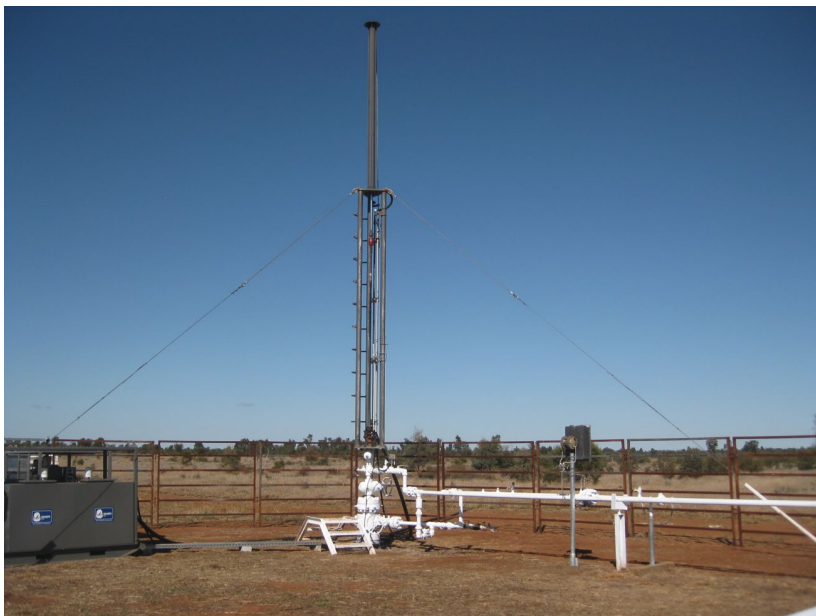


Rednook #01 Gas Production
(Jan to Jun 2023)

As previously communicated, Rednook-01 was successfully connected to gathering in mid-December 2022. Over the past 3 months, the well has continued to improve with production just under 300 MSCF/D. Further optimisation of this well is planned for Q3 of this calendar year.

Restart of New Royal 8 rod pump

New Royal 8 has been shut in and suspended since its downhole pump replacement back in early 2020. In the subsequent production test, the well produced meaningful volumes of crude oil coupled with a significant volume of entrained gas. In June this year, New Royal 8 was returned to production and is currently being optimised pumping both liquids and gas via the gathering network to the Kincora facility. The New Royal field has been largely offline since it was shut in back in 2012 due to production decline.



New Royal 8 Rod Pump facilities installed June 2023

Field Development

SLB has continued with the reprocessing of the Myall Creek 3D Seismic Survey. Progress to date has been encouraging with early analysis depicting additional staked layers of interest as well as potential Myall Creek field extensions. The final product is due in late August/September and will form the basis of Armour's FY24 development drilling program. After an extensive technical and operational review, Armour has suspended its near-term plans for fracture stimulation on existing wells. The company has instead prioritised the FY24 development drilling program as the least risk option for materially increasing production from its Surat Basin tenements.

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

Key performance metrics	Q4 FY23	Q3 FY23	Q4 FY22	Qtr. on Qtr. Change	FY 23	FY 22
Total production (PJe)	0.3	0.4	0.5	(25%)	1.5	2.1
Total sales volume (PJe)	0.5	0.4	0.4	25%	1.7	2.0
Total sales revenue (\$ million)	3.1	3.1	4.7	-	12.9	18
Average realised gas price (\$/GJ)	7.0	7.0	6.4	-	6.7	7.8
Debt (\$ million) ¹	17.2	17.2	30.2	-	17.2	30.2

¹ Secured Amortising Notes

FINANCIAL PERFORMANCE

Sales Revenue

Total sales revenues increased by 10% quarter on quarter due to increased gas and oil sales. Armour made a commercial decision to buy gas to meet its contractual obligations and reduce shortfall penalties. Last quarter included third party export routes being closed for Oil sales for two thirds of the quarter.

\$ million	Q4 FY23	Q3 FY23	Q4 FY22	Qtr. on Qtr. Change	FY 23	FY 22
Gas	2.1	1.9	2.2	11%	7.7	11.0
LPG	0.5	0.5	0.5	(0%)	1.9	2.5
Oil	0.2	0.1	0.3	100%	0.9	0.8
Condensate	0.6	0.6	1.7	0%	2.7	3.7
Total Sales Revenue	3.4	3.1	4.7	10%	13.2	18.0

Sales Volume & Average Realised Prices

Sales volumes were higher for the quarter as last quarter had unplanned plant shut down days and third-party export routes closed for oil sales. The purchase of gas when appropriate also provides an uplift to volumes on last quarter. The increased sales volumes have been offset with less favourable average pricing.

The realised weighted average pricing across all products was \$7.9/GJe for the quarter. Armour has purchased shortfall gas volumes when appropriate in order to meet contractual obligations as well as reduce the cash cost of shortfall penalties. This strategy has resulted in a \$0.1 million positive cash impact during the quarter.

	Q4 FY23	Q3 FY23	Q4 FY22	Qtr. on Qtr. Change	FY 23	FY 22
Volumes						
Gas (TJ)	370.9	340.0	379.3	9%	1,413.1	1,729.0
LPG (Tonnes)	797.2	533.4	472.8	49%	2,343.8	2,702.6
Oil (Bbl)	1,689.8	859.8	1,244.4	97%	6,373.4	5,585.5
Condensate (Bbl)	6,844.0	4,809.1	7,582.0	42%	21,373.3	29,238.4
Prices						
Sales Gas (\$/GJ)	6.96	6.96	6.40	-	6.70	7.43
LPG (\$/tonne)	683.9	925.6	663.0	(26%)	827.9	673.7
Oil and Condensate (\$/Bbl)	117.3	118.5	159.2	(1%)	120.1	125.6
All products Weighted Average (\$/GJe)	7.9	7.7	10.3	(6%)	7.9	8.7

Capital Expenditure

The exploration capital expenditure includes government compliance costs across various permits such as rents and environmental authority fees.

The development capital expenditure is predominantly spend for the production enhancement activities.

\$ million	Q4 FY23	Q3 FY23	Q4 FY22	Qtr. on Qtr. Change	FY23 YTD	FY22 YTD
Exploration and Appraisal	0.2	0.2	1.2	-	0.8	5.0
Development, Plant and Equipment	0.0	0.8	0.3	(100%)	3.6	2.9

Payments to Related Parties

There was \$0.3m of director fees included for the purposes of 6.1 of the Appendix 5B for the quarter. These fees were settled by subscription for shares in the entitlement offer.

Payments made to related parties relate to director fees, administrative overheads, charges for rent, IT expenses and invoices accrued for the underwriting fees from the most recent capital raise.

Below is a summary of fees accruing that are not necessarily paid in the reported quarters:

	Q4 FY23	Q3 FY23	Q4 FY22	Qtr. On Qtr. Change	FY23 YTD	FY22 YTD
Director fees	0.1	0.1	0.1	-	0.4	0.4
Admin overheads	0.1	0.1	0.1	-	0.4	0.4
Capital raise management & selling fees	1.1	-	-	(100%)	1.1	0.6

CORPORATE AND COMMERCIAL

Capital Raise and Non-Core Asset Sales Program

The Company announced the successful completion of the Retail Entitlement Offer, which closed Thursday 4 May 2023. There were applications for approximately 181 million shares under the Retail Offer, including applications for additional New Share under the top-up facility, raising approximately \$0.7 million.

Together with the institutional component of the Entitlement Offer, which raised approximately \$2.9 million, subscriptions from existing shareholders were approximately \$3.6 million in total representing a take-up rate by existing shareholders of approximately 39%. Further allotments with respect to entitlement offer shortfall share subscriptions of \$3.8 million have subsequently been made by the Company pursuant to the Entitlement Offer underwriting and sub-underwriting arrangements with the balance of the shortfall shares to be allotted in due course.

See ASX announcements dated 10 and 18 May 2023 for further details.

In parallel with its capital raising program, Armour is also undertaking an asset sale program with respect to certain non-core assets which will provide additional funds and provide an alternative manner for Armour's Noteholders to be repaid. Completion of this non-core asset sale program is targeted to occur by the end of November 2023 but in any event, should be able to be completed before the current Secured Amortising Note maturity date of 31 March 2024.

In addition, the Company is negotiating project level funding for a 5-well program in the Kincora Project, Surat Basin, which will be supported by the strength of the new gas sales agreements.

Launch of Investor Hub and Investor Q&A

Investor Hub is a new interactive hub for both existing and prospective shareholders. The new Investor Hub hosts the latest company announcements, reports, and presentations. It also provides an interactive online experience allowing the company's investor community to comment on and ask the Armour team questions regarding company news and information via the portal.

Secured Amortising Debt Facility

Armour made its quarterly interest payment on the Secured Amortising Notes in June utilising funds from the Interest Reserve account. Armour has sought, by way of a Special Resolution, Secured Noteholder consent to:

- Defer the 29 June 2023 \$2.75 million scheduled principal payment until approval by Noteholders of the Special Resolution which is expected by 14 August 2023
- Make the next \$2.75 million principal and interest payment due on 29 September 2023 as scheduled
- Repay the full outstanding balance of the Secured Amortising Notes by 30 November 2023.

The Company has also requested consents from Noteholders for a number of other matters including to waive current breaches of certain Financial Undertakings and to allow for the proposed issue of Armour Convertible Notes. Armour has sought and obtained similar consents and waivers from the Noteholders in the past.

Notice of Extraordinary Meeting

It was announced 30 June 2023 that an extraordinary general meeting of shareholders will be held at 10.00 am Wednesday, 2 August 2023 (Brisbane Time) at Hamilton Locke, Level 19, Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000. The Company is seeking shareholder approval at the EGM for a number of resolutions to enable it to undertake the next stage of its capital raising program.

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 petroleum reserves has been compiled from data provided by Armour's Reservoir Engineering Advisor, Mr John Mackintosh. Mr Mackintosh has over 25 years of diverse oil and gas industry experience and has significant reservoir engineering, production technology and operations experience in multiple basins worldwide with a variety of International Operators and Consulting firms. He has previously held roles in Santos (Australia/Houston), Halliburton Consulting (Russia), Wintershall (Norway) and Apache (Egypt). Mr Mackintosh has sufficient experience that is relevant to Armour Energy and Lakes Blue Energy for reserves and resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Mackintosh 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 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 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%
PEL 112	South Australia	Holloman Petroleum Pty Ltd	100.00%

TYPE	LOCATION	OWNER	INTEREST
PEL 444	South Australia	Holloman Petroleum Pty Ltd	100.00%
PEL 677	South Australia	Cordillo Energy 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%
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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 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 Blue Energy NL
3. PL28, PL69, PL89, PL320W, PL321 and PL12W are subject to the PZE Limited divestment

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-23

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	4,514	16,627
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(1,275)	(2,913)
(c) production (including COGS and Royalties)	(4,322)	(13,299)
(d) staff costs	(1,238)	(4,478)
(e) administration and corporate costs	(1,281)	(4,062)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	13
1.5 Interest and other costs of finance paid	(510)	(2,758)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,106)	(10,870)
2.0 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(42)	(1,162)
(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	510	824
(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	468	(338)
3.0 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	4,678	11,641
3.2 Proceeds from issue of convertible debt securities	(850)	8,412
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(86)	(294)
3.5 Proceeds from borrowings	-	2,000
3.6 Repayment of borrowings	(65)	(13,029)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) (Re-Frac funding Partners)	(101)	(123)
3.1 Net cash from / (used in) financing activities	3,576	8,607

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	1,095	3,255
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,106)	(10,870)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	468	(338)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,576	8,607
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,033	654

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	1,033	1,095
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)	1,033	1,095

Other

The Company holds additional restricted and not immediately available cash which has not been included above. During the Quarter, Armour holds an Interest Reserve Deposit Account with a balance of \$0.8m. This is a requirement under the amendments of the Senior Secured Amortising Notes. The quarterly interest payment of \$0.5m (the standard 8.75% pa interest charge together with the additional default interest of 3% pa) due on 29 June 2023 was paid from funds in the Interest Reserve Account held by Perpetual Corporate Trust Ltd on 29 June 2023 (see section 1.5 and 2.2(d)). Following successful retirement of debt, remaining funds would be returned to Armour. Armour holds a further \$5.6m cash held on deposit as security for bank guarantees held for the Financial Provisioning Scheme.

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	314
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	64	64
7.2 Credit standby arrangements	-	-
7.3 Other (Secured Amortising Notes & Unsecured Notes)	33,426	33,426
7.4 Total financing facilities	33,491	33,491

7.5 Unused financing facilities available at quarter end

-

7.6 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 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.

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. The June principal repayment of \$2.75 million has been delayed till 14 August with the outstanding facility remaining at \$17.22 million. A further \$0.8m is held in trust in an Interest Reserve Account under the terms of the Notes.

Loan Facility

Armour currently holds an unsecured facility with Elantis Premium Funding Limited entered into to facilitate the payment of various insurances | 3.49% per annum Fixed Interest Rate | matures September 2023.

Redeemable Exchangeable Notes

MOG and Armour intend to obtain all necessary approvals and consents to allow for the exchange of the MOG Notes remaining 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)	(4,106)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(42)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,148)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,033
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,033
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.2

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 to uplift production where possible such as the in well bore program. Armour is expecting to undertake phase 2 of its capital raise program to provide funds to further develop and drill as necessary to facilitate the uplift of production required to become self sufficient and clean up the balance sheet. Favourable LPG, Oil and condensate prices are also expected to continue. As announced 20 March 2023, Armour have signed a Gas Sales Agreement with Shell Australia commencing 1 December 2023, which will allow the Company to take advantage of higher gas prices than current contracted prices.

Armour are also progressing potential non-core asset sale opportunities across its diverse and extensive portfolio in conjunction with its capital raising programs.

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

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 through the issuance of equity or Armour Convertible Notes.
- b. Seeking further opportunities to settle liabilities through an issuance of equity;
- c. Reducing its level of capital expenditure through farm-outs and/or joint ventures;
- d. Managing its working capital expenditure;
- e. Applying for Government incentives; and
- f. 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 various other initiatives the Company are progressing, 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-Jul-23**

Author: **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.
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.
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.