



ASX Announcement

Quarterly Activities Report

For the period ended 30 September 2023

Highlights:

- A portfolio of follow up prospects and leads is being matured for the highly prospective PEP169
- Myall Creek #5A and Rednook #01 gas flow rates continued to increase over the quarter
- Quarterly sales revenue of \$3.3 million
- Average gas sales of \$21,190/day and \$10,501/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. A 13-month supply of gas by Armour to Shell will provide Armour with a material increased realised gas price and thereby an increase in the average gas sales per day from December 2023. The price for December 2023 is \$12/ GJ in line with the government price cap, with an uplift in price. A gas sales agreement executed with Shell Energy Australia is a testament to their confidence in our long-term potential and strategic direction.

EXPLORATION ACTIVITIES

Otway Basin Exploration

2D and 3D seismic reprocessing of the Enterprise Transition Zone 3D and other Port Campbell Embayment (PCE) 3D seismic data volumes continues and is expected to be completed in Q4 CY2023. This multi-survey merged seismic Depth 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. A number of leads and drill ready prospects have been identified on preliminary interpretation of this data set which brings forward the possibility of an aggregated drilling campaign to deliver cost efficiencies to a broader project. 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.

Cooper Basin Exploration

Plans continue to acquire an Airborne AEM-PTP survey scheduled in late CY2023 to assist in the imaging of hydrocarbon fluid migration pathways in the subsurface. The Airborne survey design, planning and regulatory approvals workflows are progressing along with the need for Associated Activity Licenses to acquire seamless data over adjacent known fields as key calibration for the data to be acquired across

the entire Armour acreage portfolio. This data will assist in planning for future exploration activity across the broad acreage position.

McArthur Basin Exploration – Northern Territory

Armour has submitted its permit renewals for the next 5-year exploration term across its acreage and is awaiting final approval from the NT Regulator, with is anticipated in Q4 CY2023.

Armour was present at NT Resources Week in September and as part of the South East Asia Australia Offshore Conference (SEAAOC) presented 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 7PJs of gas to the Merlin Diamond Project for the life of mine estimated at 14 years.

Planning as commenced for the next phase of operational activity with scoping of Environmental Management Plan preparation and associated baseline studies for an initial work program which aims to test the Glyde gas discovery and to acquire new 3D seismic data, both scheduled for the 2nd half of CY2024.

Surat Basin Exploration

Armour continued to review the ATP 2032 CSG prospectivity and potential drilling target.

DEVELOPMENT ACTIVITIES

Kincora Operations & Community update

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

Armour reached another milestone reaching over 1500 days without an environmental incident, a testament to the team in the field.

Armour is embedding itself into the community with some of our team joining the rural fire brigade.

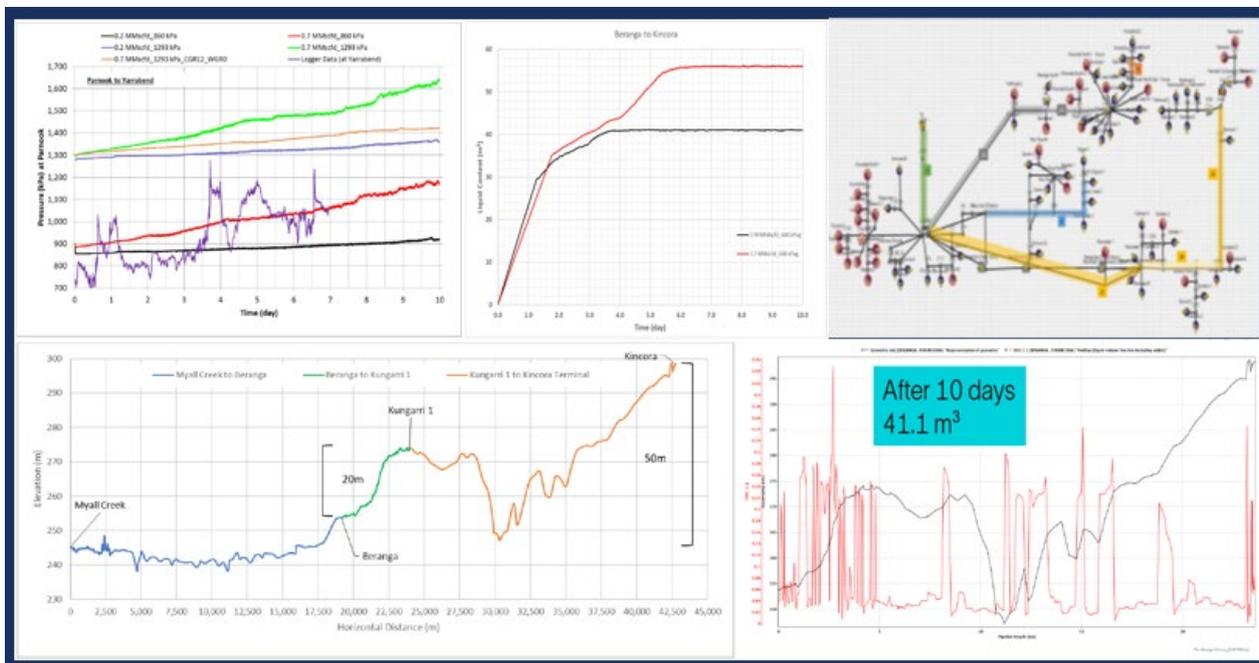
Surat Basin Production Enhancement Programme

During the first quarter of FY2024, the Armour team continued to target well and gathering system optimisation across its Kincora acreage. With a growing fleet of intermitters and plunger lift systems, continuous optimisation has a material impact on arresting decline and maintaining sustainable gas production. During the quarter, 2 new intermitter units were installed and an additional 7 wells were upgraded with new control units or improved well site hardware.

A number of deep dive multi-disciplinary well reviews were completed this quarter to assess further opportunities for production optimisation. Further top side improvements and small rig-less well interventions will be targeted as near-term opportunities to incrementally improve and/or sustain gas production. The output of this work is a seriatim of low-cost opportunities ready for execution, either discreetly, or in parallel with future work programs.

Earlier this year, SLB were engaged to assist with the development of a comprehensive network simulation model to evaluate opportunities for improvement within Armour's ~350km pipeline gathering network. This

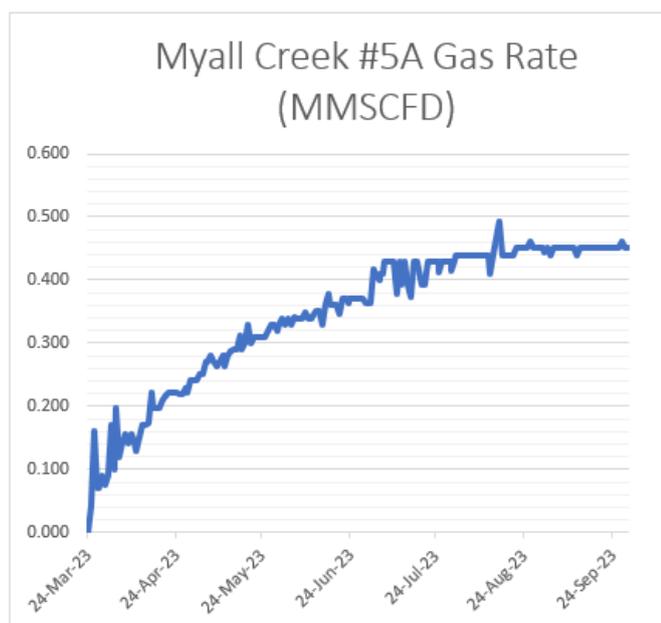
body of work identified a range of optimisation initiatives including pipeline de-bottlenecking, optimal pigging cycles, booster compression envelopes and future infield compression opportunities. The output of the parallel wells study involved developing a dynamic artificial lift and intermitter model that could be used to maximise the recovery of gas and liquids from late life cycle wells. Armour expects to achieve an estimated 15-20% production uplift following the full implementation of these initiatives. Plans are being developed to leverage the outputs of this significant piece of work throughout CY2024.



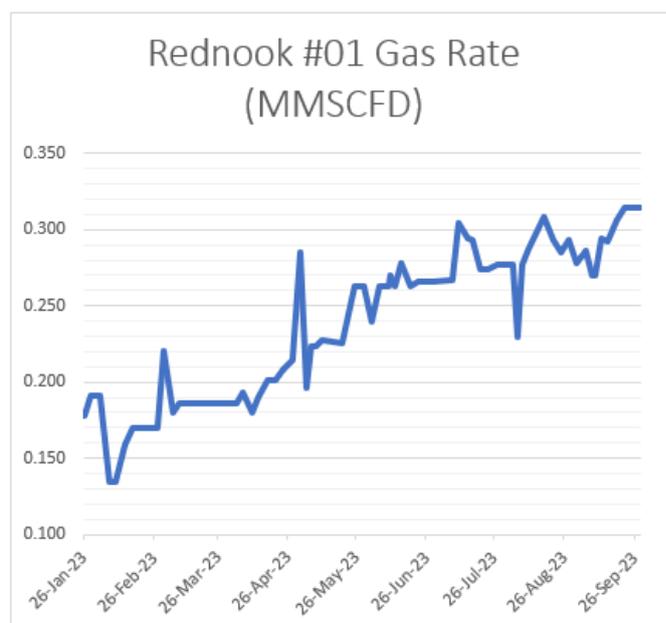
Examples of SLB dynamic gathering system modelling calculating liquid hold up

Myall Creek #5A & Rednook #01 Production Update

Myall Creek #5A gas flow rates continued to increase over the quarter. Production is levelling out at just over 450 MSCF/day with ~11 bbls/day condensate + 14 bbls/day water. Myall Creek #5A continues to recover completion fluids likely attributed to the 2019 post-stimulation workover with total fluids recovered to date estimated at 84% of the total stimulation and intervention fluids. Future plans for diagnostic logging of the respective reservoir contributions will inform further optimisation opportunities for this well.



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



Rednook #01 Gas Production (Mar to Sep 2023)

Rednook #01, successfully connected to gathering in mid-December 2022, also continued to improve over the quarter with production consistently over 300 MSCF/D. Further optimisation of this well is planned over the coming months.

Field Development

Early analysis of the SLB reprocessing of the Myall Creek 3D Seismic Survey revealed encouraging results depicting additional stacked layers of interest as well as potential Myall Creek field extensions. The final product is due Q4CY2023 and will form the basis of Armour's CY2024 development drilling program. As previously mentioned, after an extensive technical and operational review, Armour has postponed its near-term plans for fracture stimulation of existing wells. The company has instead prioritised the CY2024 development drilling program as the lower risk option for materially increasing production from its Surat Basin tenements. Longer term, the company acknowledges the intrinsic value and historical success of fracture stimulation in accessing tight gas reserves and continues technical work on a range of candidate wells.

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

Key performance metrics	Q1 FY24	Q4 FY23	Q1 FY23	Qtr. on Qtr. Change	FY24 YTD
Total production (PJe)	0.4	0.3	0.4	33%	0.4
Total sales volume (PJe)	0.4	0.5	0.4	(20%)	0.4
Total sales revenue (\$ million)	3.3	3.4	3.1	(3%)	3.3
Average realised gas price (\$/GJ)	7.0	7.0	6.4	-	7.0
Debt (\$ million) ¹	26.6	17.2	26.6	55%	26.6

¹ Secured Amortising Notes

FINANCIAL PERFORMANCE

Sales Revenue

Total sales revenues decreased by 3% quarter on quarter due to a commercial decision to stop the purchase of gas as it was not deemed advantageous. This decrease in sales was partially offset by an increase in production from production optimisation activities and average realised pricing across the product mix.

\$ million	Q1 FY24	Q4 FY23	Q1 FY23	Qtr. on Qtr. Change	FY24 YTD
Gas	1.9	2.1	1.9	(10%)	1.9
LPG	0.4	0.5	0.3	(20%)	0.4
Oil	0.2	0.2	0.3	(0%)	0.2
Condensate	0.8	0.6	0.7	33%	0.8
Total Sales Revenue	3.3	3.4	3.1	(3%)	3.3

Sales Volume & Average Realised Prices

Sales volumes decreased for Gas and LPG as there was vs last month as there was 1 day lost due to unplanned plant shutdown in July and 1 day due to planned maintenance at the end of September. The commercial decision to reduce the purchases of gas to meet contractual obligations also had an impact on this quarters decrease.

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.

	Q1 FY24	Q4 FY23	Q1 FY23	Qtr. on Qtr. Change	FY24 YTD
Volumes					
Gas (TJ)	358.3	370.9	346.0	(3%)	358.3
LPG (Tonnes)	718.8	797.2	353.4	(10%)	718.8
Oil (Bbl)	1,259.5	1,689.8	1,692.7	(25%)	1,259.5
Condensate (Bbl)	4,145.8	6,844.0	4,716.3	(39%)	4,145.8
Prices					
Sales Gas (\$/GJ)	7.00	6.96	6.45	1%	6.96
LPG (\$/tonne)	610.4	683.9	558.0	(11%)	610.4
Oil and Condensate (\$/Bbl)	141.0	117.3	141.0	20%	141.0
All products Weighted Average (\$/GJe)	7.9	7.9	7.9	-	7.9

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 spent for exploration activities.

\$ million	Q1 FY24	Q4 FY23	Q1 FY23	Qtr. on Qtr. Change	FY 24 YTD
Exploration and Appraisal	0.3	0.2	0.2	50%	0.3
Development, Plant and Equipment	0.1	0	0.6	N/A	0.1

Payments to Related Parties

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:

\$ million	Q1 FY24	Q4 FY23	Q1 FY23	Qtr. On Qtr. Change	FY24 YTD
Director fees	0.1	0.1	0	-	0.1
Admin overheads	0.1	0.1	0	-	0.1
Capital raise management & selling fees	1.3	1.1	0	18%	1.3

CORPORATE AND COMMERCIAL

Non-Binding Proposal to acquire Armour Energy

As announced on 19 October 2023, Armour has continued to engage with Shunkang regarding a proposed transaction and are continuing to negotiate key commercial aspects of a potential transaction and, whilst progress is being made, no agreement has yet been reached with Shunkang.

The potential change of control transaction that the parties are negotiating is currently intended to be by way of a Scheme of Arrangement, and is currently expected to include the following terms:

- Shunkang to acquire all the issued ordinary shares of Armour for cash consideration;
- Shunkang to either provide funding to Armour to redeem the outstanding Secured Amortising Notes or Shunkang to acquire some or all of the outstanding Secured Amortising Notes and agree to an extension to their maturity date; and

- the outstanding Armour convertible notes to either be acquired by Shunkang at face value or Shunkang to provide funding to Armour to enable the notes to be redeemed at face value or for Convertible Notes to be otherwise cancelled by the Company.

In addition, Armour is seeking that Shunkang will provide Armour with loan funding to fund Armour's working capital requirements through the scheme process.

Armour and Shunkang have progressed to a due diligence phase to assist in reaching agreement on key transaction terms and structure.

Armour anticipates that if agreement is reached on the commercial terms for a change of control transaction that exclusivity arrangements will be entered into with Shunkang for the balance of the due diligence period and that during this phase Armour will be subject to usual form "no shop", "no talk" and "no due diligence" exclusivity restrictions (with the latter 2 restrictions being subject to fiduciary carve outs).

Any control transaction with Shunkang is expected to be subject to a number of key conditions including:

- Shunkang obtaining all necessary regulatory approvals;
- Armour obtaining all requisite court and shareholder approvals;
- Shunkang being satisfied with the outcome of its due diligence investigations;
- Execution by the parties of definitive binding transaction documentation;
- The recommendation of the Armour Board to vote in favour of the scheme subject to there being no superior proposal;
- An independent expert's report supporting the transaction; and
- There being in relation to Armour no material adverse change, no prescribed occurrences and no material acquisitions or disposals or joint ventures in respect of Armour's assets.

Any proposed transaction will also likely be subject to other conditions that are typical for a Scheme of Arrangement.

Whilst the parties have agreed to proceed to a due diligence phase, it is important to note that no binding documentation has yet been entered into in respect of the transaction, and there can be no guarantee that any such documentation will be entered into. There can also be no guarantee that even if such documentation is entered into, that a successful transaction will ultimately be consummated. Accordingly, Armour shareholders are advised to take no action at this time.

Armour will continue to keep Shareholders informed about the Amended Proposal in accordance with its continuous disclosure obligations.

Secured Amortising Notes

Armour made its quarterly interest payment on 29 September 2023 on the Secured Amortising Notes but did not make the \$2.75M scheduled principal payment and as such an event of default is subsisting under the terms of issue of the Secured Amortising Notes. Over the last 2.5 years the Secured Amortising Note debt has been reduced from \$55M to approximately \$14.5M and is currently approximately \$10M ahead of the original principal amortisation schedule through capital raisings, cashflow from operations and asset sales.

Armour is proposing, subject to obtaining necessary Noteholder consent and approvals by way of Special Resolution of Noteholders, to:

- defer the 29 September 2023 \$2.75M scheduled principal payment until 30 November 2023;

- obtain from Noteholders a waiver of current breaches of certain Financial Undertakings and non-payment breaches pursuant to the terms of issue of the Notes; and
- Seek an extension from Noteholders to defer repayment of the remaining full outstanding balance of the Secured Amortising Notes until completion of the proposed change of control transaction currently being progressed with Shunkang as noted above.

The consents, approvals and waivers required to be obtained from the Secured Amortising Noteholders will be requested of Noteholders by way of a proposed Special Resolution of Noteholders and accompanying explanatory memorandum to be provided to Secured Amortising Noteholders shortly. Whilst Armour has been successful in obtaining similar consents, approvals and waivers from Secured Amortising Noteholder in the past, there is no guarantee that these will be provided again by Noteholders in the current circumstances.

Notice of Annual General Meeting

It was announced 23 October 2023 that the Annual General Meeting of Shareholders of Armour Energy Ltd will be held at Hopgood Ganim Lawyers, Level 7, 1 Eagle Street, Brisbane QLD 4000, on Friday 24 November 2023 at 10.00am (Brisbane time).

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
Geoffrey 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%
PRL 55	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 56	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 57	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 58	South Australia	Cordillo Energy Pty Ltd	100.00%
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PRL 70	South Australia	Cordillo Energy Pty Ltd	100.00%
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. 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-Sep-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	3,746	3,746
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(49)	(49)
(c) production (including COGS and Royalties)	(1,580)	(1,580)
(d) staff costs	(1,186)	(1,186)
(e) administration and corporate costs	(732)	(732)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	24
1.5 Interest and other costs of finance paid	(255)	(255)
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	(32)	(32)
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)	(16)	(16)
(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	1,082	1,082
(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	1,066	1,066
3.0 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	100	100
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	-	-
3.5 Proceeds from borrowings	2,750	2,750
3.6 Repayment of borrowings	(2,858)	(2,858)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) (Re-Frac funding Partners)	-	-
3.1 Net cash from / (used in) financing activities	(8)	(8)

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	335	335
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(32)	(32)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	1,066	1,066
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(8)	(8)
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,360	1,360

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	1,360	1,033
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)	1,360	1,033

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)	(32)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(16)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(48)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,360
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,360
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	28.1

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-Oct-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.
- 2.0 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.