

# ASX Announcement

## Quarterly Activities Report

For the period ended 30 September 2021

### Highlights:

- Completed Northern Territory Airborne Geophysical Survey
- Armour received Noteholder approval for amendments to the Secured Amortising Notes required to facilitate the McArthur Oil and Gas Ltd demerger and IPO
- Armour transferred the Northern Territory Exploration Permits into McArthur NT Pty Ltd
- The Ugandan Minister has approved an extension to the licence expiry date and the recommencement of the 2D Seismic Survey work
- An \$8.2 million capital raise was completed in September 2021
- Quarterly sales revenue of \$4.4 million despite annual maintenance shutdown of plant
- Average normalised gas production of 5.5 TJ/day and 114 bbls/day of oil and condensate

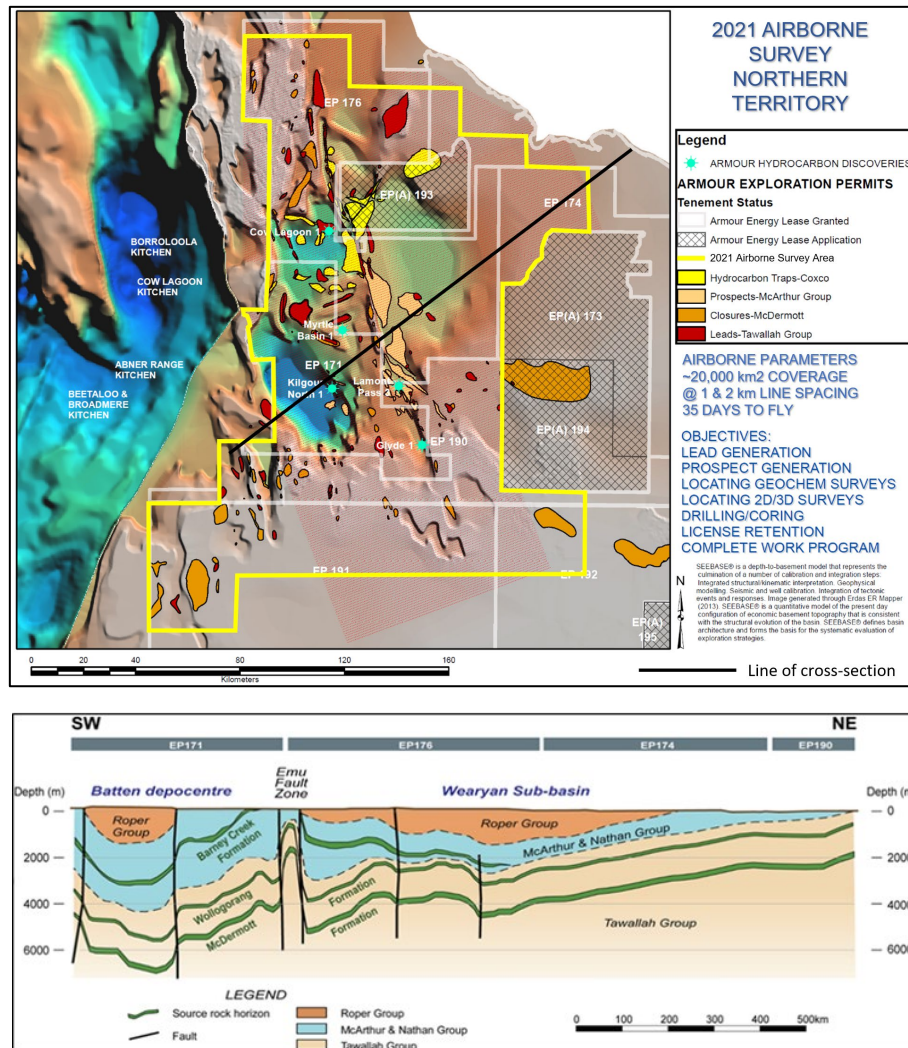
During the Quarter Armour continued its efforts in three key areas – the preparation for the proposed demerger and IPO of all of the Company's Northern Basin exploration holdings through McArthur Oil and Gas Limited (McArthur), advancement of a multi-year exploration programme portfolio with a deep portfolio of leads and drill-ready prospects in both the Cooper and Surat Basins and pursuing development of near-term fracture stimulation opportunities.

### PROPOSED MCARTHUR OIL & GAS DEMERGER AND IPO

The Northern Basin Business demerger and IPO is progressing with a pre-IPO raise by way of Redeemable Exchangeable Notes underway. The Redeemable Exchangeable Notes are unsecured and fully subordinated to the Secured Amortising Notes and Tribeca Facility. Subject to shareholder approval these notes will convert to McArthur shares upon IPO. This pre-IPO raise will allow McArthur to commence early planned works.

## Northern Territory Airborne Survey

During the Quarter, Armour completed the acquisition of airborne geophysical data over a substantial portion of six Northern Territory permits, EPs 171, 174, 176, 190, 191 and 192 (covering an area of approximately 20,000 km<sup>2</sup>). These permits cover the highly prospective Batten Fault Zone and several oil and gas play fairways, including the proven Coxco Dolomite Play (Glyde gas discovery), which encompass 193 conventional prospects and leads within McArthur and Tawallah Group reservoirs identified by previous exploration work.



2021 Northern Territory McArthur Basin Airborne Coverage Map and Cross-Section

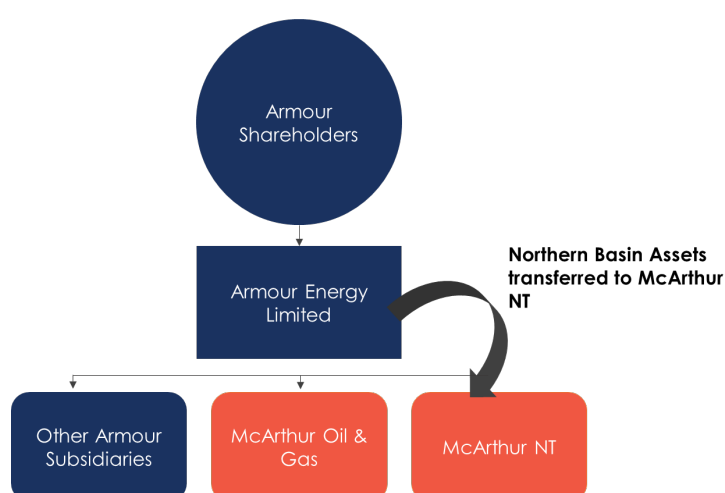
Armour undertook the airborne survey on behalf McArthur in advance of the proposed demerger and IPO of McArthur. The survey is aimed to assist McArthur with high grading identified prospects and leads and will help form the basis for planning future work programs once McArthur is listed. The airborne survey is the largest private enterprise survey of its type to be undertaken in the Northern Territory. The non-invasive survey was completed ahead of schedule, within budget and with very low environmental impact.

## Approval of Northern Territory Asset Transfer

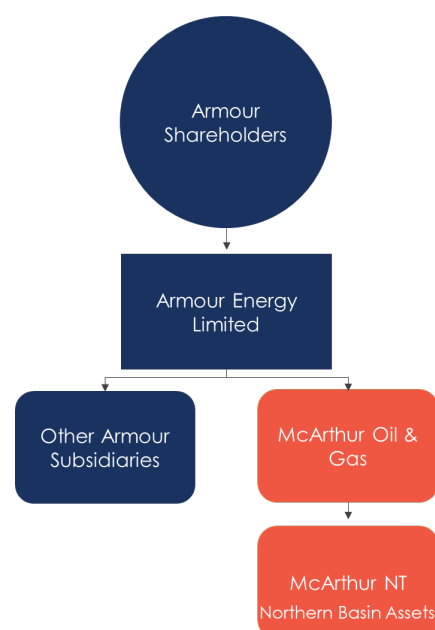
In preparation for the proposed demerger and separate ASX listing of the Northern Basin Assets, Armour has undergone a restructuring exercise to transfer the Northern Territory Exploration Permits (EP) into a newly established subsidiary, McArthur NT Pty Ltd (MNT), which was then interposed with Armour being the parent company of McArthur and its subsidiary MNT.

With the interposition now complete, the restructuring required to enable the proposed demerger and IPO of McArthur has been finalised.

### Restructuring to transfer Northern Basin Assets into McArthur NT

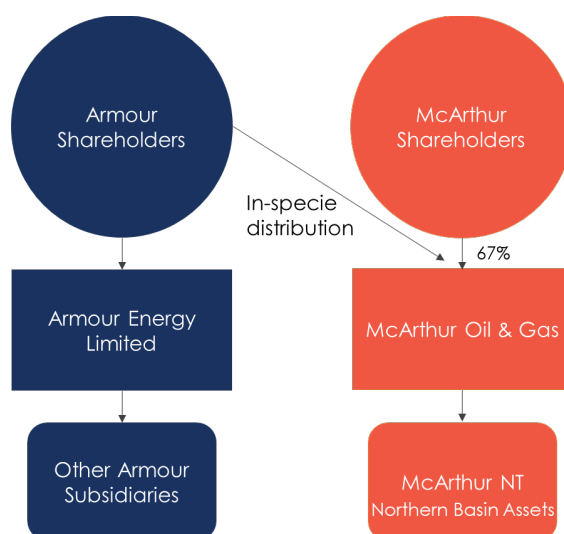


### Interposition of McArthur Oil & Gas



Following completion of the proposed demerger and IPO process, there will be an in-specie distribution of Armour's interests in McArthur to Armour shareholders.

### Demerger and ASX listing of McArthur Oil & Gas, in-specie distribution from Armour



The following granted permits have been transferred:

Granted Permits			
Permit	Jurisdiction	Area (km <sup>2</sup> )	Working Interest %
EP 171	Northern Territory	3,453	100%
EP 174	Northern Territory	4,320	100%
EP 176	Northern Territory	7,441	100%
EP 190	Northern Territory	12,760	100%
EP 191	Northern Territory	15,163	100%
EP 192	Northern Territory	9,455	100%
<b>Total</b>		<b>52,592</b>	<b>100%</b>
Permit Applications			
Application	Jurisdiction	Area (km <sup>2</sup> )	Working Interest %
EP(A) 173	Northern Territory	2,903	100%
EP(A) 178	Northern Territory	14,853	100%
EP(A) 179	Northern Territory	11,500	100%
EP(A) 193	Northern Territory	1,348	100%
EP(A) 194	Northern Territory	2,331	100%
EP(A) 195	Northern Territory	3,287	100%
EP(A) 196	Northern Territory	739	100%
<b>Total</b>		<b>36,961</b>	<b>100%</b>

## Board of Directors and management

The proposed Board and Management team of McArthur was announced in August 2021. The team brings a wealth of experience across the resources industry, particularly within the petroleum sector. The McArthur team has an established track record in the Northern Territory and McArthur Basin developing businesses, delivering exploration programmes and establishing a social license to operate with all Governmental, landholder and traditional owner stakeholders.

See the ASX announcement, which includes a proposed demerger briefing, on 9 August 2021 for biographies.

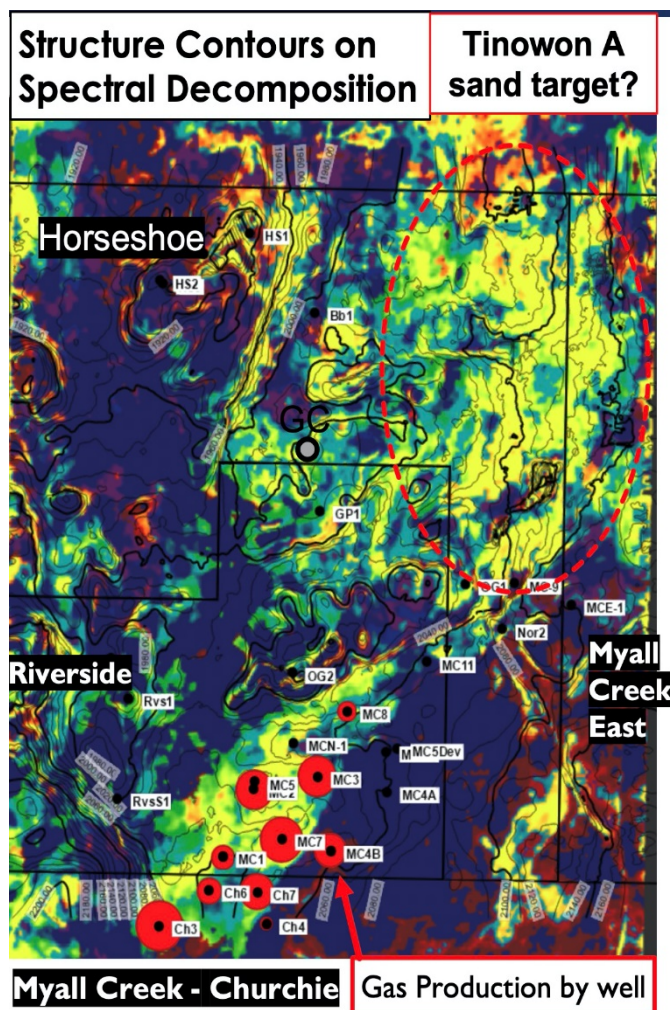


## EXPLORATION ACTIVITIES

### Cooper & Surat Basin Exploration

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

The focus of these exploration efforts have been areas with existing 3D seismic coverage including the Myall Creek Gas Field area in the Surat Basin, and PEL 444 on trend with the Western Flank Oil Fields of the Cooper-Eromanga Basins in South Australia.



*Structure Contours on Spectral Decomposition*

Geophysical attribute analysis of the Myall Creek 3D identified an anomaly in an undrilled area, following which the Company was sufficiently encouraged to proceed with testing feasibility of inversion, with objective to discern reservoir facies. This project is likely to continue to production processing and a final result in Q1 2022.

Geophysical mapping and attribute analysis of the Wingman 3D in PEL 444 identified structural features updip of an oil recovery, and channelised bodies with similar characteristics to the nearby Snatcher-Charo Oil Field. studies are planned to mature these bodies to prospects and attract farm-in partners.

Comprehensive remapping of legacy 2D seismic across the Surat PL's is well progressed to define priority areas over which 3D seismic acquisition is planned for 2022. 3D seismic acquisition is expected to generate multiple high confidence drill targets.

Armour has reviewed the CSG potential of ATP 2032, focused on the Paradise Creek area where Walloon coals occur at potentially economic depths, in low relief structuring.

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

## Uganda Project

Armour announced on 9 August 2021 that the Ugandan Minister has been advised that the 2D seismic survey work will recommence. As the time that the licence was under Force Majeure prevented the required 2D survey to be performed, the renewed term of EL 1/2017 will be extended well into calendar year 2022 or 2023.

As previously announced Teclab Limited have been engaged to conduct the 2D seismic survey of the Kanywataba exploration acreage. The survey is expected to take approximately three months to complete in advance of the wet season

## DEVELOPMENT ACTIVITIES

### Surat Basin Production Enhancement Programme

During the Quarter, the Company continued to high grade bypassed pay opportunities within existing well stock in the Myall Creek area. Efforts were focussed on developing near term fracture stimulation opportunities to improve the Company's cash flow. Myall Creek #5A, stimulated in November 2019, continues to deliver strong production after nearly 2 years suggesting the Myall Creek area still has much to offer. The Company continues to pursue innovative funding arrangements to support the infield development program. As previously announced, a funding agreement has been negotiated with a third party for the "re-stimulation" of Warroon #01 Basal Rewan. Execution is on track for the December quarter 2021.



*Warroon #01 well head & sand catcher*

The Company also continued to focus on infield optimisation this quarter. Low-cost automation systems have now been installed across a total of 9 wells successfully arresting pre-mature production decline, improving production reliability and increasing condensate production. Front end screening and engineering work continued on the next phase of intermitter installs and low-cost infield optimisation opportunities.

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

Key performance metrics	Qtr. on Qtr.				
	Q1 FY22	Q4 FY21	Q1 FY21	Change	FY22 YTD
Total production (PJe)	0.5	0.6	0.7	(17%)	0.5
Total sales volume (PJe)	0.5	0.5	0.7	-	0.5
Total sales revenue (\$ million)	4.5	4.4	4.3	2%	4.5
Average realised gas price (\$/GJ)	7.9	7.1	4.7	11%	7.9
Debt (\$ million)[1]	36.9	39.1	51.5	(6%)	36.9

## FINANCIAL PERFORMANCE

### Sales Revenue

Total sales revenue stayed in line with last quarter despite being online for only 78 days (84 days in Q4 FY 2021). This was due to favourable pricing.

\$ million	Qtr. on Qtr.				
	Q1 FY22	Q4 FY21	Q1 FY21	Change	FY22 YTD
Gas	2.9	3.0	3.3	(3%)	2.9
LPG	0.6	0.4	0.4	50%	0.6
Oil	0.1	0.2	0.2	(50%)	0.1
Condensate	0.8	0.8	0.5	-	0.8
<b>Total Sales Revenue</b>	<b>4.4</b>	<b>4.4</b>	<b>4.4</b>	<b>-</b>	<b>4.54</b>

### Sales Volume & Average Realised Prices

Quarterly sales volumes were lower than the prior quarter for all products except Condensate. This was due to the Annual shutdown but was offset by increased flow when the plant came back online.

Average realised weighted average pricing across all products was \$8.6/GJe, an increase of 15% on the prior quarter, due to recovering prices across all products.

	Q1 FY22	Q4 FY21	Q1 FY21	Qtr. on Qtr. Change	FY22 YTD
<b>Volumes</b>					
Gas (TJ)	431.3	483.5	563.9	(11%)	431.3
LPG (Tonnes)	833.3	906.0	896.9	(8%)	833.3
Oil (Bbl)	1,456.8	2,873.0	3,397.2	(49%)	1,456.8
Condensate (Bbl)	7,892.2	7,817.1	8,469.7	1%	7,892.2
<b>Prices</b>					
Sales Gas (\$/GJ)	7.9	7.1	4.7	11%	7.9
LPG (\$/tonne)	646.7	489.8	376.5	32%	646.7
Oil and Condensate (\$/Bbl)	100.0	89.4	45.1	12%	100.0
<b>All products Weighted Average (\$/GJe)</b>	<b>8.6</b>	<b>7.5</b>	<b>7.1</b>	<b>15%</b>	<b>8.6</b>

## Capital Expenditure

Capital expenditure of \$3.2 million reflects the Northern Basin Airborne Survey and consultancy, pipeline corrective work and production enhancement activities.

\$ million	Q1 FY22	Q4 FY21	Q1 FY21	Qtr. on Qtr. Change	FY22 YTD
Exploration and Appraisal	2.2	1.8	0.4	22%	2.2
Development, Plant and Equipment	1.0	1.3	2.1	(23%)	1.0

## Related Party Transactions

There were no related party transactions paid during the quarter ended 30 September 2021. Related party transactions relate to director fees, administrative overheads, charges for rent and IT expenses for the purposes of 6.1 and 6.2 of Appendix 5B.

\$AUD millions	Q1 FY22	Q4 FY21	Q1 FY21	Qtr. on Qtr. Change	FY22 YTD
Director fees	-	0.0	0.1	-	-
Admin overheads	-	0.2	0.1	(100%)	-



## CORPORATE AND COMMERCIAL

### Warroon-1 Funding Arrangement

Armour reached agreement with a private entity who will fund 100% of the capital cost of the re-stimulation of Warroon #1 Rewan sandstone in exchange for a share of the incremental production achieved. The private entity will fund 100% of the capital (estimated cost of \$700k) and receive 50% of the incremental revenue produced above the current well production profile less costs for a period of six years, while Armour will retain the remaining income. Fracture stimulation is expected in early November 2021.

### Capital Raise

As announced on 27 September 2021, Armour undertook a \$8.2 million placement with \$5.725 million settling on 29 September 2021 with the balance of placement funds including \$1.6 million conditional placement (subject to approval at the Annual General Meeting on 25 November 2021) due to settle shortly after the Company's AGM. For every three new shares issued under the placement and conditional placement, the holder receives one attaching option exercisable at \$0.05 and expiring 29 February 2024. These options are listed on the ASX with the ticker code AJQOA.

The funds raised together with existing funds will be used for the purposes of:

- Transaction costs associated with progressing the proposed Northern Basin Business demerger and IPO of McArthur Oil & Gas (McArthur);
- Costs associated with progressing the planning and approvals required to undertake the proposed 2022 work programs on the Northern Basin projects;
- Ongoing expenditures related to retention of exploration areas of interest, holding tenures in good standing and compliance across all Armour's areas of interest, including the Northern Basin;
- Kincora Gas Processing Plant production assurance and pipeline maintenance capital;
- Costs associated with securing a remediation outcome in relation to the 2020 work program;
- Payment of interest and scheduled principal amortisation payments in respect of the Company's Amortising Notes; and
- General working capital requirements, outstanding trade creditor payments and costs of the Offer.

The costs funded by the Company associated with (1) progressing the Northern Basin Business demerger and IPO of McArthur, and (2) progressing the planning and approvals required to undertake the proposed 2022 Northern Basin projects work programmes, will be reimbursed to the Company by McArthur upon completion of its IPO.

## Debt facilities

In July Armour received Noteholder consent for the following amendments to the Conditions of the Notes:

1. to permit the corporate restructure, demerger and IPO of McArthur in respect of the Northern Basin Assets transaction;
2. to permit Financial Indebtedness to be incurred of up to \$10,000,000 through the issue of either redeemable exchangeable notes or convertible notes which are unsecured and subordinate to the Notes (in either case, the exchange or conversion of such notes into McArthur shares will be conditional upon any necessary Armour shareholder approvals being obtained);
3. to permit the disposal of the Northern Basin Assets and McArthur and McArthur NT that arises pursuant to the demerger and IPO;
4. to permit Armour to complete the in-specie distribution to Armour shareholders;
5. to facilitate the staged release of security over the assets; and
6. in respect of the creation of two new Escrow Accounts to be held on trust by the Notes Trustee for the benefit of Noteholders.

The amendments are a further step towards the Company achieving the demerger and IPO of McArthur.

In addition to the above amendments Armour have agreed with Tribeca to extend their facility with Armour to 31 December 2021.

## OTHER CORPORATE UPDATES

### Investor Relations

A copy of recent presentations can be found at:

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

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

## Competent Persons Statement

### Forward Looking Statement

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

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

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

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

### Competent Persons Statement

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

## Appendix A

### Interests in Tenements this Quarter

TYPE	LOCATION	OWNER	INTEREST
PL 14	Queensland	AE (SB) P/L	100.00%
PL 53	Queensland	AE (SB) P/L	100.00%
PL 70	Queensland	AE (SB) P/L	100.00%
PL 511	Queensland	AE (SB) P/L	100.00%
PL 227	Queensland	AE (SB) P/L	100.00%
PPL 3	Queensland	AE (SB) P/L	100.00%
PPL 20	Queensland	AE (SB) P/L	100.00%
PPL 63	Queensland	AE (SB) P/L	100.00%
PL 28	Queensland	AE (SB) P/L	46.25%
PL 69	Queensland	AE (SB) P/L	46.25%
PL 89	Queensland	AE (SB) P/L	46.25%
PL 320	Queensland	AE (SB) P/L	46.25%
PL 321 Waldegrave	Queensland	AE (SB) P/L	46.25%
PL 12	Queensland	AE (SB) P/L	46.25%
PL 321 Snake Creek	Queensland	AE (SB) P/L	25.00%
PL 21	Queensland	AE (SB) P/L	100.00%
PL 22	Queensland	AE (SB) P/L	100.00%
PL 27	Queensland	AE (SB) P/L	100.00%
PL 71	Queensland	AE (SB) P/L	100.00%
PL 264	Queensland	AE (SB) P/L	100.00%
PL 30	Queensland	AE (SB) P/L	90.00%
PL 512	Queensland	AE (SB) P/L	84.00%
PPL 22	Queensland	AE (SB) P/L	84.00%
ATP 647 (PCA 246)	Queensland	AE (SB) P/L	100.00%
Newstead Gas storage <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 2028	Queensland	AE (SB) P/L	50.00%
ATP 2029	Queensland	AE (SB) P/L	100.00%
ATP 2030	Queensland	AE (SB) P/L	100.00%
ATP 2032	Queensland	AE (SB) P/L	100.00%
ATP 2034	Queensland	AE (SB) P/L	100.00%
ATP 2035	Queensland	AE (SB) P/L	100.00%
ATP 2041	Queensland	AE (SB) P/L	100.00%
EP 171	Northern Territory	Armour Energy Ltd	100.00%
EP 174	Northern Territory	Armour Energy Ltd	100.00%
EP 176	Northern Territory	Armour Energy Ltd	100.00%
EP 190	Northern Territory	Armour Energy Ltd	100.00%
EP 191	Northern Territory	Armour Energy Ltd	100.00%
EP 192	Northern Territory	Armour Energy Ltd	100.00%
PEP 169 <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%
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<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 PL27 and also straddles PL 14. It is a depleted underground natural gas reservoir that is currently utilised as a storage facility, i.e. it is used for injection and withdrawal of gas. The Newstead Storage Facility has a capacity of approximately 7.5PJ of gas
2. Joint Venture with Lakes Oil NL

## 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 = $10^9$ 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-21

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.0 Cash flows from operating activities</b>		
1.1 Receipts from customers	5,046	5,046
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(188)	(188)
(c) production (including COGS and Royalties)	(2,684)	(2,684)
(d) staff costs	(1,488)	(1,488)
(e) administration and corporate costs	(614)	(614)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(871)	(871)
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>(799)</b>	<b>(799)</b>
<b>2.0 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(211)	(211)
(d) exploration & evaluation (if capitalised)	(841)	(841)
(e) investments	127	127
(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>(925)</b>	<b>(925)</b>
<b>3.0 Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	6,315	6,315
3.2 Proceeds from issue of convertible debt securities	640	640
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(121)	(121)
3.5 Proceeds from borrowings	25	25
3.6 Repayment of borrowings	(2,200)	(2,200)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.1 Net cash from / (used in) financing activities</b>	<b>4,659</b>	<b>4,659</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	2,358	2,358
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(799)	(799)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(925)	(925)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	4,659	4,659
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>5,293</b>	<b>5,293</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	5,293	2,362
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>5,293</b>	<b>2,362</b>

#### Other

The Company holds additional restricted and not immediately available cash which has not been included above. Armour also holds an Interest Reserve Deposit Account with a balance of \$2.2m at 30 September 2021. This is a requirement under the terms of the amendments of the Senior Secured Amortising Notes. Following successful completion of the proposed demerger and IPO of McArthur, and retirement of debt, these funds would be returned to Armour. Armour holds a further \$5.6m 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	5,393	5,393
7.2 Credit standby arrangements	-	-
7.3 Other (Secured & Amortising Notes)	31,517	31,517
<b>7.4 Total financing facilities</b>	<b>36,910</b>	<b>36,910</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). The facility has been extended to mature on 31 December 2021. As announced in March 2021, the Queensland Department of Environment and Science reduced Armour's Financial Provisioning Scheme (FPS) requirement by \$1.1 million, which was repaid to Tribeca along with an additional repayment. This reduced the Tribeca facility to \$5.4 million. Armour holds \$5.6m cash on deposit as security for this facility.

#### Senior Secured Amortised Notes

29 March 2019 | \$55 million (Secured and Amortising Notes) | 8.75% per annum Fixed Interest payable (quarterly in arrears). Maturing on 29 March 2024. Principal repayments of \$2.2 million was made in the September Quarter, bringing the outstanding facility to \$31.5 million. A further \$2.2m is being held on trust in an Interest Reserve Account under the current terms of the Notes.

8.0 Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(799)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(841)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,640)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,293
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	5,293
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>3.2</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:

Answer:

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:

### 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: **28-Oct-21**

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.
- 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.