



ASX Announcement

Quarterly Activities Report

For the period ended 31 March 2023

Highlights:

- Myall Creek-5A coil tubing intervention successful in clearing tubing obstructions
- Planning underway for 2 – 3 Surat Basin fracture stimulations before 31 December 2023
- Master sales agreement signed with Shell Energy Australia Pty Ltd
- Heads of agreement signed with Australian Natural Diamonds Ltd
- Quarterly sales revenue of \$3.1 million
- Average normalised gas production of 4.4 TJ/day and 78.9 bbls/day of oil and condensate

The strong domestic portfolio held by the Company provide Armour with both strategic development and exploration diversity. Along with a number of parallel corporate initiatives that have progressed, the maturation of these assets will help support the demands of the East Coast Australian Gas markets and provide Armour access to short-term lucrative revenue streams and deliver shareholder value.

EXPLORATION ACTIVITIES

Surat Basin Exploration

SLB is continuing the reprocessing of the Myall Creek 3D Seismic Survey. The reprocessing is on track with the results expected in July 2023, allowing the interpretation and geological modelling to begin in the second half of the 2023 calendar year. This work will provide Armour with the data to identify potential new well targets.

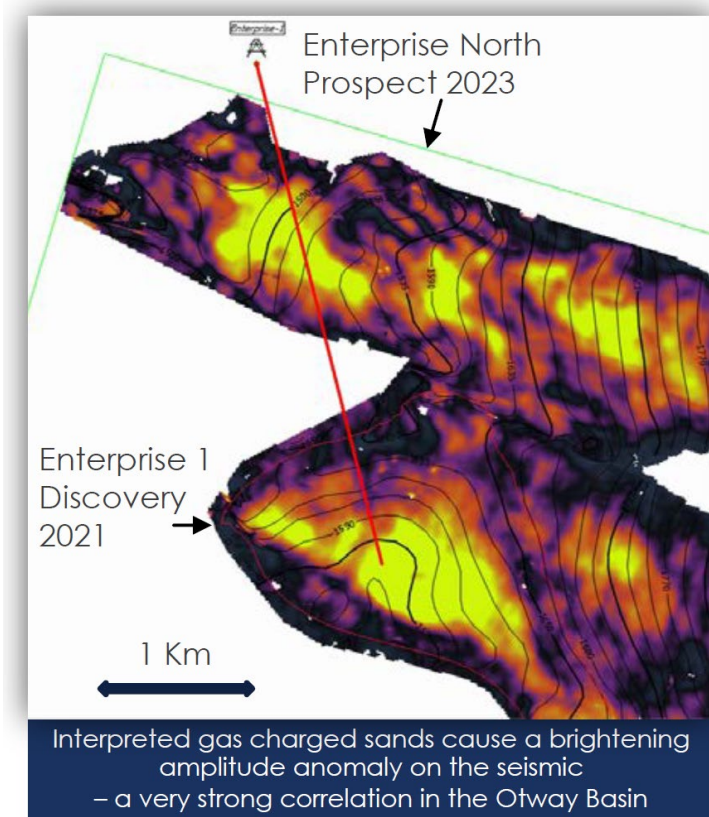
Otway Basin Exploration

The Enterprise North-1 exploration well planning, approvals and stakeholder engagement is progressing in line with expectations with the drilling of the well currently scheduled for spud over the 2023/2024 summer. The timing positions the program in the optimal weather window for well pad construction and drilling in the Otway Basin.

Enterprise North-1 is a conventional exploration prospect targeting 10s to 100s BCF of recoverable gas and associated condensate potential. The Waarre Formation, the primary target, is a world-class quartz-rich clastic reservoir with proven multi-Darcy deliverability. The prospect is near the Enterprise-1 discovery made in 2020 (<1km) which was the last gas discovery in the Basin drilled from an onshore location. Enterprise-1 flowed at a maximum stabilised rate of 63 MMscfd (BPT ASX, January 2021).

As with Origin Energy's 2014 Speculant gas discovery (online in less than 2 years), Beach Energy is demonstrating similarly quick turnaround for the Enterprise gas development activity expected to be brought online shortly with pipeline construction and tie-in activity currently under way and first gas expected mid- FY24 (BPT ASX, April 2023).

A number of factors including the proximity and access to operational onshore infrastructure, shortfalls in gas processing capacity in existing facilities and continuing strong demand for reliable domestic gas supply are driving rapid commercialisation of gas in the Otway Basin, making PEP169 some of the best placed acreage for exploration and production activities in the state of Victoria.



A portfolio of follow up prospects and leads is being matured that will result in quick turnaround for followup exploration drilling in the highly prospective PEP169. The permit boasts historical production from multiple fields, active gas storage facilities and all gas processing facilities from existing Otway Basin offshore gas fields.

Cooper Basin Exploration

Armour Energy has progressed its South Australian exploration strategy in the Cooper-Eromanga Basin with the view of de-risking the presence of hydrocarbon charge across the acreage to high-grade priority areas. In January 2023 Armour Energy 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. This technique calibrated to both dry structures and known field outcomes will be used as a focusing tool and will be integrated with other data sets including both 2D and 3D seismic to assist in planning for future exploration activity across the broad acreage position.

The Airborne survey design, planning and regulatory approvals workflows are progressing and acquisition is scheduled for June 2023.



(Acquisition of airborne AEM-PTP - Image accessed Apr '23 <https://www.totaldepth.com.au>)

"Seisnetcs" AI processing is being undertaken on the Cordillo 3D seismic data volume which is located across multiple Armour Energy PRLs. The intent is to assess multiple surfaces and associated attributes to assist in identifying subtle stacked and stratigraphic oil traps in the Triassic and Jurassic intervals.

Armour Energy has commenced a review of the resource potential of the greater deep Permian wet gas play resource and possible appraisal options for the Paning-1 well gas discovery across the existing PELs and PRLs. Well review and published regional studies indicate some of the thickest and highest net to gross coal intervals in the Cooper basin are located in the Arrabury Trough, located at the north-eastern end of the Patchawarra Trough, which makes this play a notable and potentially significant addition to the Armour Energy P&L Inventory.

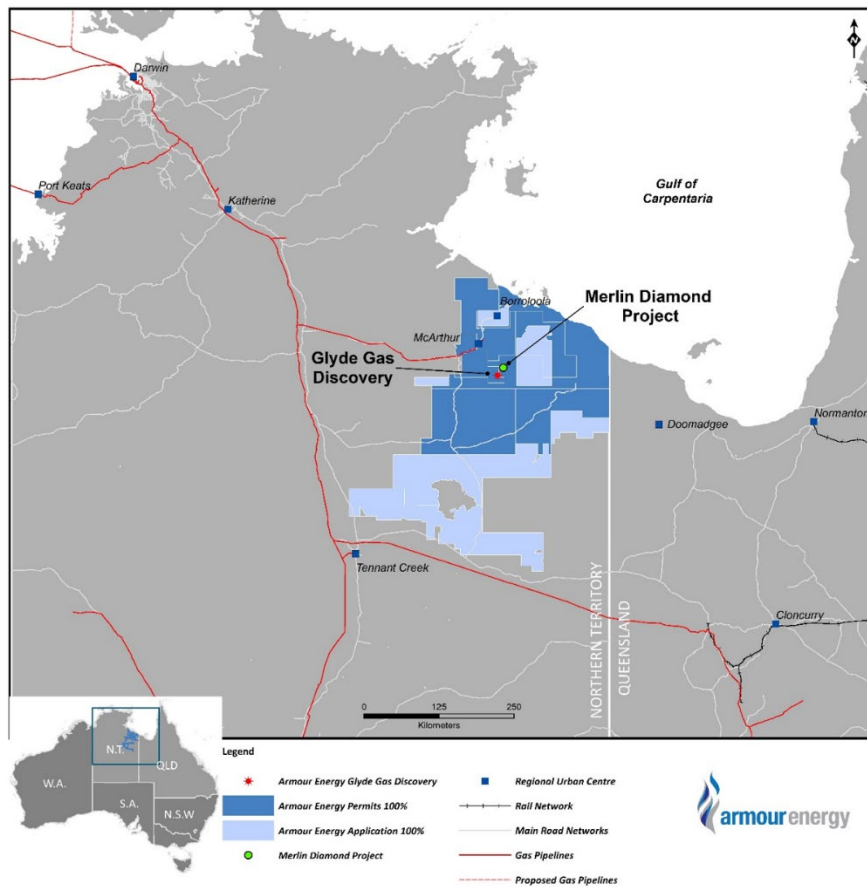
McArthur Basin Exploration – Northern Territory

Armour has recently undergone a reset of the McArthur Basin exploration strategy. The McArthur Basin boasts a unique position in the Northern Territory where both proven conventional gas and pervasive unconventional shale gas potential are both present. Armour Energy has resources booked in both play types.

Armour Energy is currently embarking on a 2-tier integrated exploration strategy initially targeting the appraisal of the Glyde gas discovery and evaluating the extents of the conventional gas play fairway and in parallel continuing to develop the unconventional shale potential of the Basin. Conventional gas has a clear path to commercialisation in the Basin.

Supporting this concept, a recent technical review of the 2012 Glyde-1ST1 DST results undertaken by SLB using PIPESIM analysis validated the original flow rate estimate of up to 3.3 MMCFD for only a portion of the productive interval drilled. Noting that considerably higher rates were also predicted if the entire productive section were accessed.

A Heads Of Agreement was executed in February 2023 between Armour Energy and Australian Natural Diamonds Ltd, a wholly owned subsidiary of Lucapa Diamond Company Ltd, to supply approximately 7 PJ of gas to the Merlin Diamond Project for the life of mine estimated at 14 years.



Location map of Armour Glyde gas discovery and the Merlin Diamond Project.

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 mining activity locally in the region. Successful execution of an appraisal and development plan would represent the first production from the Basin which lies within 13 km of the Merlin Diamond Project mine site.

Consequently, Armour is moving ahead with plans to re-enter the Glyde-1ST1 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 acquisition is currently being planned to appraise the Glyde discovery and new 2D seismic acquisition planned to delineate to the conventional gas fairway and identify follow exploration prospects for future drilling. Approvals preparation has commenced for each these operational activities.

Kincora Operations & Community update

The quarter ending 31 March 2023 remained challenging for Armour, with a combination of field access and an unplanned 4-day shutdown, impacting the operation. The team rectified the issue, executed the restart safely with the quarters productivity still exceeding 95%. In February, Armour sponsored the Surat Bowls Club's Pink & Blue charity day raising \$1 400. The team spent time talking to locals and putting faces to the name in the community.



DEVELOPMENT ACTIVITIES

Surat Basin Production Enhancement Programme

The in-well-bore (IWB) programme completed in December 2022 was designed to target a range of opportunities leveraging Armour's existing well stock. This included initiatives to restore lost production, arrest premature decline and access bypassed & stranded gas.

Myall Creek #5A Workover / Re-completion

Historically representing almost 20% of Kincora's production, Myall Creek-5A had been off-line due to a tubing blockage since February 2022. As previously communicated, access had successfully been restored to the Black Alley formation following workover and re-completion in November 2022. The recompletion also provided access to the previously un-produced Rewan formation. Modest production was restored to sales throughout November/December 2022, however, well production remained heavily suppressed by completion kill fluids and the Tinowon-A sand remained isolated below the blockage.

In early January 2023, a coiled tubing unit was mobilised to reinstate access to the Tinowon-A formation. The tubing obstruction was successfully milled out and communication re-established. Subsequent de-watering of the well has revealed the presence of heavier than expected kill fluids possibly used in the 2019 post-frac workover. There is also evidence of frac fluids from the original 2019 stimulation.

Given the large amount of kill fluids used in recent interventions as well as the possibility of previously unrecovered frac fluids, it is expected this well may take some time to recover. Fortunately, the un-produced Rewan formation is providing the energy to routinely unload liquids to line. To date, the well is showing encouraging signs and is expected to continue to improve as the Black Alley and Tinowon-A zones unload kill fluid and begin to contribute gas.



Myall Creek #5A coil tubing intervention Jan 2023

Well Optimisation

As previously communicated, Rednook-01 was successfully connected to gathering in mid-December 2022. Over the past 3 months, the well has continued to flow inline stabilising at 190 MSCF/D. A slickline intervention is planned for later in the year to optimise gas production from this well. Planning is also underway to convert 2 existing intermitter wells to plunger lift over the coming months.

All six automated intermitter units installed by December 2022 have both improved liquids recovery and arrested pre-mature production decline. Off the back of this success, the company is planning to install more intermitter units on the next tranche of suitable wells throughout the next two quarters.

More broadly, Armour has recently engaged SLB (formerly Schlumberger) to assist with both wells and gathering system optimisation. The output of this work will include dynamic systems models that will facilitate efficiencies in well design, well operations, well operating envelopes as well as compression optimisation and overall gathering system efficiencies.

Infield Stimulation Targets

Work has commenced this quarter on preliminary completions and fracture stimulation designs for execution in the 6 months ending 31 December 2023. Long lead items have been identified, schedules are being developed, and service contractors are being engaged. The company is targeting 2 – 3 simulations.

KEY PERFORMANCE METRICS – PRODUCTION, SALES & REALISED GAS PRICE

Key performance metrics	Q3 FY23	Q2 FY23	Q3 FY22	Qtr. on Qtr. Change	FY23 YTD
Total production (PJe)	0.4	0.4	0.5	12%	1.2
Total sales volume (PJe)	0.4	0.4	0.5	(7%)	1.2
Total sales revenue (\$ million)	3.1	3.4	4.1	(11%)	9.6
Average realised gas price (\$/GJ)	7.0	6.4	6.5	8%	19.9
Debt (\$ million) ¹	17.2	20.0	32.5	(14%)	17.2

¹ Secured Amortising Notes

FINANCIAL PERFORMANCE

Sales Revenue

Total sales revenues decreased slightly by 11% to \$3.1 million compared to last quarter. Sales were lower than expected this quarter due to five unplanned plant shut down days and third party export routes being closed for Oil sales in January and February. Lower sales volumes were slightly offset by favourable liquid pricing.

\$ million	Q3 FY23	Q2 FY23	Q3 FY22	Qtr. on Qtr. Change	FY23 YTD
Gas	1.9	1.8	2.8	7%	5.5
LPG	0.5	0.6	0.7	(12%)	1.4
Oil	0.1	0.3	0.1	(69%)	0.7
Condensate	0.6	0.8	0.5	(25%)	2.0
Total Sales Revenue	3.1	3.5	4.1	(10%)	9.6

Sales Volume & Average Realised Prices

Sales volumes decreased due to natural decline, the unplanned plant shut down days and third-party export routes being closed for oil sales during the quarter.

Realised weighted average pricing across all products was \$7.7/GJe for the quarter. Armour's contracted gas sales price increased at 1 January 2023 for the remainder of the contract finishing 30 November 2023.

	Q3 FY23	Q2 FY23	Q3 FY22	Qtr. On Qtr. Change	FY23 YTD
Volumes					
Gas (TJ)	340.0	356.1	433.1	(5%)	1,042.2
LPG (Tonnes)	533.4	659.9	685.4	(19%)	1,546.6
Oil (Bbl)	859.8	2,131.1	1,287.2	(60%)	4,683.5
Condensate (Bbl)	4,809.1	5,003.9	7,858.3	(4%)	14,529.3
Prices					
Sales Gas (\$/GJ)	6.9	6.4	6.5	8%	6.6
LPG (\$/tonne)*	925.6	848.4	977.7	9%	875.9
Oil and Condensate (\$/Bbl)	118.5	103.4	134.0	15%	121.0
All products Weighted Average (\$/GJe)	7.7	8.0	7.9	(4%)	7.9

*Updated to be the weighted average price reflecting customer mix

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				Qtr. on Qtr.	FY23 YTD
	Q3 FY23	Q2 FY23	Q3 FY22	Change	
Exploration and Appraisal	0.2	0.2	0.7	3%	0.6
Development, Plant and Equipment	0.8	2.2	1.4	(64%)	3.6

Payments to Related Parties

There was \$0.1m of director fees included for the purposes of 6.1 of the Appendix 5B for the quarter. These fees were settled as part of the ongoing capital raise program.

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

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

\$AUD millions				Qtr. On Qtr.	FY23 YTD
	Q3 FY23	Q2 FY23	Q3 FY22	Change	
Director fees	0.1	0.1	0.1	-	0.3
Admin overheads	0.1	0.1	0.1	-	0.3

CORPORATE AND COMMERCIAL

Capital Raise Program

In March 2023, the Company launched a fully underwritten \$32 million capital raising program. This program consists of (before costs):

- an institutional placement to raise approximately \$2.7 million fully underwritten by Wilsons Corporate Finance Limited;
- a 1 for 1 accelerated non-renounceable pro-rata entitlement offer to raise approximately \$9.3 million fully underwritten by Wilsons Corporate Finance Limited; and
- the issue of new convertible notes (Armour Notes) to raise approximately \$20.0 million (Armour Notes Issue) subject to shareholder approval and to the consent of holders of Armour's existing Secured Amortising Notes. These notes are fully underwritten by Bizzell Capital Partners Pty Ltd.

Armour is raising capital to undertake a recapitalisation that will allow for a reduction and restructuring of debt and to enable more funds to be directed into an integrated production optimisation initiative and the approvals and planning phase for the drilling of the Enterprise North well in the Otway Basin. With additional capital, Armour will be able to take advantage of opportunities presented through the robust east coast gas market.

See ASX announcement dated 23 March 2023 for further details.

Debt facilities

The Company made its scheduled \$2.75 million principal amortisation payment to the holders of the Company's Secured Amortising Notes (Secured Notes) during the Quarter. The remaining face value of the Secured Notes outstanding following the principal and interest payment that was made on 29 March 2023 is now \$17,217,200 (original face value of the Secured Notes at the time of issue was \$55,000,000).

It is the current intention of the Company to request consents from Noteholders to waive current breaches and renegotiate future maintenance of these Financial Undertakings. Armour has sought and obtained similar consents and waivers from the Noteholders in the past.

Management Team Update



Robin O'Leary has been appointed General Manager - Exploration & Portfolio. Mr O'Leary is a passionate explorer and leader with core skills in geoscience and extensive, commercial, stakeholder management and regulatory affairs experience.

He has a background in both minerals and petroleum industries and significant experience as an oil and gas professional leading exploration and development activities, asset management, regulatory affairs, and joint venture management across both onshore and offshore Australia and internationally with a track record of discoveries, project delivery and strategy execution with extensive knowledge in the Southern Basin.

William Ovenden, oil and gas industry executive and geologist, was appointed as Board Advisor on 9 January 2023. Mr Ovenden brings 38 years of experience, including periods of employment with ExxonMobil, Sun Oil and Ampolex Ltd and 10 years of executive management at Santos Limited, an ASX top 20 listed oil and gas company.

OTHER CORPORATE UPDATES

In February, Armour signed a Heads of Agreement (HOA) with Australian Natural Diamonds Ltd, a wholly owned subsidiary of Lucapa Diamond Company Limited (ASX: LOM). The HOA is for 14 years (starting mid CY2025) supply of gas produced from the Glyde gas discovery to the Merlin Diamond Project in the McArthur Basin, Northern Territory. This agreement reinforces the hydrocarbon potential in the area and Armour's ability to provide this valuable resource to the domestic market. The terms set out in the HOA will form the basis of a fully termed Gas Sales Agreement once all the conditions precedent have been met.

During the quarter the Company announced the signing of a Master Sales Agreement (MSA) with Shell Energy Australia Pty Ltd (SEAU), a wholly owned subsidiary of the Shell Group. The initial 13-month gas sales agreement (GSA) pursuant to the MSA starts 1 December 2023. The MSA entered with SEAU provides the framework and general terms and conditions for any bilateral gas trading that is agreed for supply from Armour's conventional fields in the Surat Basin, Queensland.

Armour is also continuing to pursue a number of other 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.

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%
PRL 50	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 51	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 52	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 53	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 54	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 55	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 56	South Australia	Cordillo Energy Pty Ltd	100.00%
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PRL 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. 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")

31-Mar-23

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers	3,741	12,113
1.2 Payments for		-
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(402)	(1,638)
(c) production (including COGS and Royalties)	(2,579)	(8,977)
(d) staff costs	(912)	(3,240)
(e) administration and corporate costs	(1,456)	(2,781)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid	(1,757)	(2,248)
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	(3,362)	(6,764)
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)	(139)	(1,120)
(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	143	314
(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	4	(806)
3.0 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	6,528	6,963
3.2 Proceeds from issue of convertible debt securities	5,071	9,262
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(195)	(208)
3.5 Proceeds from borrowings	2,000	2,000
3.6 Repayment of borrowings	(10,425)	(12,964)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material) (Re-Frac funding Partners)	-	(22)
3.1 Net cash from / (used in) financing activities	2,979	5,031

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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)	(3,362)	(6,764)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	4	(806)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,979	5,031
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	716	716

5.0 Reconciliation of cash and cash equivalents <small>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</small>	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	716	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)	716	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 \$1.3m. This is a requirement under the amendments of the Senior Secured Amortising Notes. Following successful retirement of debt, these funds would be returned to Armour. Armour holds a further \$5.6m cash held on deposit as security for 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	144
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 <small>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.</small>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	129	129
7.2 Credit standby arrangements	-	-
7.3 Other (Secured Amortising Notes & Unsecured Notes)	34,205	34,205
7.4 Total financing facilities	34,334	34,334

7.5 Unused financing facilities available at quarter end

-

Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If 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. A principal repayment of \$2.75 million was made in the March Quarter with the outstanding facility now at \$17.22 million. A further \$1.3m 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)	(3,362)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(139)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(3,501)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	716
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	716
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. The current capital raise that Armour are currently undertaking are to provide funds to further develop and drill as necessary to facilitate the uplift of production required to become self sufficient. The recovery of LPG, Oil and condensate prices are also expected to continue, with very favourable prices in comparison to the prices we have realised in recent times. 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 the higher spot gas prices than current contracted prices.

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-Mar-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.