



ASX Announcement

Quarterly Activities Report

For the period ended 31 December 2022

Highlights:

- Results from the Surat Basin in-wellbore (IWB) program to restore production are as expected
- Myall Creek #5a and Rednook #01 reconnected to gas gathering network
- Armour secured \$7.94 million of funding primarily used to repay and restructure existing debt facilities and for progressing the IWB program
- Tribeca Environmental Bonding Facility was repaid in full on 15th November 2022
- Quarterly sales revenue of \$3.4 million
- Average normalised gas production of 3.5 TJ/day and 90.5 bbls/day of oil and condensate

With a renewed focus on delivering short-term shareholder value, Quarter 2, 2023 has seen Armour implementing a flatter organisational structure with clear accountabilities and deliverables. The Board believes that Armour now has an effective management team in place to develop and maximise value from the Company's portfolio of assets.

The strong acreage positions held by the Company in the Cooper Basin in South Australia, the Otway Basin in Victoria, the McArthur Basin in the Northern Territory and its production assets in the Surat Basin in Queensland provide it with both strategic development and exploration diversity. Maturing these assets will help support the demands of the East Coast Australian Gas markets and provide Armour access to short-term lucrative revenue streams. A number of parallel corporate initiatives have been and continue to be progressed with the aim of providing further funding and realising Shareholder value.

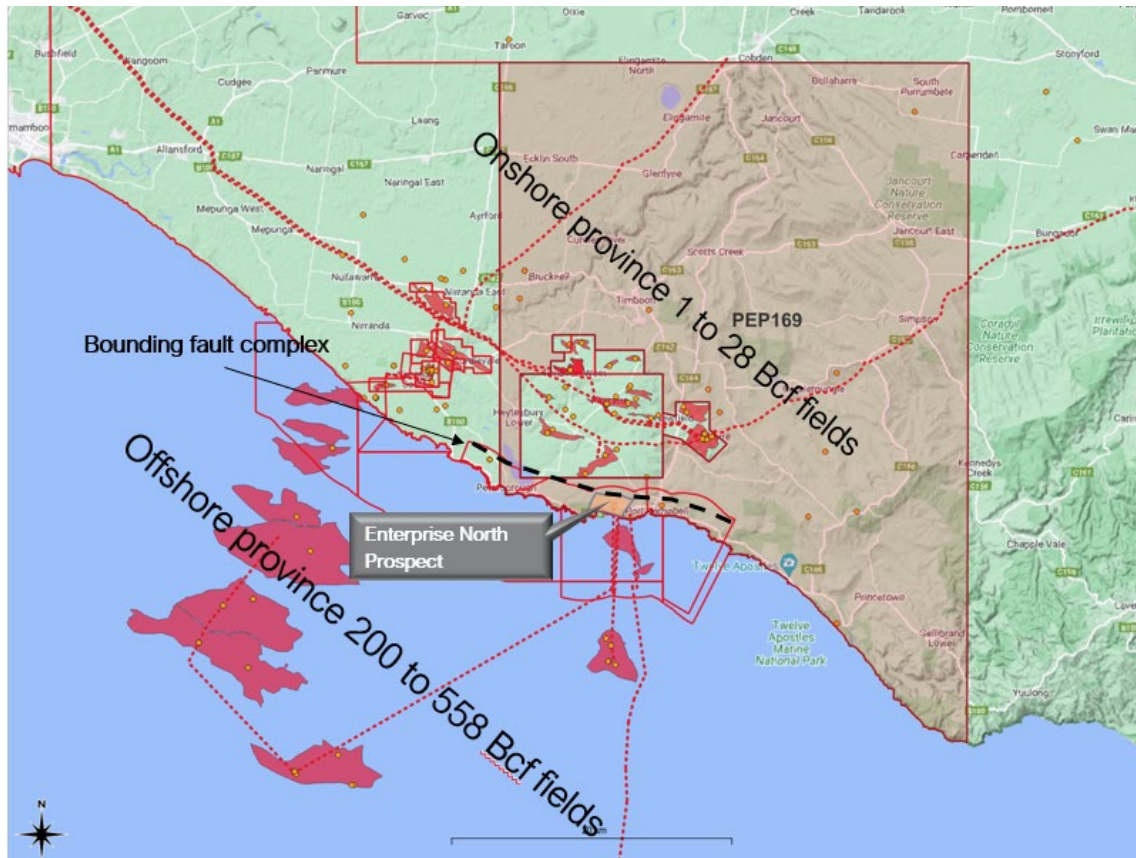
EXPLORATION ACTIVITIES

Surat Basin Exploration

Armour is developing its subsurface work program for 2023. Armour has signed a MoU with SLB (formerly Schlumberger Limited) for engagement in a partnership to assist with these work activities. SLB has commenced the reprocessing of the Myall Creek 3D Seismic Survey.

Otway Basin Exploration

The Enterprise North-1 drill planning is progressing, including Environmental Approvals and engagement with the Regulators and Key Stakeholders. The proposed well site locations are being reviewed.



Enterprise North Prospect

Cooper Basin Exploration

Armour is planning its 2023 work program for its Cooper Basin assets, including preparing to conduct an PTEM/AEM-PTP airborne survey in 2023 to de-risk presence of hydrocarbon charge across the acreage. Armour also continues to investigate the viability of the Permian deep coal play.

Kincora Operations & Community update

Over the last quarter, Kincora plant uptime continued to exceed 95%, and weather continued to be a challenge.

In October Armour sponsored Surat Bowls Club's Pink & Blue charity day, the team spent time talking to locals, putting a face to a name in the community.



DEVELOPMENT ACTIVITIES

Surat Basin Production Enhancement Programme

The H2 2022 in-well-bore (IWB) programme 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

The well workover and re-completion of Myall Creek #5A was considered to be the most technically challenging component of the IWB programme. The primary objective was to restore connectivity to the Black Alley formation following a total loss of production from the well earlier in the year. The secondary objectives were to restore production from the Tinowon-A formation, and re-complete access to the Rewan formation.

The workover was expected to be challenging from the outset. Previous slickline and coiled tubing interventions had been unsuccessful in clearing obstructions in the well. After numerous attempts by the rig, recovering the lower completion isolating the Tinowon-A was abandoned. The well was re-completed with access restored to the Black Alley and a new completion design allowing access to the previously unproduced Rewan formation. The lower Tinowon-A completion was left in situ for future access. A coiled tubing intervention is currently planned to restore access to the Tinowon-A in early January 2023. Modest production has been restored to sales via the Rewan.



Myall Creek #5A Workover (upper completion)– October 2022

Connection of Rednook #01

Rednook #01 is a stranded gas well drilled in November 1987. While production testing had confirmed the production potential, the well had never been connected to sales due to challenging topography and high line pressures in the nearby Parknook field. The well intersects both the Showgrounds and Rewan formations which have shown long-term sustainable production of both gas and rich hydrocarbon liquids in the nearby Parknook and Warroon fields. Rednook #01 was successfully connected to gathering in mid-December 2022. Initial observations confirm the expected production profile and the well is currently producing gas and liquid hydrocarbons to sales.

Well Optimisation

In other areas of the IWB programme, six automated intermitter units were installed and commissioned across the field this quarter. These units maximise the recovery of gas and liquids to arrest the pre-mature production decline often seen in liquid rich wells. The intermitter units routinely cycle the well to overcome liquid loading issues experienced in retrograde condensate and depleted reservoirs.

Future Stimulation Targets

Again, this Quarter, the company continued to focus on near term stimulation opportunities primarily within the Myall Creek and Parknook fields. Identifying bypassed pay and low risk fracture stimulation opportunities continues to be the primary focus of our reservoir and development teams. This Quarter, the company continued to engage experts from across the globe investigating alternative fracture stimulation completions, stimulation techniques and innovative diagnostic technologies to assist with more effective frac designs.

KEY PERFORMANCE METRICS – PRODUCTION, SALES & REALISED GAS PRICE

Key performance metrics	Q2 FY23	Q1 FY23	Q2 FY22	Qtr. on Qtr. Change	FY23 YTD
Total production (PJe)	0.4	0.4	0.6	-%	0.8
Total sales volume (PJe)	0.4	0.4	0.6	-%	0.8
Total sales revenue (\$ million)	3.4	3.1	4.7	9%	6.5
Average realised gas price (\$/GJ)	6.4	6.4	9.0	-%	6.4
Secured Debt (\$ million) ¹	20.0	26.6	34.7	25%	20.0

¹ Secured Amortising Notes and Tribeca Environmental Bonding Facility

FINANCIAL PERFORMANCE

Sales Revenue

This quarter's total sales revenues increased slightly by 9% to \$3.4 million due predominantly to an increase in realised pricing for liquids.

\$ million	Q2 FY23	Q1 FY23	Q2 FY22	Qtr. On Qtr. Change	FY23 YTD
Gas	1.8	1.9	3.1	(5%)	3.7
LPG	0.6	0.3	0.7	100%	0.9
Oil	0.3	0.3	0.2	-%	0.6
Condensate	0.8	0.7	0.7	14%	1.5
Total Sales Revenue	3.5	3.1	4.7	13%	6.6

Sales Volume & Average Realised Prices

Despite adverse weather and the impact of the wells natural decline, sales volumes increased from the prior quarter as a result of the optimisation work completed during the quarter.

Realised weighted average pricing across all products was \$8.0/Gje, an increase on the prior quarter due to product mix.

	Q2 FY23	Q1 FY23	Q2 FY22	Qtr. On Qtr. Change	FY23 YTD
Volumes					
Gas (TJ)	356.1	346.0	485.3	3%	702.1
LPG (Tonnes)	671.7	353.4	711.0	90%	1,025.1
Oil (Bbl)	2,131.1	1,692.7	1,597.1	26%	3,823.8
Condensate (Bbl)	5,007.6	4,716.3	5,905.9	6%	9,723.9
Prices					
Sales Gas (\$/GJ)	6.4	6.4	9.0	-%	6.4
LPG (\$/tonne)	696.9	558.0	730.7	25%	627.4
Oil and Condensate (\$/Bbl)	147.6	141.0	109.3	5%	144.3
All products Weighted Average (\$/Gje)	8.0	7.9	8.3	1%	7.9

Capital Expenditure

Capital expenditure of \$2.4 million includes the ongoing costs of work programs and compliance costs across various permits such as rents and royalties.

\$ million	Q2 FY23	Q1 FY23	Q2 FY22	Qtr. On Qtr. Change	FY23 YTD
Exploration and Appraisal	0.2	0.2	1.0	-%	0.4
Development, Plant and Equipment	2.2	0.6	0.1	267%	2.8

Payments to Related Parties

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

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

\$AUD millions	Q2 FY23	Q1 FY23	Q2 FY22	Qtr. On Qtr. Change	FY23 YTD
Director fees ¹	0.1	0.1	0.1	-	0.1
Admin overheads ¹	0.1	0.1	0.1	-	0.2

¹Unpaid fees accruing

CORPORATE AND COMMERCIAL

Funding agreement

Over the past quarter, Armour entered into subscription agreements with DGR Global Ltd (\$7.5 million), Bizzell Capital Partners Pty Ltd (\$0.1 million) and BAM Opportunities Fund Pty Ltd (\$0.34 million), raising \$7.94 million in total. This funding has been provided by way of a placement of redeemable exchangeable notes issued by Armour's subsidiary, McArthur Oil and Gas Ltd (MOG), at an issue price per note of \$1.00 and otherwise on the terms and conditions set out in the Redeemable Exchangeable Note Trust Deed (MOG Notes). MOG and Armour intend to obtain all necessary approvals and consents to allow for the exchange of the MOG Notes being subscribed for by DGR Global, Bizzell Capital Partners, BAM Opportunities Fund and the existing MOG Notes already on issue (together with any accrued and unpaid interest) into Armour Convertible Notes on the terms and conditions announced 18 October 2022.

Approvals and consents expected to be required for the exchange of MOG Notes for Armour Convertible Notes will be sought from Armour shareholders and the holders of Armour's secured amortising notes (Secured Notes). This funding enables Armour to continue to optimise the value of its substantial asset base including pursuing several small production enhancement projects in the Surat area.

Debt facilities

Secured Notes

The Company has made a \$2.475 million principal amortisation payment to the holders of the Company's Secured Amortising Notes (Secured Notes) during the Quarter. The remaining face value of the Secured Notes outstanding following the principal and interest payment that was made on 29 December 2022 is now \$19,967,200 (original face value of the Secured Notes at the time of issue was \$55,000,000).

The Tribeca Environmental Bonding Facility was repaid in full on 15th November 2022.

OTHER CORPORATE UPDATES

Armour is also continuing to pursue a number of other corporate, commercial and work program initiatives with the aim of recapitalising the balance sheet and realising near term value from its portfolio of projects. A number of initiatives are being progressed including; preparation and planning for drilling Enterprise North-1 in the Otway Basin (Armour 51% and operator); a new gas sales agreement (GSA) to commence at the end of the present GSA in November 2023; well optimisation and process improvement programme to lift Kincora gas production to 10TJ/Day by June 2023; commercial opportunities for the Newstead Gas Storage Facility and the sale of non-core assets.

Investor Relations

A copy of recent presentations can be found at:

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

Authorised by the Board of Directors
On behalf of the Board
Geoff Walker
Company Secretary

Competent Persons Statement

Forward Looking Statement

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

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

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

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

Competent Persons Statement

Statements in this presentation as to gas and 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%
PRL 57	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 58	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 59	South Australia	Cordillo Energy Pty Ltd	100.00%
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PRL 67	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 68	South Australia	Cordillo Energy Pty Ltd	100.00%
PRL 69	South Australia	Cordillo Energy Pty Ltd	100.00%
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-Dec-22

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers	4,425	8,372
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development (capitalised)	(744)	(1,236)
(c) production (including COGS and Royalties)	(3,711)	(3,711)
(d) staff costs	(1,224)	(2,328)
(e) administration and corporate costs	(793)	(1,325)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	4
1.5 Interest and other costs of finance paid	(491)	(491)
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	(2,535)	(715)
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)	(366)	(981)
(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	171	171
(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	(195)	(810)
3.0 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	435	435
3.2 Proceeds from issue of convertible debt securities	4,191	4,191
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(13)	(13)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(2,539)	(2,539)
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)	(22)
3.1 Net cash from / (used in) financing activities	2,052	2,052

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	1,773	3,255
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,535)	(2,535)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(195)	(195)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,052	2,052
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,095	2,577

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	1,095	1,773
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)	1,095	1,773

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	-
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

Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.0 <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>		
7.1 Loan facilities	18,856	18,856
7.2 Credit standby arrangements	-	-
7.3 Other (Secured Amortising Notes & Unsecured Notes)	19,967	19,967
7.4 Total financing facilities	38,823	38,823

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 7.6 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 \$2.5 million was made in the December Quarter with the outstanding facility now at \$19.97 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 | 2.84% per annum Fixed Interest Rate | matures January 2023.

Redeemable Exchangeable Notes

MOG and Armour intend to obtain all necessary approvals and consents to allow for the exchange of the MOG Notes 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)	(2,535)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(366)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(2,901)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,095
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,095
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.4

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

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

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

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company can manage capital and liquidity by taking some or all of the following further actions:

- a. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required to meet the Group's working capital requirements. In addition, Armour continued its focus on the issuance of McArthur pre-IPO Redeemable Exchangeable 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 renegotiated terms of its Secured Amortising Note requirements, Armour will fund its operations and meet its business objectives.

Compliance statement

- 1.0 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2.0 This statement gives a true and fair view of the matters disclosed.

Date: **31-Jan-23**

Author: **The Board of Directors**

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

Notes

- 1.0 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3.0 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- 5.0 If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.