Annual Report

For the year ended 30 June 2023

Competent Persons Statement

Technical Statement – Hydrocarbon Reserves

The independently verified 'Armour Energy Hydrocarbon Reserves, 30 June 2023' report details a high degree of confidence in the commercial producibility of Permian and Triassic aged reservoirs previously discovered and produced in operated granted petroleum licenses 511 and 227 using, recent Armour drilled and hydraulically stimulated wells, 2D-3D seismic, historic and modern well data, reservoir pressure data, electric logs and rock properties from chip and core samples, gas composition analysis, hydraulic stimulation results, analysis of historical well production, decline curve analysis, offset field production data and prior production data from wells before the Kincora Gas Plant was shut-in by the previous operator, Origin Energy. The reported Reserves are used in connection with estimates of commercially recoverable quantities of petroleum only and in the most specific category that reflects an objective degree of uncertainty in the estimated quantities of recoverable petroleum. The petroleum reserves are reported net of fuel and net to Armour to the APA Group metered sales connection to the Roma to Brisbane Pipeline (Run 2) at Wallumbilla and the report discloses the portion of petroleum Reserves that will be consumed as fuel in production and lease plant operations. Armour will be using calibrated metering and gas chromatographs at the Kincora Gas Plant as a reference point for the purpose of measuring and assessing the estimated petroleum Reserves from the produced gas.

The economic assumptions used to calculate the estimates of petroleum Reserves are commercially sensitive to the Armour operated Kincora Project. The methodology used to determine the economic assumptions are based upon strategic objectives that include, but not limited to, new drills, hydraulic stimulation, workovers, recompletes and surface facility modifications to ramp up to and maintain a commercial production profile for 15 years. The sanctioned development model includes a starting and ending monthly schedule of working/net interest capital expenditure to develop and maintain the petroleum Reserves, operational expenditure to develop and produce the petroleum Reserves, fixed petroleum Reserve prices under-contract and escalated petroleum Reserve futures based upon Wallumbilla Hub prices, tax/royalty sensitivities, revenue from gross and net petroleum production yields and cash flow from petroleum production yields and summation of discounted cash flows.

The petroleum Reserves are located on granted petroleum licences with approved environmental authorities and financial assurances. Armour has a social licence to operate and relevant surface access agreements are in-place. Armour is the owner and operator of the Kincora Project and PPL3 sales gas pipeline which connects the Kincora Gas Plant to the Wallumbilla gas hub via the connection agreement with APA. Armour holds granted Petroleum Licenses over the reported estimates of petroleum Reserves, associated gathering and field compressors. The basis for confirming the commercial producibility and booking of the estimated petroleum Reserves is supported by actual historic production and sales and/or formation tests. The analytical procedures used to estimate the petroleum reserves were decline-curve analysis to 50 thousand cubic-feet-day, historic production data and relevant subsurface data including, formation tests, 2D-3D seismic surveys, well logs and core analysis that indicate significant extractable petroleum.

The proposed extraction method of the estimated petroleum Reserves will be through approved conventional drilling and, where applicable, hydraulic stimulation techniques to accelerate production, commingle the productive zones and extract volumes from tight gas zones. Wellbores will be cased and cemented with a -pressure wellhead completion. Petroleum will be recovered through 2-3/8" production tubing and gathered to field compression sites for delivery to the Kincora Gas Plant.

Wellbores will be designed to protect aquifers and deviated drilling may be used to lessen the overall impact to surface owners, environmental receptors, strategic cropping and to consolidate surface infrastructure. Processing at the Kincora Gas Plant will be required to separate the extracted hydrocarbons into dry gas, liquid petroleum gas, oil, and condensate and to remove any impurities prior to sales.

Technical Statement – Oil & Gas Reserves

Armour Energy engaged the services Mr Teof Rodriguez, Director of TR&A, to provide independent expert review of reports on the operated Oil & Gas Reserves associated within the Company's Surat Basin acreage position. Mr. Rodriguez completed and documented his review at 30 June 2023.

Consents

The reserves information in this ASX release is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Mr Teof Rodrigues. Mr Rodrigues' primary discipline is Reservoir Engineering and during his 40-year period in the Industry has had the opportunity to work in multidisciplined teams to appreciate the importance of understanding the process involved in moving the hydrocarbons from the reservoir to the reference sales point. As the Chief Reservoir Engineer for 6 years he had the Corporate Reserves Team reporting to him. In addition, he had the responsibility of endorsing all the Major Projects and the key Reserves and Resource estimates of the Company. He is a Director of TR&A and an experienced petroleum Reserves and resources estimator with 40 years relevant experience. He has adhered to the ASX Listing Rules Guidance Note 32. His qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves under PRMS (2018). The Resources information in this ASX announcement was issued with the prior written consent of Mr Rodrigues in the form and context in which it appears.

The reserves review was carried out in accordance with the SPE Reserves Auditing Standards and the SPE-PRMS guidelines as reported in Armour Energy's 30 June 2022 Annual Report. There has been no new information or data that materially affects the information included in this Annual Report ending 30 June 2023. All the material assumptions and technical parameters underpinning any estimates mentioned continue to apply and have not materially changed.

SPE-PRMS

Society of Petroleum Engineer's Petroleum Resource Management System - Petroleum resources are the estimated quantities of hydrocarbons naturally occurring on or within the Earth's crust. Resource assessments estimate total quantities in known and yet-to-be discovered accumulations, resources evaluations are focused on those quantities that can potentially be recovered and marketed by commercial projects. A petroleum resources management system provides a consistent approach to estimating petroleum quantities, evaluating development projects, and presenting results within a comprehensive classification framework. PRMS provides guidelines for the evaluation and reporting of petroleum reserves and resources (June 2018).

Under PRMS

"Reserves" are those quantities of petroleum which are anticipated to be commercially recovered from known accumulations from a given date forward. All reserve estimates involve some degree of uncertainty. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability.

"Contingent Resources" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.

Contents Page

Energy for the Future

Our Business

Our Vision

To build a leading exploration and production company, focussed on responsible and sustainable energy supply to the East Coast markets.

Our Strategy

We will achieve this by:

- Prioritised long-term returns through disciplined capital allocation.
- Focus on immediate opportunities to grow production.
- Strengthen the balance sheet.
- Maintain top quartile safety and environmental performance.
- Build resources and reserves through exploration.

Focussing on these priorities will enable Armour to unlock value for its shareholders. Armour's strategic pathway to exploiting the Group's existing flowing wells will see volumes of 10TJ/ day within the next 6-12 months. This will open up Armour's opportunities to increase production further in the long term.

Our Values

Community: Having a sense of community unites us. Being a part of a community is to be part of something greater than ourselves. It gives us opportunities to connect with people, focus on our and others wellbeing; safety & security; and achieve our objectives.

Accountability: We will be transparent and own the actions we take and make.

Integrity: We conduct our business with honesty and Integrity. We're committed to doing what's best for our stakeholders. We openly collaborate and have no tolerance for politics, hidden agendas or poor behaviour.

Resilience: the ability to adapt successfully and recover from challenging experiences. It is the ability to endure adversity, to learn and to grow.

Chair's Report

Dear Shareholders,

This financial year was a period marked by numerous challenges met with unwavering determination and strategic vision. Despite facing a downturn in production and operating in a cash constrained environment, our company navigated these difficult times with remarkable resilience and optimism.

Highlights from the past 12 months, driven by the new management team include:

- The appointment of Christian Lange as Chief Executive Officer and William Ovenden as Board Advisor.
- The successful negotiation of a new Gas Sales Agreement with Shell Australia, providing higher prices than the existing contract pricing and reflecting expected future market trends.
- Execution of a Gas Supply Heads of Agreement with Australian Natural Diamonds Ltd, securing a supply of approximately 7PJs of gas over 14 years.
- Progress in evaluating the Enterprise North Prospect and making it drill-ready based on reinterpreted 3D seismic data with the possibility of an aggregated drilling campaign.
- Ongoing efforts to clean up the balance sheet, reducing the Secured Amortising Notes by $7.7 million and fully paying out the Tribeca Facility.

Looking ahead, we have every reason for cautious optimism as we anticipate the maturation of the Senior Secured Notes and the fortification of our balance sheet. I am particularly pleased to be leaving the year with a gas sales agreement executed with Shell Energy Australia, a testament to their confidence in our long-term potential and strategic direction. This agreement positions us to realise gas prices that significantly surpass our current long-term contract pricing, aligning it with anticipated market trends.

While I acknowledge that the current share price and current year's net loss is not ideal, I appreciate the loyalty of our stakeholders. As we continue our journey to recovery, we remain determined to manage cash with prudence and diligence. With increased realised gas prices, the prospect of new investors, and strategic collaborations on the horizon, we anticipate that the 2024 financial year will usher in a substantially strengthened balance sheet and a clear pathway toward achieving our goal of being cash flow positive. My belief in the substantial growth potential of Armour's diverse asset base remains steadfast, particularly in maturing our strong core assets to meet the demands of the East Coast Australian Gas markets.

We remain focused and determined, on transforming Armour Energy into a prominent oil and gas exploration and production company, with a commitment to delivering value for our shareholders.

Yours sincerely

Nicholas Mather
Chair

Operating and Financial Review

Executive Summary

Armour Energy Limited (Armour or the Company) and its controlled entities (the Group) are a Brisbane based ASX listed company focused on the responsible development of unconventional and conventional energy resources. The company has a diverse portfolio of assets across Queensland, Northern Territory, Victoria and South Australia with a primary focus on the discovery, development and production of Gas, LPG, Gas Condensate and Oil.

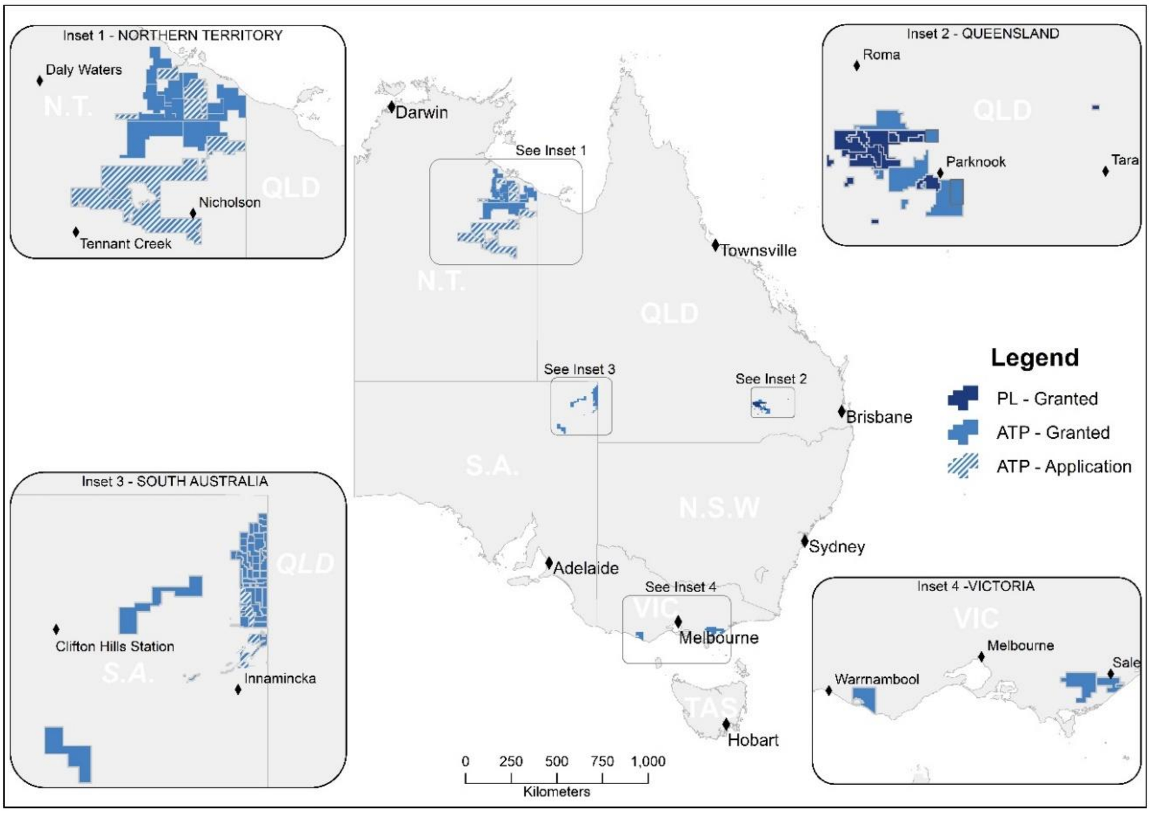


Figure 1 – Summary of Armour's assets and locations

Armour Energy are committed to operating in a safe, environmentally responsible and sustainable manner while delivering long-term value for its stakeholders. The company has a track record of successful resource development and is continuously exploring new growth opportunities to expand its business.

With a team of experienced industry professionals Armour Energy is well-positioned to capitalise on the growing demand for energy resources in Australia and the Asia-Pacific region. The company's strategic approach to resource development, coupled with its commitment to innovation and sustainability, sets it apart as a leader in the industry.

Key Points

- Armour continued to reduce its debt under the Secured Amortising Notes by $7.7 million.
- Armour paid out its Tribeca Facility in November 2022.
- New Gas Sales Agreement with Shell Australia executed for prices higher than the existing contract and Gas Supply Heads of Agreement executed for NT Assets.
- Enterprise North Prospect being fully evaluated and drill ready based on reinterpreted and merged 3D seismic data and the approval process progressing with the possibility of an aggregated drilling campaign.
- As part of the annual impairment review, $4.9 million was recognised as an impairment across oil and gas assets, and exploration and evaluation asset.

Operating Review

Surat Basin Assets

Kincora Gas Project Overview

The Company delivers gas to the Eastern Australian market from its Kincora Gas Project. Kincora is in its fifth full year of operation and achieved 98% operational time (FY2022: 96%) with an average production of approximately 3.8 TJ/day (FY2022: 4.9 TJ/day) of sales gas plus associated liquids.

Average Production per day*	FY2023	FY2022	Change
Gas (TJ)	3.8	4.9	(22%)
LPG (T)	6.6	7.8	(15%)
Oil/Condensate (BBL)	77.6	102.7	(24%)

Table 1 – Kincora average production

* Volumes normalised to exclude shutdowns in respective years that reduced production from the Kincora Gas Plant

Kincora also produced an average of approximately 78 barrels (FY2022: 103 barrels) of oil and condensate per day, and approximately 7 tonnes (FY2022: 8 tonnes) per day of Liquid Petroleum Gas (LPG). Oil and condensate are sold ex-Kincora and transported to Queensland and South Australian refineries. LPG is sold at the Kincora Gas Plant and on-sold mostly in Queensland, New South Wales, and South Australia, providing energy for transport, heating, and agricultural enterprises. The reduction in sales volumes is a result of natural decline. See below for ways Armour are expecting to rectify this.

Kincora Gas Reserves Update

Armour reviewed its oil and gas reserves position from the prior year and adjusted for volumes produced in the 2023 financial year. The work was conducted by Armour Energy's qualified technical team and completed in accordance with the definition and guidelines of the 2018 Petroleum Resources Management System (PRMS, 2018) approved by the SPE/AAPG/WPC/SPEE. The workflow was independently reviewed and certified by Teof Rodrigues from Teof Rodrigues & Associates for financial year ended 30 June 2023. Highlights from the 30 June 2023 Certified Reserves Report are below:

- 2P oil reserves numbers lowered primarily from produced FY2023 volumes.
- 2P gas reserves numbers lowered primarily from produced FY2023 volumes.
- Material long term potential continues to be demonstrated across the wider Kincora Project.
- Reserves independently verified.

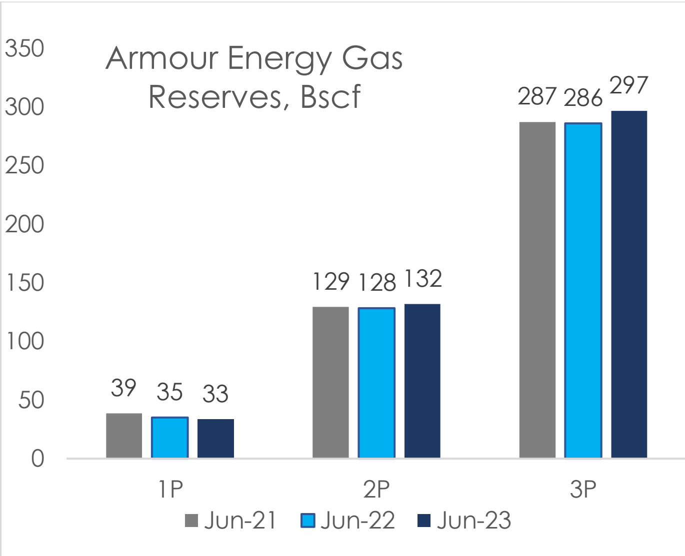
Kincora Project	1P	2P	3P
Raw Gas (bscf)	33	132	297
Sales Gas (PJ)	38	150	337
LPG (k Tonnes)	80	312	698
Condensate (k BBLS)	372	1,484	3,345
Oil (k BBLS)	197	1,193	2,612

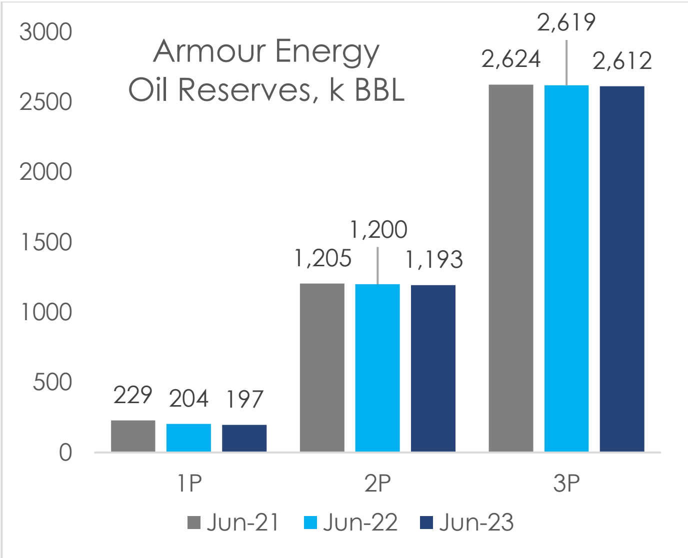
Table 2 – Combined Armour Energy Reserves

Notes to Table 2

- Petroleum reserves are classified according to SPE-PRMS.
- Petroleum reserves are stated on risked net basis with historical production removed.
- Petroleum reserves have no deduction applied for gas used to run the process plant estimated at 11%.
- Petroleum reserves can be sold on behalf of any minority interest holder.
- Petroleum Reserves are stated inclusive of previous reported estimates.
- BSCF = billion cubic feet, PJ = petajoules, bbls = barrels, gas conversion 1.137 PJ/BCF.
- 1P = Total Proved; 2P = Total Proved + Probable; 3P = Total Proved + Probable + Possible.
- LPG Yield 2,077 tonnes/petajoules, Condensate Yield 9,895 barrels/petajoules.

The data from previous Work Programs and the reprocessing of other technical workflows continue to support the reserves position. Armour remains encouraged by potential found in a significant new pay zone across existing well stock. Identifying these bypassed pay zones were only possible due to the advancements in logging technology allowing for the identification of mineralogically complex sandstones with hydrocarbon saturation suitable for hydraulic stimulation.





Figures 2 and 3 – Gas and oil reserve comparison charts

Armour remains encouraged by the potential of new pay zones across existing well stock and is looking to exploit them in future work programs.

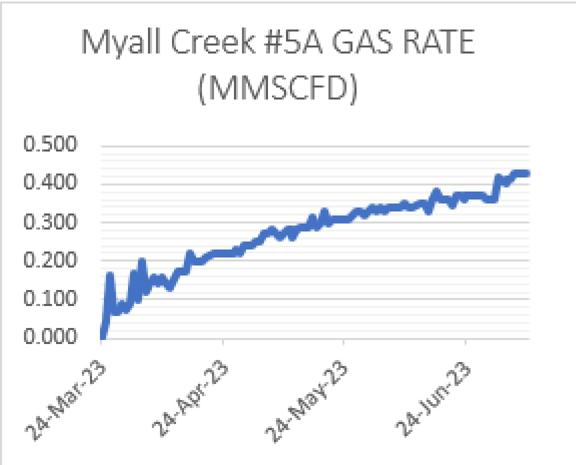
Kincora Production Enhancement Activities

Over the past 12 months, Armour has focussed heavily on optimising well performance, restoring lost production and addressing pre-mature production decline. A range of optimisation initiatives have been implemented comprising both downhole and top side well upgrades.

In addressing pre-mature decline, 6 additional wells were converted to intermittent cycling over the period. This typically involves installing an automated control unit that cycles the well open and closed to promote the recovery of liquids thereby reducing back pressure on the reservoir and improving gas production. In addition to the intermitters, Parknook-3 was retrofitted with a plunger lift system to further assist in the recovery of liquids. Common place in North America, this system utilises a plunger to periodically sweep the tubing clear of liquids to reduce back pressure on the reservoir and promoting gas flow.

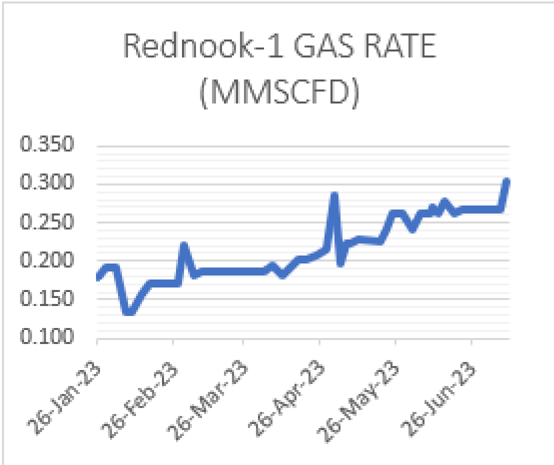
Successful well optimisation is the product of understanding the fundamentals of well completion, reservoir properties and production history. In this regard, a number of multi-disciplinary well reviews have been conducted throughout the year across Armour's acreage. With access to over 4 decades of data, this work prompted a significant data cleansing exercise resulting in a comprehensive production data base review and redesign. The cleansed data is now suitable for import into advanced diagnostic and analytical modelling software. Armour also engaged SLB early in the year to further assist with optimisation opportunities by building a dynamic network systems model coupled with artificial lift diagnostics across Armour's producing well stock. The output of this work identified gathering system efficiencies such as optimal compression locations, operating envelopes, and effective pigging frequencies. The well modelling analysed the network effects of systems back pressure, completions design, intermitter function and optimal artificial lift solutions across Armour's well stock. The output of this work has formed the basis of Armour's optimisation strategy for 2024.

In terms of major interventions, Armour has been relatively inactive over the past 12 months. The notable exception, however, was the restoration of production to Myall Creek #5A. Historically, Myall Creek-5A has contributed nearly 20% of Kincora's field production until the tubing unexpectedly plugged off in February 2022. Following an unsuccessful coil tubing clean out in April 2022, a workover rig was mobilised in September 2022 and after overcoming some significant technical challenges, the well was successfully recompleted with access to the Black Alley and Rewan formations. Coil tubing was again mobilised in January 2023 to mill out and restore access to the Tinowon-A formation. Over the course of the year, production has steadily increased as completion kill fluids and historic frac fluid has been recovered. The well is currently flowing at 450 MSCF/day and likely to continue to improve as the balance of the frac fluid is recovered.



Myall Creek #5A Gas Production

(Mar to Jun 2023)



Rednook #01 Gas Production

(Jan to Jun 2023)

Figures 4 and 5 – Myall Creek 5A and Rednook 1

Rednook #01 was another standout addition to the field's production in FY23. Drilled in November 1987, Rednook #01 had historically never been connected to gathering. The challenging topography and high line pressures in the nearby Parknook field had left if stranded for over 3 decades. 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 confirmed the expected production profile and the well is currently producing just under 300 MSCF/day.

To cap off the end of financial year, one of Armour's historic oil wells "New Royal #08" was returned to production. The New Royal field had been offline since being shut down in 2012 due to declining production. With the restart of the sucker rod pump (installed Oct 2019), early indications suggest that New Royal #08 will resume a healthy oil and incremental gas production. Both liquids and gas are currently being pumped through the gathering network to the Kincora facility.

Figures 6 – New Royal 8 Rod Pump facilities installed June 2023

Looking ahead, Armour's commitment to optimising production remains steadfast. The company has a comprehensive program planned for the calendar year 2024 encompassing a wide range of initiatives aimed at arresting premature production decline, restoring production, and accessing previously bypassed pay. These initiatives include further installations of automated intermitter units, plunger lift conversions, coil tubing clan outs, reconnecting suspended and stranded wells, and optimising gathering compression. There are also numerous low-cost opportunities to recomplete wells, install sucker rod pumps and re-perforate bypassed pay.

Leveraging off lessons learned in FY23, a comprehensive in-well-bore program combined with new well development in FY24 will target the sustainable growth of Armour's production portfolio. Strategically planned work programs developed by our in-house technical team supported by our contract work partners are expected to significantly reduce unit production costs and improve production assurance with a substantial increase in gas production over the next 12 months.

Surat Basin Field Development

As previously communicated, we partnered with SLB to develop a network simulation model for the Kincora pipeline, which is nearing completion. It will identify bottlenecks and improve compression. Dynamic modelling will optimise operational parameters and pigging regimes. We expect a 15-20% production increase.

SLB is also reprocessing the Myall Creek 3D Seismic Survey, with early indications of promising layers and extensions. These results will guide our 2024 calendar year development drilling program. Any new developments in the Kincora Gas Project production licenses will strategically leverage existing infrastructure and compression facilities, positioning us for rapid revenue growth upon development.

Near-term fracture stimulation plans have been put on hold to prioritise production growth.

Surat Basin Exploration

During the reporting period, Armour maintained its steadfast commitment to advancing a multi-year exploration program aimed at cultivating a robust portfolio of exploration leads and drill-ready prospects. Concurrently, we continued to prioritise the execution of strategic initiatives designed to enhance gas deliverability within the Surat Basin.

Victoria Assets

Figure 7 – Victoria PEP169

Over the past 6 months, Armour has made significant progress in assessing hydrocarbon potential within PEP169. This effort revealed several promising undrilled structures, marked as drill-ready prospects and multiple lead possibilities, resulting from a detailed subsurface review and interpretation of both available and newly reprocessed 2D and 3D seismic data across the permit. The exploration drilling of Enterprise North-1 is scheduled for calendar year 2024, with approvals progressing well, including Native Title considerations. The timing of the drilling and the new inventory of opportunities being developed gives rise to the possibility of an aggregated drilling campaign which presents an opportunity to deliver cost efficiencies to a broader project.

Follow-up prospects and leads are being matured within PEP169, ensuring swift turnaround for subsequent exploration drilling. The permit has a history of production from multiple fields, active gas storage facilities, and access to gas processing infrastructure from Otway Basin offshore fields.

Factors such as proximity to processing infrastructure, gas supply shortfalls, and strong domestic gas demand in the Otway Basin are advancing gas commercialisation in PEP169, making it an attractive location for exploration and production.

Northern Basin Assets

Armour Energy is poised for an exciting phase of growth and development in the McArthur Basin, as we implement a forward-looking strategy in alignment with our commitment to harnessing the vast potential of this region in the Northern Territory.

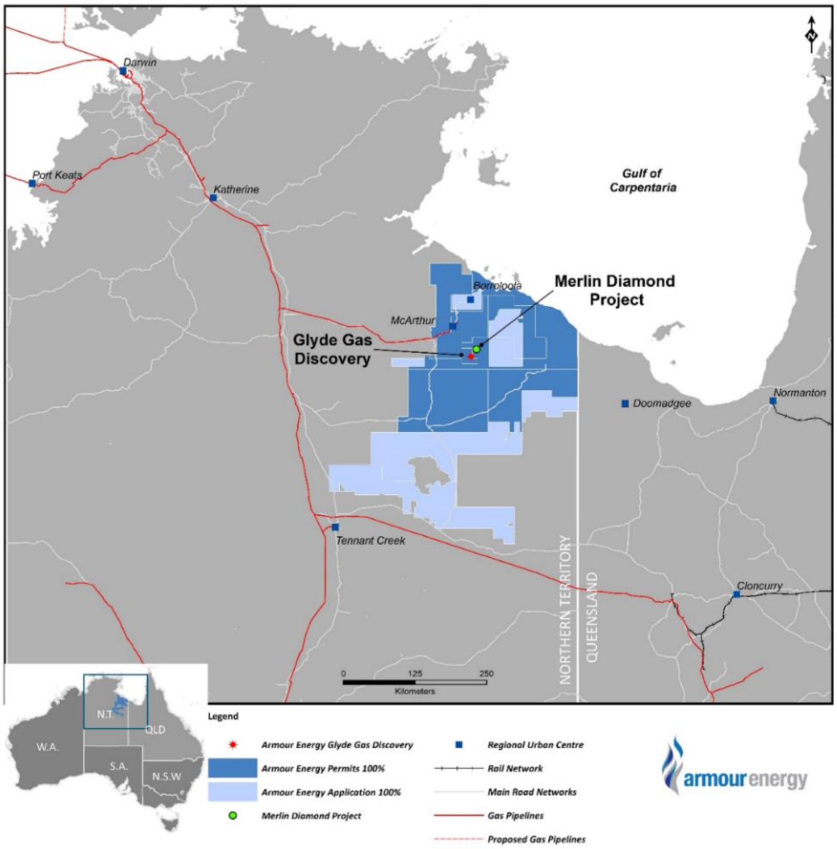


Figure 8 – Location Map of Armour EPs, EPAs, and the location of the Glyde gas discovery and the Merlin Diamond Project (note proposed EP renewal boundaries shown - subject to final regulatory approval)

Our exploration strategy for the McArthur Basin has been thoughtfully reset to embark on a 2-tier integrated approach. We are currently in the final stages of permit renewals, which will pave the way for the next 5 years of exploration across this acreage. This renewed strategy will enable us to simultaneously assess the extent of the conventional gas play fairway while continuing to advance the unconventional shale potential of the Basin. A technical review undertaken by SLB has validated the original flow rate estimate for the Glyde-1ST1 well and further upside, indicating the significant potential of this resource.

Our initial operational exploration work program, scheduled for the second half of 2024, includes extended testing of the Glyde gas discovery and acquiring new 3D seismic over the field to plan for further exploration/appraisal drilling. These crucial steps will pave the way to quantify gas resources, pressures, and flow rates to optimise plans future field development. Subsequently, we plan to acquire new 2D seismic data to define further conventional exploration drilling opportunities near and adjacent to Glyde discovery. Approvals planning and for stakeholder engagement are underway for these operational activities.

One of our most significant achievements is the recent execution of a Heads of Agreement with Australian Natural Diamonds Ltd, a subsidiary of Lucapa Diamond Company Ltd. This agreement, executed in February 2023, establishes a clear pathway to commercialise conventional gas in the Basin. We are committed to supplying approximately 7 PJs of gas to the Merlin Diamond Project for an estimated 14-year lifespan. This agreement underscores the hydrocarbon potential of the McArthur Basin and demonstrates our ability to provide essential gas to support local mining activities, bolstering the regional economy.

We are also pleased to highlight a significant development on the regulatory front. On May 3rd, the Northern Territory Government released the Final Implementation Report to the Scientific Inquiry into Hydraulic Fracturing. The conclusion that industry risks can be effectively managed with the implementation of recommended measures marks a pivotal moment for the onshore energy sector. This positive outcome paves the way for unconventional exploration projects to progress toward production, promising substantial contributions to job creation and regional revenue in the Northern Territory.

Cooper Basin Assets

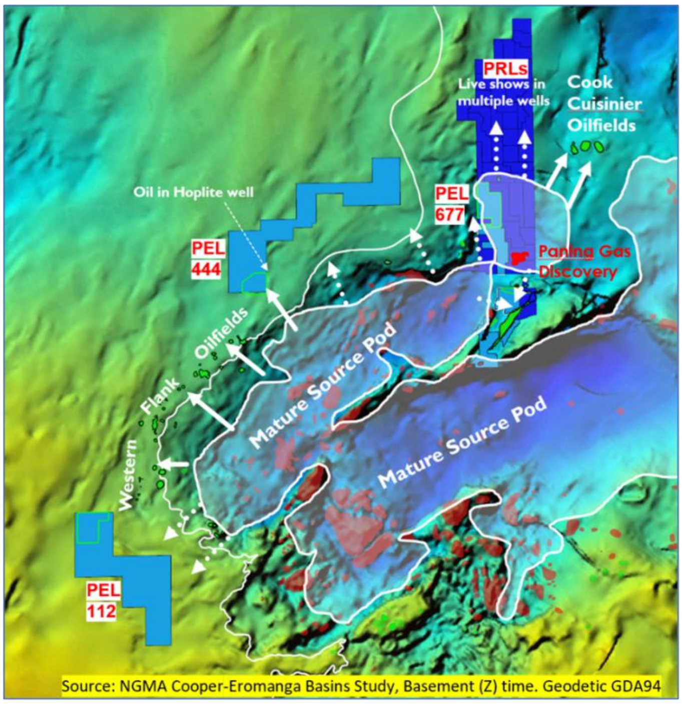


Figure 9 – Armour's PELs and PRLs across the Cooper and Eromanga basins displayed on a depth to basement image and demonstrating indicative hydrocarbon migration pathways

Armour is advancing its strategic exploration efforts within South Australia's Cooper and Eromanga basins. Our primary objective is to minimise risk while maximising the potential for hydrocarbon discoveries within the region. In pursuit of this goal, in January 2023, Armour Energy secured the services of Pinemont Technologies Australia for an Airborne AEM-PTP survey. This cutting-edge survey method has the ability to visualise hydrocarbon fluid migration pathways beneath the Earth's surface, thereby significantly enhancing our exploration capabilities. We plan to seamlessly integrate its findings with our existing 2D and 3D seismic data. We have adjusted the acquisition timeline to mid-November 2023, allowing time for the completion of Associated Activity Licenses, which will enable calibration over existing fields adjacent to Armour's permits.

Simultaneously, Armour Energy is harnessing the power of "Seisnetcs" AI processing to analyse the extensive Cordillo 3D seismic data volume, encompassing multiple Armour Energy PRLs. The primary aim is to comprehensively evaluate various surfaces and associated attributes, with a specific focus on identifying subtle stacked and stratigraphic oil traps within the Triassic and Jurassic intervals.

In addition, we are embarking on an extensive review of the resource potential in the deep Permian wet gas play resource and exploring appraisal options for the 'Paning-1' wet gas discovery. Remodelling of the fraccability of the Paning-1 well indicates significant increased potential flow upside using modern techniques and fluid solutions. Our investigations span across existing PELs and PRLs, guided by insights gleaned from well reviews and published regional studies. Notably, the Arrabury Trough, situated at the north-eastern terminus of the Patchawarra Trough, emerges as a highly promising area, boasting some of the most substantial and favourable coal intervals in the Cooper Basin. This strategic move positions the 'Paning' play as a significant addition to the Armour Energy prospects and leads Inventory.

Uganda Assets

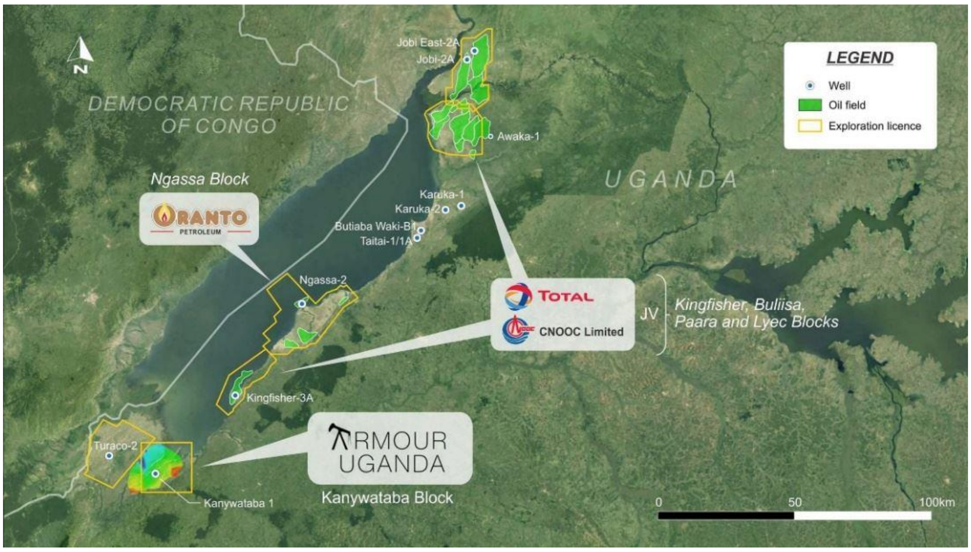


Figure 10 – Location of the Kanywataba Block in Uganda

Uganda Oil Project Overview

Armour Uganda's flagship project is the "Kanywataba Block', which is highly prospective for oil and gas. The project covers approximately 344m^2 and is located in a rift basin within the Albertine Graben, within close proximity of the Total and CNOOC operations in the North.

The Company was awarded the Kanywataba exploration licence in September 2017 with DGR Global, a major shareholder in Armour, holding a beneficial interest of 83.18% and the Company 16.82%. The exploration licence was renewed until 28 May 2023.

Within the block there are multiple developed (untested) on-trend structural traps (3-way and 4-way dip closures) and multiple untested stratigraphic traps.

The Kingfisher oil discovery (40km NE of Kanywataba) oil seeps confirm local working petroleum system.

Force majeure conditions as a result of wet weather and the COVID-19 pandemic were lifted. Exploration work recommenced with the 2D seismic survey to be undertaken with +100-line kilometres of infill 2D seismic to refine prospectivity observed in the Kanywataba block.

Activities in the year and which are ongoing include:

- Reprocessing of existing 2D seismic data
- Geochemical surface soil gas sampling program
- 122 line km infill 2D seismic programme
- Basin Analysis study

Corporate Activities

Gas Sales Agreement

A Master Sales Agreement (MSA) has been established with Shell Energy Australia Pty Ltd (SEAU) to create a comprehensive framework and set of general terms and conditions for potential bilateral gas trading agreements related to the gas supply from Armour's conventional fields in the Surat Basin, Queensland.

Armour and SEAU have executed Transaction Notices (TN) within the framework of the MSA, outlining their commitment to a 13-month gas supply arrangement starting in December 2023. The agreed-upon gas prices specified in the TN significantly exceed the rates in Armour's existing contracts. The price for December 2023 stands at $12 per gigajoule (GJ) for a firm 5 terajoules (TJs) a day. Starting from January 1, 2024, we anticipate a significant pricing uplift, further enhanced by a 'front-ending' mechanism that will bolster cash flows in the initial six months of CY2024.

In addition to this, Armour and SEAU are jointly exploring initial opportunities, on a non-exclusive basis, for SEAU to utilise Armour's Newstead Gas Storage facility, which is entirely owned and operated by Armour. This facility possesses a licensed storage capacity of up to 7.9 petajoules. Armour, with technical support from SLB, is currently undertaking an extensive optimisation and enhancement program focused initially on its substantial Surat Basin portfolio. This program encompasses various aspects such as well management, reservoir and production facility upgrades, data management, network optimisation, production enhancement, seismic data reprocessing and acquisition, reservoir management, well intervention, and drilling activities.

Capital Raising

The Company placed 51.45m new shares at an issue price of $0.0065 on 31 October 2022, which represented a premium of 8.3% to the last traded price of $0.006 and a 4% premium to the 5-day volume weighted average price at the time of issue. These funds raised, together with existing funds were for general working capital requirements.

Furthermore, a $32 million (before cost) capital raising program began in March 2023. The program comprised the following components:

- an institutional placement to raise approximately $2.7 million (Institutional Placement)
- a 1 for 1 accelerated non-renounceable pro-rata entitlement offer to raise approximately $9.3 million (Entitlement Offer); and
- the issue of new convertible notes (Armour Notes) to raise approximately $20.0 million (Armour Notes Issue). These were subject to shareholder and Secured Noteholders approval and consent (received after year end).

The Institutional Placement and Entitlement Offer were fully underwritten by Wilsons Corporate Finance Limited, and the Armour Notes Issue were underwritten by Bizzell Capital Partners Pty Ltd.

The capital raising program was undertaken as part of Armour's ongoing recapitalisation program allowing for a reduction in the Secured Amortising Note debt, refinancing of the maturing MOG Note debt and to enable development and exploration activities to be undertaken to enhance production.

Funding agreement

Over the 2023 financial year, Armour raised $12.2 million by way of a placement of redeemable exchangeable notes issued by Armour's subsidiary, McArthur Oil and Gas Ltd (MOG). Total face value of MOG Notes at 30 June 2023 were $14 million after $4.3m of outstanding notes (and accrued and unpaid interest) converted into Armour's shares.

Subsequent to year end, MOG and Armour obtained all necessary approvals and consents from Shareholders and Secured Noteholders to allow for the exchange of the remaining MOG Notes subscribed for (together with any accrued and unpaid interest) into Armour Convertible Notes.

Other Debt Facilities

The remaining face value of the Secured Notes outstanding at 30 June 2023 was $17.2 million (original face value of the Secured Notes at the time of issue was $55 million). As at 30 June 2023 Armour had not met certain Financial Undertakings pursuant to the Terms and Conditions of the Secured Amortising Notes including the Debt Service Cover Ratio, the Leverage Ratio, Minimum Cash Balance and defaulted on the principal payment due 29 June 2023 payment. The quarterly interest payment was called on from funds in the Interest Reserve Account held by the trustee.

Subsequent to year end the Secured Noteholders approved a variation to the repayment schedule which sees Armour paying out the Notes by 30 November 2023 and also waivers were received for any previous breach and other non-performance of obligations.

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

Investor Hub and Investor Q&A

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

Financial Review

Results for the financial year		2023	2022	Change	Change %
Sales Revenue	$'000	14,973	17,985	(3,012)	(17%)
Statutory NPAT	$'000	(21,661)	(11,006)	(10,655)	(97%)
EBITDA (Non-IFRS measure)	$'000	(8,425)	(2,210)	(6,215)	281%
Non-Cash Impairment	$'000	(4,862)	(1,004)	(3,858)	(384%)
Operating Cashflow	$'000	(7,527)	(2,888)	(4,639)	(161%)
Oil and Gas Assets Additions	$'000	(3,887)	(2,271)	(1,765)	(78%)
Exploration Additions	$'000	(2,467)	(2,742)	275	10%
Cash Balance	$'000	337	3,255	(2,918)	(90%)
Debt	$'000	(34,481)	(35,717)	1,236	3%
Earnings Per Share - Basic	c.p.s	(0.9)	(0.6)	(0.3)	(50%)
Earnings Per Share - Diluted	c.p.s	(0.9)	(0.6)	(0.3)	(50%)

Table 3 – Summary of financial results

Sales Revenue

Year-on-year sales were 17% lower due to a reduction in sales volumes across most products as a result of natural decline. Oil sales volumes increased by 14%. This reduction was exacerbated by lower average prices received across all products apart from LPG.

Pricing and Volumes	2023	2022	Change	Change %
Volumes				
Gas (TJ)	1,413.1	1,729.0	(316)	(18%)
LPG (Tonnes)	2,343.8	2,702.6	(359)	(13%)
Oil (Bbl)	6,373.4	5,585.5	788	14%
Condensate (Bbl)	21,373.3	29,238.4	(7,865)	(27%)
Prices				
Sales Gas ($/GJ)	6.70	7.43	(1)	(10%)
LPG ($/tonne)	827.9	673.7	154	23%
Oil and Condensate ($/Bbl)	120.1	125.6	(6)	(4%)
All products Weighted Average ($/GJe)	**7.9**	**8.7**	**(0.8)**	**(9%)**

Table 4 – Sale pricing and volumes

Development Expenditure

Armour's Development Expenditure of $3.9 million primarily represents the 2022/23 Work Program (2021/22: $2.3m) in the Surat Basin.

Non-cash impairment

As part of Armour's annual impairment review, there was a total of $4.9 million (2021/22: $1.0m) identified to be written-off. The impairment relates largely to the ATP 2028 and ATP 2029 court appeal that Armour has decided to withdraw from and certain costs historically capitalised to the Northern Basin assets, which no longer hold value to Armour.

Debt

In 2023 Armour continued to reduce its total debt. The Secured Amortised Notes reduced by $7.7 million, to $17.2 million. With an original face value of $55 million, Armour has now reduced the Notes by over 68% and is scheduled to make the final principal repayment in November 2023.

The Tribeca Facility was fully paid out 15 November 2022.

McArthur NT Pty Ltd, a subsidiary of Armour, issued Redeemable Exchangeable Notes to the value of $12.4 million during the year at an issue price of $1 and a coupon rate of 15%. $0.2 million related to interest upon the redemption of the notes.

Financial performance and cash flows

	Consolidated 30-Jun-23	30-Jun-22
	$'000	**$'000**
Revenue from contracts with customers	14,973	17,985
Cost of goods sold	(19,298)	(16,641)
Gross profit/(loss)	**(4,325)**	**1,344**
Net (loss)/gain on sale of assets	0	(35)
Other income and expenses	(6,298)	(6,288)
Finance income	69	9
Finance expenses	(6,245)	(5,206)
Impairments	(4,862)	(1,004)
Income tax benefit	0	174
Loss after income tax expense	**(21,661)**	**(11,006)**

Table 5 – Financial Performance

Earnings before interest, tax, depreciation, and amortisation (EBITDA) – Non-IFRS measure

	Consolidated 30-Jun-23	30-Jun-22
	$'000	**$'000**
Statutory NPAT	**(21,661)**	**(11,006)**
Finance Costs & Other	6,245	5,143
Profit/ (loss) before income tax and net finance expenses	**(15,416)**	**(5,863)**
Add/(Less):		
Interest Income	(69)	(9)
Depreciation and amortisation	2,198	2,623
Non-cash impairment	4,862	1,004
Net (gain)/ loss on disposal of assets	-	35
EBITDA (non- IFRS measure)	**(8,425)**	**(2,210)**

Table 6 – EBITDA

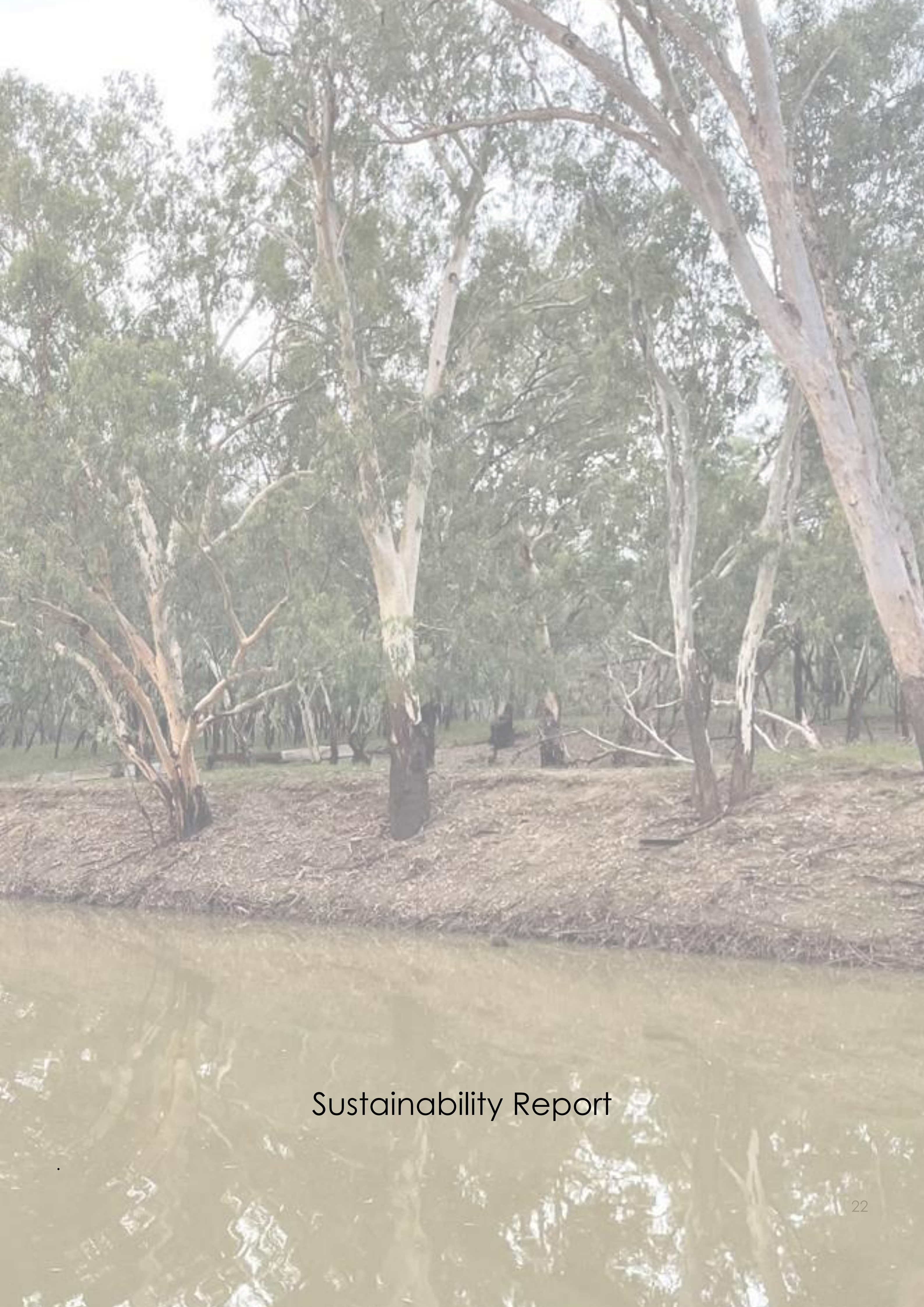
The downside in EBITDA reflects the reduction in revenues due to natural decline and increased council rates accrued.

Cash flow

	Consolidated	
	30-Jun-23	30-Jun-22
	$'000	**$'000**
Net cash at the beginning of the year	**3,255**	**2,358**
Net cash (used in) operating activities	(7,527)	(2,888)
Net cash (used in)/from investing activities	(3,751)	(3,595)
Net cash from financing activities	8,360	7,380
Net cash at the end of the year	**337**	**3,255**

Table 7 – Summary of cashflows

In the year ended 30 June 2023, total net cash outflow was $2,918,000. The net cash outflow from operating activities was $7,527,000 with $14,916,000 of revenue positively contributing from operations.



Sustainability Report

Acknowledgement

Armour acknowledges the Traditional Owners of the land in which we operate. The **Turrbal** and **Jagera** people in Brisbane, the **Mandandanji** people where our Surat operations are, the **Yandruwandha/Yawarrawarrka** and **Dieri** people in the Cooper Basin and the **Wannyi** people and **Gangalidda & Garawa** people in Northern Queensland as well as a number of Traditional Owners Groups under the Northern Land Council in the Northern Territory.

Performance in 2023

1	135	0	1,166	0	1,571
Recordable Injuries	Days Since Recordable Injury	Lost Time Injuries	Days Since Last Lost Time Injury	Reportable Environmental Incidents	Days since reportable environmental incident

Health and Safety

Armour Energy is committed to maintaining a strong focus on Health, Safety, and Environmental (HSE) excellence over the next two years. Our HSE direction, is based on four priority areas that are designed to enhance safety and efficiency in our operations. By embracing contemporary safety leadership thinking and adapting to changes in legislation, we aim to facilitate a culture where people's expertise, insights, and the dignity of work as actually done are central to our HSE approach.

In the 2023 financial year, Armour Energy proudly reported zero Lost Time Injuries (LTIs) and well over 1,000 days without a Lost Time Incident (LTI), with a company LTIFR of 0.

Armour Energy recognizes the dynamic nature of the energy industry and the importance of continually evolving our HSE practices. Our commitment to safety and environmental responsibility is unwavering. This strategic direction outlines our approach for the next two years to ensure that safety remains at the core of our operations.

Our HSE direction is underpinned by the following key principles:

People-Centric Approach: We emphasize the importance of individuals' expertise, insights, and the dignity of their work as crucial factors in enhancing safety and efficiency.

Compliance and Adaptation: We will remain compliant with all applicable legislation and adapt to changes in regulatory requirements.

Continuous Improvement: Our commitment to HSE excellence involves an ongoing process of improvement, driven by data, feedback, and innovation.

Our HSE strategy focuses on four priority areas to drive improvement:

a. Critical Risk and Critical Control Program

b. Best-in-Class Induction and Contractor Management

c. Emergency Response Framework

d. Environmental Compliance Framework

Armour Energy is committed to advancing our HSE practices to meet contemporary safety leadership thinking and evolving legislative requirements. Our four priority areas will drive our improvement efforts, ensuring that the safety and well-being of our workforce and the environment remain paramount in our operations.

We look forward to the continuous progress and success of our HSE initiatives, reflecting our core values and attributes. Through collaboration, innovation, and unwavering dedication, we will uphold our commitment to HSE excellence at Armour Energy.

Figure 11: Sunset driving back from Myall Creek to Surat

Industry Collaboration

Armour continues to be a member of the Safer Together industry working group committed to creating the leadership and collaboration needed to build a strong and consistent safety culture. As part of the community we share industry lessons learnt and improve quickly by implementing learnings.

Environment

Armour's operations comply with environmental regulations as governed by both federal and state legislation. For the fiscal year ending on 30 June 2023, Armour Energy has maintained an model environmental record, with zero reported environmental incidents. The company has achieved 1,571 days without a reportable incident, highlighting its commitment to environmental stewardship.

The Kincora Gas Project, an established oil and gas field, is dispersed across numerous Petroleum Leases (PLs) in the Surat region of Queensland. Armour assumed control of the project in 2016 and is commitment to the practical decommissioning and remediation of non-operational assets.

As a responsible Operator, Armour's focus is on implementing work programs that minimise environmental impact. The company employs strategies such as the utilisation of existing access tracks and leases, and the rapid reinstatement of disturbed areas. These measures help to either avoid or ensure only temporary disturbance, thereby reducing future rehabilitation needs.

Armour also recognizes the risks that poor weed hygiene practices can pose to farmers within its operating areas. To mitigate these risks, the company insists on the highest level of weed hygiene control. Armour works in close consultation with landholders to adopt suitable practices and requires all contractors visiting any of its sites to comply with these standards. Moreover, Armour has provided training to all staff members who conduct work on landholders' properties, emphasising the importance of vehicle weed hygiene.

By adhering to these rigorous standards and practices, Armour remains committed to environmental responsibility within the energy sector.

Climate Change Disclosure

Climate change is one of the most significant challenges facing the world today, and as a member of the energy industry, Armour recognises, the vital role it must play. As the world transitions to a low-carbon future, climate change is being recognised as a critical political, social, environmental, and commercial issue. Armour acknowledges the growing expectations of investors and regulatory that the risks faced by the Company – and its stance on climate change issues – will be addressed in its Annual Report.

Armour is well positioned to contribute to a lower-carbon future through the production and supply of natural gas, which is widely recognised for its part in reducing global emissions. Natural gas emissions per unit of energy produced are approximately 40% lower than coal. Furthermore, natural gas significantly improves air quality in urban centres, with negligible particulate and Sulphur Oxide emissions, and lower Nitrogen Oxide emissions compared to other fossil fuels.

Natural gas also serves as an advantageous fuel for baseload and supplemental power generation supporting the increasing renewables sector. Gas-fired generation, capable of full production within minutes, is 40% less carbon-intensive than coal-fired generation.

While gas compliments intermittent renewable energy generation, it is to note that natural gas has other indispensable applications including heating in foundries and furnaces, plastics and petrochemicals, fertilisers and food manufacturing for which there are limited other viable alternatives.

Armour confirms that, for the period 2022-2023, it met the corporate group thresholds prescribed by the National Greenhouse Gas Reporting (NGER) Act, with reporting to be completed in October 2023. The Company will also report to the National Reporting Inventory (NPI) in September 2023.

The majority of the Company's gas-related infrastructure components (gas plant, gas pipelines, well-heads, compressors, and associated field equipment) are "legacy assets" acquired from Origin Energy as part of the Kincora Gas Project near Roma in Queensland, completed in 2016. Armour has established the following initiatives to reduce emissions and environmental impact:

- Fugitive Emissions Reduction: Armour continues to reduce fugitive emissions through effective flange management, leak detection programs and preventative maintenance strategy. Armour minimises gas flaring by continuously monitoring and maintaining stable plant processes.
- Emission Monitoring: The annual Kincora Stack Emission Monitoring Program provides baseline air emission data and ensures that emissions are below the EPP Air Quality Objectives.
- Power Generation Upgrade: Switching from diesel generators to gas.
- Renewable Integration: New well site facilities will include solar panel-powered electrically driven instrumentation.

Furthermore, Armour minimises its impact on land and waterways in relation to development and exploration activities by undertaking the following:

- Assessment of regional and local aquifers to characterise the geochemistry of formation water prior to and during initial stages of exploration and development, including hydraulic stimulation, activities.
- Ongoing baseline monitoring of groundwater quality to detect any changes during and after the cessation of exploration and development lifecycles.
- Assessment and survey of local ecological communities within and around our development, exploration and production tenements, and the implementation of innovative approaches to negate and reduce footprint and minimise vegetation clearing.
- Staying educated on improved and innovative environmental technologies that could have the greatest potential for reducing overall energy consumption during the exploration and development lifecycles.
- Minimise the use of bore water with the installation of rainwater tanks at the Kincora Plant and Crew house.

Armour continues to explore carbon capture and storage (CCS), a process that captures carbon dioxide ($CO2$) and stores it deep underground. CCS is viewed as crucial in reducing carbon emissions and transitioning to cleaner energy.

Despite the favourable landscape for the ongoing production and sale of natural gas, Armour anticipates increasing regulations and costs related to climate change and corban emissions management. The Company remains committed to understanding and managing the current and future regulatory, reputational, and market-related risks of climate change to its operations.

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. The TCFD has developed a set of voluntary recommendations for companies to disclose information about how they oversee and manage climate related risks and opportunities. Armour recognises the importance of transparency to our stakeholders and the Board is considering the adoption of the TCFD Recommendations as a framework for guiding our climate-related risk management and disclosures in future reporting periods.

Armour's strategic approach is to minimise emissions and actively participating in the energy transition, all while building a resilient business. The Company's Executive Team and Audit and Risk Management Committee will continue to review the potential impacts of climate change on the organisation and will be responsible for delivering Armour's climate change priorities.

The Company is mindful of other social consensus-based issues connected with climate change and environmental stewardship that may influence its operations and cost structures in the future. These dynamic issues require ongoing monitoring and consideration, especially in the context of the Company's capital allocation decisions, the nature and longevity of certain assets and operations, the safety and security of its workforce, and the interests of its broader stakeholders and the communities where it operates. To date, there have been no direct impacts on Armour's operations or assets related to these matters, aside from the historical gas and hydraulic fracturing moratoriums imposed by the Victorian and Northern Territory Governments.

No financial impacts have been recorded in the current period by Armour in relation to these initiatives as:

- The Company's project equity interests in the state of Victoria are currently carried at a nil value, having been written down in an earlier period; and
- The Government of the Northern Territory has now lifted its moratorium and granting the Company an extension of time for it to complete its exploration activities, together with variations in its financial commitments related thereto.

The Board does not currently consider the Company to be subject to a material financial impact because of the various categories of climate change risk and as a result, no adjustments are included in the financial statements. Future commodity prices are based on the Group's estimate of future market price with reference to various external forecasts.

Armour recognises the key physical and transitional risks from climate change that may impact the Company in the future.

1. Physical risks: These include one-off significant disruption such as extreme weather events, as well as more gradual changes in the environment in which we operate. Armour's operational activities are at risk of severe interruption by extreme weather events such as bushfires or floods.

2. Transitional risks: These risks associated with the global move towards a low-carbon economy. The Company could be at risk due to reduced demand for oil and gas products, increased regulation or higher stakeholder expectations impacting the Company's reputation.

The potential impacts of the above risks to the Company could include reduced revenue, increased costs, a higher cost of capital, or an inability to access capital or insurance. These risks are covered in greater detail in the "Managing Risk" section of this report.

People

34
Direct employees

19%
Female workforce

50%
Site based employees from the Region

As a small operation, people are at the core of our business. Armour directly employs 34 people with 19% female. We have a diverse workforce with our team coming from a breath of backgrounds, from as close as New Zealand and PNG to as far as the UK.

Of our site-based team, approximately 50% are employed from within the Darling Downs and Western Queensland region and 28% of them are from the local area.

During the 2023 financial year, under new management, Armour has established new corporate values that can be found on page 6 of this report. Our values set out the way in which Armour will operate, guide how we make decisions and are important to setting the culture in our organisation.

Community

Figure 12: Surat Sunrise 08 Feb 2023

Armour operates in the Surat region of Queensland and strives to continue being an active and supportive member of the community. A strong presence in the Surat community is a key focus and the opening of the Armour Surat office in November 2020 demonstrates a commitment to the town of Surat. Having a local office sees more local engagement and investment by the Armour team. Wherever possible, Armour buys goods and services from businesses in local communities. We continue to foster positive relationships with other key stakeholders such as landowners, governments and community groups.

Supporting Local Businesses

Armour continues to engage with local businesses and contractors that can support our operations. Strong partnerships with local contractors are crucial to Armour's operations in the Surat.

For our project activities, wherever possible we source local materials such as gravel and construction water from our local landholders and local businesses. Flowers Earthmoving has been an ongoing supporter and contractor to Armour. This family business provides earthmoving for both our well and pipeline project activities.

Roma-based Ricketts Mechanical Services and Hamilton provide the necessary contractor services to Armour. These contractors provide specialist skills and work closely with the Armour operational team. They use local people for their team.

Materials and parts supplies are sourced as much as possible from vendors based in the Surat and Roma area, supporting local commerce. Local businesses such as Surat Tyre Service is our primary tyre supplier, Bayly Motors provides vehicle servicing, the Wagon Wheel General Store provides our supplies and Surat Ag provides our chemicals for land management. All these businesses are family owned and employ local people.

Construction and operations employees of Armour enjoy meals and accommodation at the family-run New Royal Hotel Motel and Balonne's Royal Bistro. Proprietors Don and Karen Thom and their team extend a warm welcome to the Armour team with hearty meals, daily lunch packs and friendly service. Don is also one of our Senior Plant Operators at the Kincora Plant.

Community

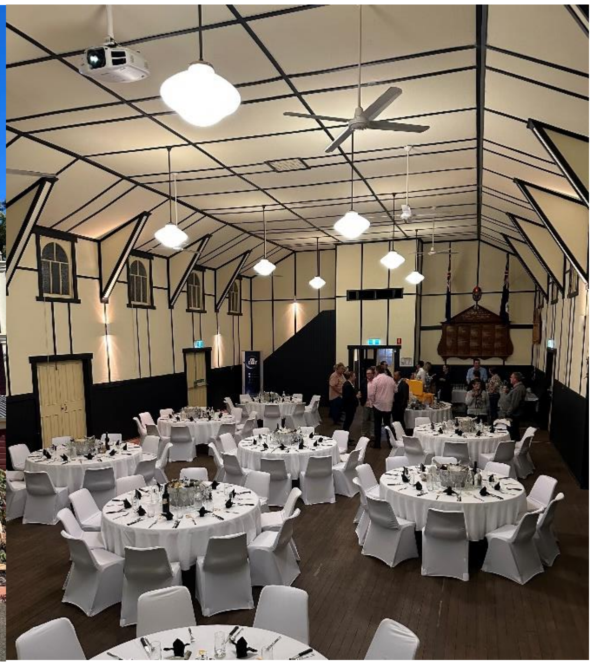


Figure 13 and 14: Surat Shire Hall – The Kids' Cancer Project Fundraiser: An Evening with Owen Finegan

Armour takes pride in supporting the local community of Surat, where our employees reside and work. Flourishing community groups are the heart of rural and regional regions, nurturing a robust sense of community unity.

As is now tradition, Armour donated to the 2023 Surat Ladies Bowling Club Annual Pink and Blue Bowls Day. A number of the Armour team (local and from Brisbane) took part in the bowls day. Armour has sponsored this event, which raises funds for both breast and prostate cancer charities, for the past 7 years.

Armour continues to sponsor the Queensland Police Legacy Scheme to ensure that children in the Surat & St. George area receive a Child Safety handbook and continue to have access to a resource to turn to in times of need, and support so that they can cope with the challenges they may face.

Armour has participated in a Women in Business Luncheon event in Brisbane and hosted a fundraising event at the Surat Town Hall during the year in support of The Kids' Cancer Project. The hosted event raised $16,368 to support critical cancer research efforts, while supporting local businesses who were used for catering and wait staff.

Landholders and Traditional Owners

Armour maintains its operational acreage across a large number of private landholders in the Surat area. Seamlessly interfacing with cattle and cropping routines is the result of open communication and relationships built on mutual trust and respect. Development and exploration schedules are developed in consultation with landholders to minimise local impacts to their business.

In the Northern Territory, Armour undertook multiple engagements with all 38 Pastoral Leaseholders over our acreage in preparation for the largest private airborne survey in the Northern Territory which commenced in late June 2021.

Armour respects the Traditional Owners in the areas in which we operate. Armour has continued positive ongoing engagement with the Northern Land Council in the Northern Territory with plans for future stakeholder engagement with the Traditional Owners.

Industry Engagement

Armour engages and collaborates extensively across the Oil & Gas industry. This includes through the Queensland Resources Council, Safer Together and the Northern Territory Energy Club.

Jobs, Royalties and Taxes

Armour directly employed 34 people at 30 June 2023 (2022: 37) as well as a number of independent contractors.

Armour contributed $1.7 million (2022: $1.6m) in royalties and $0.4 million (2022: $0.4m) in payroll tax to the Queensland Government.

Managing Risk

Armour is an explorer, developer and producer of gas and associated liquids. The Group operates in a volatile pricing market. Factors specific to Armour or those which impact the market more broadly, may individually or in combination, impact the financial and operating performance of Armour. These events may be beyond the control of the Board or management of Armour Energy.

The material risks for Armour are outlined below. This summary is not an exhaustive list of all risks that may affect Armour, nor have they been listed in any particular order of materiality.

Operational Risks

Production Risks

Figure 15: Kincora Terminal

Armour has a single production operation and is therefore reliant on continued performance of operations of the Kincora Gas project. Any issues that curtail operations at the Kincora facility could materially impact revenue flows. There are numerous operating risks which may result in a reduction in performance that decreases Armour's ability to produce gas to meet customer contracts. The risks include, but are not limited to, factors such as weather conditions, machinery failure, critical infrastructure failure or natural disasters. To prevent or minimise production losses from such things as, machinery or infrastructure failures, Armour has in place maintenance programs and operational procedures. These mitigants are implemented by competent on-site operators and engineering support.

Geological Risks

Resource and Reserve estimates are prepared by internal experts in accordance with the JORC code for reporting. The estimates are inherently subjective in some respects therefore there is risk that the interpretation of data may not align with the future experienced conditions in the field. Due care is taken with each estimation.

Armour prepares its reserves and resources estimates in accordance with the 2018 update to the Petroleum Resources Management System sponsored by the Society of Petroleum Engineers, World Petroleum Council, American Association of Petroleum Geologists and Society of Petroleum Evaluation Engineers (SPE-PRMS). To support and validate the Company's gas and oil reserves position, an external qualified auditor is engaged annually to provide an independent expert review.

Exploration and Development Risk

Armour's production growth is dependent on its ability to explore, develop and deliver new resources and reserves. Oil and gas exploration is a speculative endeavour and carries a degree of risk associated with failure to find commercially viable hydrocarbons. Armour utilises prospect evaluation and ranking to analyse existing acreage for exploration and development opportunities. Each project is assessed on its merits before investment decisions are taken. Armour also seeks partnering and farm-in opportunities to manage the risk.

Safety, Environmental and Sustainability Risks

Safety Risk

Safety remains of critical importance in the planning, organisation and execution of Armour's exploration and operational activities. Oil and gas operations pose a risk of harm to employees, contractors or the community in which Armour operates. Armour is committed to providing and maintaining a working environment in which its employees and contractors are not exposed to hazards that will jeopardise an employee's health and safety, or the health and safety of others associated with our business. Armour has in place detailed and proactive safety and health management plans which are reviewed regularly. Armour also participates in the Safer Together industry working group committed to creating the leadership and collaboration needed to build a strong and consistent safety culture.

Climate Change

Climate change risk, in the form of either physical or transitional risk, is a global issue impacting all businesses.

Physical risks through extreme weather events such as bushfires or floods may cause significant disruption to Armour's operations. The potential impact of this type of event includes damage to infrastructure, loss of production and delay or cost increases to project delivery. Armour has in place response plans to minimise any impact from such events as well as a comprehensive insurance program.

Climate change and the transition to a lower carbon emissions economy may lead to an increase in regulation and expectations. An increased focus by governments, regulators and broader stakeholders in relation to climate change and expectations of companies may impact Armour's longer-term growth through increased regulation and cost. The International Energy Agency (IEA) has noted that banks, insurance companies and other operators are exiting coal. Gas plays an important role in coal-to-gas switching and as a firming energy for renewables in reducing overall carbon emissions, however, in the longer-term sentiment towards gas may change which may impact access to and cost of capital and insurance.

Environmental Risk

Armour's operational activities pose a risk of harm to the environment and community through an environmental incident or non-compliance.

Armour's operations and projects are subject to State and Federal laws, and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. The ability to secure and undertake exploration and operational activities within prospective areas is also reliant upon satisfactory resolution of native title and management of overlapping tenure.

To address these risks, Armour develops strong, long-term effective relationships with landholders, with a focus on developing mutually acceptable access arrangements as well as appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.

Armour minimises these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. In addition, Armour engages experienced consultants and other technical advisors to provide expert advice where necessary.

Pandemic Risk

A pandemic outbreak of a communicable disease such as COVID-19 has the potential to affect personnel, production and delivery of projects. The Company responded to COVID-19 through its health and safety management plans to manage this risk including ongoing monitoring and response to government directions and advice. This enables Armour to take active steps to manage risks to the Company's staff and stakeholders and to mitigate risks to its operations and communities where Armour operates.

Strategic and Financial Risks

Regulatory Risks

Changes in government, policy or legislation may result in material adverse impact on Armour's operations and financial position. Retrospective or unexpected regulatory changes may impact the viability of projects.

Companies in the oil and gas industry may also be required to pay direct and indirect taxes, royalties and other imposts in addition to normal company taxes. Armour's financial position may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies.

Armour monitors regulatory developments and seeks opportunities to engage with governments and regulators as well as industry bodies.

Commodity Price Risk

The prices Armour receives for the oil and gas produced is subject to the volatility of commodity prices and is a key driver for the business's financial performance. Armour is not of a size to have influence on gas or other petroleum product prices and is therefore a price-taker in general terms. This is particularly the case in relation to the Queensland gas spot market, and for oil, condensate, and LPG sales. Armour has in place some fixed-price AUD gas sales, as well as contracts and contracted agreements for some other products.

Sovereign Risk

Armour has limited influence over the direction and development of government policy. Successive changes to the Australian energy and resources policies, including taxation and innovation policies, have impacted Australia's global competitiveness and reduced the attractiveness of Australian fossil-fuel projects to foreign investors.

Armour's view is that whilst there is currently a negative perception of fossil fuels, gas and LPG being less carbon intensive than alternate energy sources (such as thermal coal) will continue to play a significant role as both a domestic and export commodity.

Access to Funding

Armour's ability to fund operations and future growth is impacted by its ability to access funding. At 30 June 2023, Armour remained funded with the ability to raise cash reserves to be sufficient to meet the business's operating costs. Armour's ability to effectively continue as an oil and gas producing business is dependent upon several factors, including the success of the Kincora Gas Plant, successful exploration and subsequent exploitation of Armour's tenements.

Should these avenues be delayed or fail to materialise, Armour has a proven ability to successfully raise additional funding through debt, equity or farm out/sell down of assets to allow Armour to continue as a going concern and meet its debts as and when they fall due.

Recent examples of the ability to raise funding via equity was the successful completion of the $32 million capital raise program.

Board of Directors

Nicholas Mather (appointed 18 December 2009)

Executive Chairman

BSc (Hons, Geol), MAusIMM

Nicholas Mather has been involved in the junior resource sector at all levels for 34 years during which time he has been instrumental in the creation of resource companies with aggregate market caps at takeover and currently of approximately $6.8Bn. Nick is currently a Non-Executive Director of SolGold plc, Aus Tin Mining, New Peak Metals and Lakes Blue Energy NL. Nick is Managing Director and co-founder of DGR Global Limited (ASX) and was co-founder and served as an Executive Director of Arrow Energy NL until 2004. Nick was also the founder and Chairman of Waratah Coal, a co-founder and Non-Executive Director of Bow Energy Limited until its takeover by Arrow Energy Pty Ltd.

Nick is Executive Chairman and a member of the Remuneration Committee.

Current directorships/other interests

DGR Global Limited

(26/10/2001 – current)

NewPeak Metal Limited

(22/01/2003 – current)

Clara Resources Limited

(21/10/2010 – current)

Lakes Blue Energy NL

(07/02/2012 – current)

SolGold plc (LSE and TSX)

(11/05/2005 – current)

Former directorships (last 3 years)

Atlantic Lithium Ltd (A11) (formerly Iron Ridge Resources Limited)

(05/09/2007 - 28 June 2021)

Interests in shares: 5,186,689
Interest in options: 159,573

Stephen Bizzell (appointed 9 March 2012)

Non- Executive Director

BCom, MAICD, SA Fin

Stephen Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. Stephen was previously an Executive Director of Arrow Energy Ltd, co-founder and Non-Executive Director of Bow Energy Limited and formerly Non-Executive Director of Queensland Treasury Corporation, Stanmore Coal Ltd, Diversa Ltd, Apollo Gas Ltd, UIL Energy Ltd and Dart Energy Ltd. Qualified as a Chartered Accountant with considerable experience in the fields of corporate restructuring, debt and equity financing, mergers and acquisitions. He has over 25 years' of corporate finance and public company management experience. Stephen is a member of the Audit & Risk Management Committee and Remuneration Committee.

Current directorships/other interests

MAAS Group Holdings Limited

(21/10/2020 – current)

Renascor Resources Limited

(01/09/2010 – current)

Savannah Goldfields Limited

(28/06/1996 – current)

Strike Energy Limited

(31/12/2018 – current)

Challenger Energy Group Plc

(01/06/2021– current)

Former directorships (last 3 years)

Stanmore Coal Limited

(05/10/2009 - 15/05/2020)

Interests in shares: 4,864,142

Interest in options: 1,204,089

Eytan Uliel (appointed 20 November 2017)

Independent Non-Executive Director

BA, LLB

Eytan Uliel is a finance executive with extensive oil and gas industry experience. He has served as Commercial Director of Bahamas Petroleum plc, a UK-listed company with conventional oil exploration acreage offshore The Bahamas. Eytan was Chief Financial Officer and Chief Commercial Officer of Dart Energy Limited, Chief Commercial Officer of its predecessor company, Arrow International Ltd, Asian Regional Head of the Corporate & Structured Finance Group at Babcock & Brown. Eytan was also with Carnegie, Wylie & Company as Managing Director. Eytan commenced his career as a corporate lawyer, with leading Australian law-firm Freehills. He has also previously served as Chairman and Chair of the Audit Committee of Easycall International Ltd (dual ASX / SGX listed), Director and Chair of the Audit committees of Strike Energy Limited (ASX listed) and Jasper Investments Ltd (SGX listed), an alternate director of Thakral Corporation Limited (SGX listed), a director of CH4 Gas Ltd (ASX listed until merged with Arrow Energy Ltd), and an alternate director of Neverfail Springwater Ltd (ASX listed). Eytan was previously a director and member of the audit committee of Lonely Planet Publications Pty Ltd, and a director of various Arrow / Dart entities across Asia and Europe.

Eytan is Chair of the Audit and Risk Management Committee.

Current directorships/other interests

Challenger Energy Group Plc

(01/06/2021– current)

Former directorships (last 3 years)

None

Interests in shares: 250,000

Leadership Team

Christian Lange

Chief Executive Officer

Christian Lange is a highly experienced executive within both the Australian and International resources industries, having spent over 30 years in executive and operational roles globally. Christian was an executive at leading global oil and gasfield services provider, Schlumberger where he spent 18 years in executive and operational management in Australia/NZ, the Middle East, the United Kingdom, Venezuela, and the USA. Christian was also previously the Managing Director and CEO of ASX listed Neptune Marine Services, a company that he developed from a single technology start up, to a company employing over 700 people and operating in major offshore provinces. Recently, Christian was the Founder and Managing Director of Griffin Energy Solutions, a specialist well engineering and project management company. Christian holds an MBA from the Curtin Graduate School of Business and is a member of the Society for Petroleum Engineers (SPE).

Geoffrey Walker

Chief Financial Officer & Joint Company Secretary

B.Bus, CA, GAICD

Geoff Walker is a chartered accountant and member of the Australian Institute of Company Directors. He has 30 plus years of financial and commercial experience including previous Chief Financial Officer roles with ASX listed Eagers Automotive Limited, Range International Limited and Kina Petroleum Limited. Mr Walker brings extensive experience formulating and executing strategic initiatives while managing change and growth. Mr Walker is also currently CFO and Company Secretary for DGR Global Ltd, Armour's largest shareholder and through this role he already has a good working knowledge of Armour's business and strategic objectives.

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Armour Energy Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year-ended 30 June 2023.

Principal activities and significant changes in the state of affairs

The Group's principal activities are focused on oil and gas exploration, development and production of gas and associated liquids resources. The Group's work programs aim to increase liquid rich gas production and revenues while focussing on becoming one of Eastern Australia's most prominent onshore Oil and Gas explorers and producers.

There were no significant changes in the state of the affairs of the Company during the financial year that have not been detailed elsewhere in this report.

A detailed operating and financial review is provided on pages 9 to 21 of this report and forms part of the Directors' report. Material risks to the Company are discussed on pages 32 to 35.

Directors

The Directors of Armour during the whole of the financial year and up to the date of this report are:

Nicholas Mather	Executive Chairman
Stephen Bizzell	Non-executive director
Eytan Uliel	Independent non-executive director

Their qualifications, experience and special responsibilities are included on page 36.

Company Secretary

Mr Geoffrey Walker has been Armour's Company Secretary since 25 May 2022.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during financial year 2023, and the number of meetings attended by each Director were:

	Board		Audit and Risk Management Committee	
	Held	Attended	Held	Attended
Nicholas Mather	12	12		
Stephen Bizzell	12	12	2	2
Eytan Uliel	12	12	2	2

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

No Remuneration Committee meetings were held during the 2023 financial year.

Corporate Structure

Armour Energy Limited is a company limited by shares that is incorporated and domiciled in Australia. It was converted to a public company on 14 January 2011 and subsequently became an ASX-listed company on 26 April 2012.

Dividends

There were no dividends paid, recommended, or declared during the current or previous financial year or since the end of the year.

Future likely developments, prospects, and business strategies

There are no further developments of which the Directors are aware of that is not detailed elsewhere in this report which the Directors believe comment on, or disclosure of, would prejudice the interests of Armour.

Options on Issue

At the date of this report, the unissued ordinary shares of Armour Energy Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under option
1-Oct-19	30-Sep-23	$4.00	800,000
17-Dec-19	30-Sep-23	$4.00	160,000
23-Jun-20	29-Feb-24	$2.50	623,330
30-Jun-20	29-Feb-24	$2.50	140,367
12-Aug-20	29-Feb-24	$2.50	188,497
24-Aug-20	29-Feb-24	$2.50	337,883
17-Sep-20	29-Feb-24	$2.50	718,590
1-Oct-20	29-Feb-24	$2.50	2,883,278
19-Oct-20	29-Feb-24	$2.50	1,756,228
22-Dec-20	29-Feb-24	$2.50	1,335,567
24-Mar-21	29-Feb-24	$2.50	1,249,882
9-Jul-21	29-Feb-24	$2.50	1,327,109
29-Sep-21	29-Feb-24	$2.50	1,467,949
24-Dec-21	29-Feb-24	$2.50	1,290,615
2-May-22	29-Feb-24	$2.50	241,667
2-May-22	29-Feb-24	$2.50	966,667
1-Aug-22	29-Feb-24	$2.50	241,667
1-Aug-22	29-Feb-24	$2.50	123,022
Total			**15,852,317**

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Indemnity and Insurance of Directors and Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Events after the Reporting Date

Other than the below subsequent events, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect Armour's operations, the results of those operations, or Armour's state of affairs in future financial years.

- The Company's shares were consolidated on a 50:1 basis

- The Company issued 21,000,000 Armour Convertible Notes to DGR for the exchange of outstanding MOG Notes and to settle existing debt

- The Company issued Armour Convertible Notes to exchange other outstanding MOG Notes as per the approvals received at Extraordinary General Meeting held 2 August 2023

- On 25 August 2023, Armour received approvals and consents for the following special resolutions from the Secured Amortising Noteholders:
  - Additional assets included as Approved Disposals allowing Armour to progress non-core asset sales, with at least 90% of the proceeds to be paid to Noteholders as unscheduled amortisation payments
  - The issuance of Armour Convertible Notes
  - The Maturity Date amended to 30 November 2023
  - Waiver of the non-payment of the scheduled principal payment due 29 June 2023 and any previous breach or other non-performance of obligations
  - Waiver of the shortfall in the Interest Reserve Account, where funds were used to pay the June quarters interest payment

- DGR Global Limited and Armour Energy Limited have established a new UK-incorporated company Conjugate Energy Limited (Conjugate) which will hold interests in oil exploration projects in the Albertine Graben, Uganda. Conjugate intends to seek admission to a UK stock exchange and raise funds primarily to drill two exploration wells or drill ready prospects with substantial resources of oil. Any admission will be subject to, inter alia, compliance with the relevant regulatory requirements and accordingly there can be no certainty that any admission will occur or the timeframe in which it will occur.

- Armour entered into a funding agreement with Armour's largest shareholder, DGR Global Ltd, for the provision of a $17 million facility to be drawn down as necessary. The form of the funding will be determined at the timing of funding.

Environmental Regulation

Armour is subject to significant environmental regulation in relation to its operations. Armour has conducted an extensive review of the environmental status of the Surat Basin processing plant and associated exploration and production fields, used for the production of Oil, Gas, LPG and Condensate, and has estimated the potential costs for future restoration and abandonment to be $12,359,000. Armour has complied with the conditions of its various Environmental Licences to Operate under the Environmental Protection Act 1994, through the implementation of its Health, Safety and Environmental Management System (HSEMS) and assurance processes.

Health & Safety

Armour achieved a TRIFR of zero. Armour Energy has not received any formal notices or penalties from regulatory authorities during the period with inspections of our operating sites by Resources Safety & Health Queensland (RSHQ) during the period determining no regulatory non-compliance. Armour continues to work with the regulators to meet obligations and improve on our management systems.

Climate Change

Armour recognises that the world is transitioning to a low-carbon future, and that climate change is an important political, social, environmental, and commercial issue. In addition, the Company recognises the increasing level of investor and regulatory expectation that the particular risks faced by the Company – and its stance generally on climate change issues. Refer to the Sustainability Report for more information.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-Audit Services

The Company's auditor, BDO, undertook some non-audit services during the year. Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 39 to the financial statements. The non-audit services totalling $3,000 relates to whistleblower hotline services provided.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 39 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are Former Partners of BDO

There are no officers of the Company who are former partners of BDO.

Remuneration Report (audited)

The remuneration report details the key management personnel remuneration arrangements for Armour, in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration and service agreements.
- Share-based compensation.
- Group performance and link to remuneration.
- Other transactions with key management personnel and their related parties.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons who have authority and responsibility for planning, directing and controlling the activities of Armour, directly or indirectly, including any Director (whether executive or otherwise) of Armour, including the executive team.

The following persons are considered Key Management Personnel for Armour. Details of date of service is included where service was for all or part of the 2023 financial year:

Name	Position	Period of Service
Directors		
Nicholas Mather	Executive Chairman	Became KMP 1 July 2011
Stephen Bizzell	Non-Executive Director	Became KMP 8 March 2012
Eytan Uliel	Independent Non-Executive Director	Became KMP 20 November 2017
Executive KMP		
Geoffrey Walker	Chief Financial Officer	Became KMP 25 May 2022
Christian Lange	Chief Executive Officer	Became KMP 25 July 2022
Former Executive KMP		
Michael Laurent	Chief Operating Officer	Ceased KMP 30 November 2022

Other than the above, there were no changes to KMP after the reporting date and before the date the financial report was authorised for issue.

Principles used to determine the nature and amount of remuneration

Armour's remuneration policy is designed to attract, motivate, and retain Executives and Non-Executive Directors by identifying and rewarding high performers and recognising the contribution of each person to the continued growth and success of Armour.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive compensation; and
- transparency.

The Remuneration Committee is responsible for providing recommendations to the Board of Directors on the remuneration arrangements for its directors and executives. The performance of Armour depends on the quality of its directors and executives.

The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payments chosen will be optimal for the recipient without creating undue cost for Armour. Further details on the remuneration of Directors and Executives are set out in this Remuneration Report.

Armour aims to reward the Executives with a level and mix of remuneration commensurate with their position and responsibilities within Armour. The Board’s policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- link reward with the strategic goals and performance of Armour;
- focusing on sustained growth in shareholder wealth and achievement of these strategic goals; and
- ensuring total remuneration is competitive by market standards.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Details of remuneration and service agreements

Non-executive Directors’ Remuneration

The board seeks to set aggregate remuneration at a level which provides Armour with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Armour’s specific policy for determining the nature and amount of remuneration of non-executive directors is as outlined below.

The Company's constitution and ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2022 where the shareholders approved the adoption of the Remuneration Report as set out in the 30 June 2022 Annual Report.

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed periodically by the Remuneration Committee. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

If a non-executive director performs extra services, which in the opinion of the directors are outside the scope of the ordinary duties of the director, Armour may remunerate that director by payment of a fixed sum determined by the directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive directors. A non-executive director is entitled to be paid travelling and other expenses properly incurred by them in attending director's or general meetings of Armour or otherwise in connection with the business of Armour.

The rights, responsibilities and remuneration terms for each non-executive director are set out in a letter of appointment, pursuant to which:

- Directors are granted the rights to access Group information, and the right to seek independent professional advice
- Directors are provided with a Deed of Access and Indemnity
- Directors are provided with coverage under Armour's directors and officers insurance policy
- Directors are made aware of Armour's Corporate Governance policies and procedures
- Directors are ordinarily entitled to remuneration of $40,000 per annum, plus reasonable expenses for travel and accommodation,
- There are no fixed terms or notice periods, with the exception of the Chairman.

The remuneration of non-executive directors for the year ended 30 June 2023 is detailed on page 49 of this remuneration report.

Executive remuneration

Armour aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components and is commensurate with their position and responsibilities within Armour and to:

- link reward with the strategic goals and performance of Armour;
- align the interests of the executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

The remuneration of the executives is recommended by the Remuneration Committee and determined by the Board. The remuneration will comprise a fixed remuneration component and may include offering specific short and long-term incentives, in the form of:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration. The remuneration of executive directors and other KMP for the year ended 30 June 2023 is detailed on pages 49-50 of this Remuneration report.

Service agreements

It is the board’s policy that employment agreements are entered into with all executives and employees.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The termination provisions applicable are set out below.

Name	Position	Duration of service	Notice Period	
			By Executive	By Company
Nicholas Mather	Executive Chairman	Ongoing	12 months	12 months
Christian Lange	Chief Executive Officer	Ongoing	3 months	3 months
Geoffrey Walker	Chief Financial Officer	Ongoing	3 months	3 months

Apart from the CEO, who has his own incentive plan (see below) bonus payments and incentive criteria satisfaction are at the discretion of the Remuneration committee.

Salaried executives are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination.

No directors or key management personnel have entitlement to termination payments in the event of removal for misconduct.

Chief Executive Officer Incentive Plan

Mr Lange is entitled to base remuneration of $480,000 inclusive of superannuation plus a bonus of up to 100% of base salary per annum, measured and weighted against progress towards and achievement of agreed KPI's.

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the November 2022 AGM, 97.35% (2022: 77.29%) of the eligible votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Amounts of remuneration

The table below for the remuneration of KMP of Armour is prepared in accordance with the Australian Accounting Standards and Corporations Act 2001.

		Short-term benefits		Post-employment benefits	Share-based payments	
	Year	Cash salary and fees	Non- monetary	Superannuation	Shares	Total
Directors:		$	$	$	$	$
N Mather	**2023**	**168,000**	**-**	**-**	**-**	**168,000**
	2022	168,000	-	-	-	168,000
S Bizzell	**2023**	**40,000**	**-**	**-**	**-**	**40,000**
	2022	40,000	-	-	-	40,000
E Uliel	**2023**	**40,000**	**-**	**-**	**-**	**40,000**
	2022	40,000	-	-	-	40,000
Current other Key Management Personnel:						
C Lange[1]	**2023**	**332,187**	**38,465**	**25,292**	**93,651**	**489,595**
	2022	N/A				
G Walker[2]	**2023**	**150,000**	**13,968**	**20,023**	**50,000**	**233,991**
	2022	15,375	-	2,050	5,125	22,550
Total Current KMP	**2023**	**730,187**	**52,433**	**45,315**	**143,651**	**971,586**
	2022	263,375	-	2,050	5,125	270,550

[1] My Lange was employed as Chief Executive Officer 25 July 2022. Mr Lingo was employed as CEO from 12 June 2020 to 4 April 2022.

[2] Mr Walker was employed as CFO from 25 May 2022. Mr Gouws was employed as CFO from 20 December 2021 to 3 June 2022. Mrs Hawkins was employed as CFO from 1 December 2020 to 31 December 2021.

	Year	Short-term benefits		Post-employment benefits	Share-based payments	
		Cash salary and fees	Non- monetary	Superannuation	Shares	Total
Previous Directors:						
R Sleeman[1]	**2023**			N/A		
	2022	30,000	-	-	-	30,000
Previous other Key Management Personnel:						
K Schlobohm[2]	**2023**			N/A		
	2022	23,871	-	-	-	23,871
M Laurent[3]	**2023**	**290,486**	**-**	**10,830**	-	**301,316**
	2022	336,061	68,108	23,568	60,950	488,687
B Lingo[4]	**2023**			N/A		
	2022	173,048	38,395	15,289	7,299	234,031
T Hawkins[5]	**2023**			N/A		
	2022	153,942	-	11,784	30,095	195,821
M Greenwood[6]	**2023**			N/A		
	2022	272,733	-	23,568	90,121	386,422
C Gouws[5]	**2023**			N/A		
	2022	112,138	-	11,880	27,832	151,850
Total KMP	**2023**	**1,020,673**	**52,434**	**56,145**	**143,651**	**1,272,902**
	2022	1,365,168	106,503	88,139	155,347	1,715,157

[1] Mr Sleeman resigned as director on 31 March 2022.

[2] Mr Schlobohm resigned as Company Secretary on 31 January 2022.

[3] Mr Laurent resigned as Chief Operating Officer on 30 November 2022.

[4] My Lange was employed as Chief Executive Officer 25 July 2022. Mr Lingo was employed as CEO from 12 June 2020 to 4 April 2022.

[5] Mr Walker was employed as CFO from 25 May 2022. Mr Gouws was employed as CFO from 20 December 2021 to 3 June 2022. Mrs Hawkins was employed as CFO from 1 December 2020 to 31 December 2021.

[6] Mr Greenwood was employed as Chief Commercial Officer from 1 June 2021 to 3 June 2022.

Employee Incentives

Armour has an incentive scheme which rewards long-term employees for contributing to the overall performance of Armour. The underlying objective of the incentive arrangements is to:

- Ensure employees understand Armour's business drivers, objectives, and performance;
- Strengthen the involvement and focus of employees in achieving the business' objectives; and
- Improve teamwork, communication, and interaction among employees.

Under the incentive scheme, Armour may at its discretion, on an annual basis, pay a bonus to permanent employees who are employed by Armour on the final day of the relevant financial year (that is, 30 June).

The maximum amount of bonus that will be paid to each employee in any year is set out in the employee's contract of employment and is set at a maximum 50% of base annual salary.

Apart from the CEO, the actual amount of bonus paid to each individual employee will be dependent on:

- For 70% of the potential maximum award, the individual employee's performance relative to pre-agreed key performance indicators ('KPIs'); and
- For 30% of the potential maximum award, the overall corporate performance compared to predetermined corporate performance targets but subject to satisfactory personal performance.

There were no bonuses awarded in financial year 2023.

Share-based compensation

For the year ended 30 June 2023 $455,303 of other employment benefits were taken as ordinary shares in lieu of cash (2022: $920,476). The number of shares awarded was determined with reference to the share value based on a 10-day volume weighted average price (VWAP) at the time of qualification for the share allotment.

Options granted as part of remuneration for the year ended 30 June 2023

Under the Company's employee share option plan (ESOP), which was approved by shareholders at the 2016 AGM, share options may be issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria but are issued to the majority of directors and executives of Armour to align comparative shareholder return and reward for directors and executives.

During the year ended 30 June 2023, there were no options granted as remuneration to Key Management Personnel (2022: NIL). There are no options on issue over unissued ordinary shares in Armour Energy Ltd on 30 June 2023 to Key Management Personnel.

Performance Shares

There were no performance shares granted or vested during the year.

Shares issued on exercise of remuneration options

There were no options exercised during the year that were previously granted as remuneration (2022: NIL).

Shareholdings

The details of all ordinary shares in Armour Energy Ltd as of 30 June 2023 held by Key Management Personnel is set out below:

Directors / Key Management Personnel	Balance at 1-Jul-22	Granted as/ in lieu of compensation	Options exercised	Net changes Other	Balance at 30-Jun-23
Directors	Number	Number	Number	Number	Number
N Mather	9,019,912	-	-	80,100,662	89,120,574
S Bizzell	19,287,066	-	-	189,817,534	209,104,600
Eytan Uliel	-	-	-	7,500,000	7,500,000
Executive KMP					
C Lange	-	8,683,471	-	-	8,683,471
G Walker	-	13,789,114	-	-	13,789,114
Former KMP					
M Laurent	5,605,375	-	-	(5,605,375)	-
	33,912,353	**22,472,585**	**-**	**271,812,821**	**328,197,759**

Note: "Net change other" above includes the balance of shares held on appointment / resignation, and shares acquired or sold for cash on similar terms and conditions to other shareholders.

All other directors and key management personnel did not hold any shares in the Company at the start, during or at the end of the year. There were no other shares held nominally as of 30 June 2023 (2022: NIL).

Option holdings

The details of all option holdings in Armour Energy Ltd as of 30 June 2023 held by Key Management Personnel is set out below:

Directors/ Key management personnel	Balance at 1-Jul-22	Net Change other	Balance at 30-Jun-23	Total vested	Total Vested and exercisable
Directors					
N Mather	7,978,634	-	7,978,634	7,978,634	7,978,634
S Bizzell	60,204,432	-	60,204,432	60,204,432	60,204,432
Executive KMP					
M Laurent	250,000	(250,000)	-	-	-
	68,433,066	**(250,000)**	**68,183,066**	**68,183,066**	**68,183,066**

"Net Change other" above includes the balance of options held on appointment / resignation, options acquired or sold for cash on similar terms and conditions to other shareholders, and options that have expired unexercised.

All other directors and key management personnel did not hold any options in the Company at the start, during or at the end of the year.

Performance rights shares

There were no performance shares issued during the year.

Options

There were no other options held nominally on 30 June 2023 (2021: NIL).

Group performance and link to remuneration

During the financial year, Armour has generated losses as its principal activity was the discovery and production of oil and gas assets, as well as exploration for economically viable reserves of both conventional and unconventional natural oil and gas.

Armour Energy Limited listed on the ASX on 26 April 2012. The closing share price as of 30 June 2023 was $0.003 ($0.15 per share adjusted for the 50:1 consolidation).

The earnings of Armour for the five years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
	$'000	$'000	$'000	$'000	$'000
Sales revenue	14,973	17,985	17,502	21,104	27,819
Loss after income tax	(21,661)	(11,006)	(11,592)	(9,571)	(11,684)

Armour was in the exploration and development stage up until the 2018 financial year and as such, the link between remuneration, Group performance and shareholder wealth was tenuous. Share prices are subject to the influence of oil and gas prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration.

Armour is currently in the production and development stage, therefore the link between Group performance and shareholder wealth should be more strongly linked in future years.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

$ cents	2023	2022	2021	2020	2019
Share price at financial year end	0.3	0.6	2.6	2.0	6.7

Other transactions with key management personnel and their related parties

Company debt instruments held by key management personnel

There were no convertible notes held by key management personnel on 30 June 2023.

The early redemption of existing Convertible Notes on issue on 29 March 2019 was repaid through a refinancing transaction involving the issue of the $55 million new Secured Amortising Notes, some of which were subscribed for by key management personnel, as set out below.

	Notes held at the start of the year	Received as part of remuneration	Additions	Disposals / other	Notes held at the end of the year
	Number	Number	Number	Number	Number
Corporate bond holdings					
Stephen Bizzell	100	-	-	-	100
MOG Notes					
Stephen Bizzell	425,000	-	484,920	(909,920)	-

	Interest	Principal	Additions / Disposals	Total paid during 2023
	$	$	$	$
Corporate bond payments				
Stephen Bizzell	2,929	14,000	-	16,929

No other directors and key management personnel held any debt instruments in the Company at the start, during or at the end of the year.

Bizzell Capital Partners Pty Ltd and related entities

Mr Stephen Bizzell (a Director), is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd.

Armour Energy & McArthur Oil & Gas completed capital raisings during the year with Bizzell Capital Partners joint leading the capital raisings and was paid, along with related entities management, capital raising fees and other fees totalling $156,484 (FY2022: $503,927) on arm's length terms. Mr Stephen Bizzell is also a director of Centec Securities Pty Ltd and during the year Centec received trustee services fees of $26,917 in relation to the McArthur Oil and Gas notes.

As at 30 June 2023, Bizzell Capital Partners and related entities controlled by Mr Stephen Bizzell held 209,104,600 ordinary shares, 6 million unquoted options, 54,204,432 quoted options, and 100 Senior Secured Amortising notes (2022: 6 million unquoted options), NIL MOG notes (2022: 425,000 notes) and 100 Senior Secured Amortising notes (2022: 100 notes). The notes were purchased on the same terms and conditions as all other bondholders.

Samuel Holdings Pty Ltd and related entities

Samuel Holdings Pty Ltd is an entity controlled by Mr Nicholas Mather (Executive Chairman) who is the sole director. As at 30 June 2023, Samuel Holdings Pty Ltd and related entities controlled by Mr Nicholas Mather held 89,120,574 shares (2022: 9,019,912) and 7,978,634 options (2022: 7,978,634) in the Armour Group.

Other than the above, there were no other transactions with Key Management Personnel for the year ended 30 June 2023.

This concludes the Remuneration report, which has been audited.

Auditor’s Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Armour support and have adhered to the ASX corporate governance principles, where appropriate for the Company. Armour’s corporate governance statement has been released as a separate document and is located on our website at www.armourenergy.com.au/corporategovernance.

This Directors' report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Nicholas Mather
Executive Chairman
29 September 2023

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DECLARATION OF INDEPENDENCE BY R M SWABY TO THE DIRECTORS OF ARMOUR ENERGY LIMITED

As lead auditor of Armour Energy Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Armour Energy Limited and the entities it controlled during the year.

R M Swaby
Director

BDO Audit Pty Ltd

Brisbane, 29 September 2023

Financial Statements

For the year ended 30 June 2023

These consolidated financial statements should be read in conjunction with the accompanying notes

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

		Consolidated	
		30 June 2023	30 June 2022
	Note	$'000	$'000
Revenue			
Revenue from contracts with customers	7	14,973	17 985
Cost of goods sold	8	(19,298)	(16,641)
Gross profit/(loss)		**(4,325)**	**1,344**
Net (loss)/gain on sale of assets	7	-	(35)
Other income	7	-	404
Interest revenue	7	69	9
Expenses			
Exploration expenditure impairment and write off	17	(4,434)	(489)
Finance costs	9	(6,245)	(5,206)
General and administrative expenses	8	(5,843)	(5,974)
Oil and gas expenditure impairment	18	(428)	(515)
Share-based payments	8	(455)	(718)
Loss before income tax expense		**(21,661)**	**(11,180)**
Income tax benefit	10	-	174
Loss after income tax expense for the year attributable to the owners of Armour Energy Limited		**(21,661)**	**(11,006)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income	19	(211)	1,275
Income tax items that will not be reclassified to profit or loss	10	-	(174)
Other comprehensive income for the year, net of tax		(211)	1,101
Total comprehensive loss for the year attributable to the owners of Armour Energy Limited		**(21,872)**	**(9,905)**
		Cents	**Cents**
Basic loss per share	11	(0.9)	(0.6)
Diluted loss per share	11	(0.9)	(0.6)

Consolidated Statement of Financial Position

As at 30 June 2023

		Consolidated	
		30 June 2023	30 June 2022
Assets	**Note**	**$'000**	**$'000**
Current assets			
Cash and cash equivalents	12	337	3,255
Trade and other receivables	14	1,600	1,544
Inventories	15	2,478	2,535
Other current assets		983	1,348
Other financial assets	19	800	-
		6,198	8,682
Assets held for sale	16	254	3,262
Total current assets		6,452	11,944
Non-current assets			
Intangibles		196	355
Exploration and evaluation assets	17	32,299	34,266
Oil and gas assets	18	59,506	50,536
Other financial assets	19	7,832	9,614
Right-of-use assets	20	948	1,108
Property, plant and equipment		185	214
Total non-current assets		100,966	96,093
Total assets		**107,418**	**108,037**
Liabilities			
Current liabilities			
Trade and other payables	21	17,190	12,184
Lease liabilities	22	320	274
Employee benefits	23	416	454
Borrowings	24	32,406	21,821
Total current liabilities		50,332	34,733
Non-current liabilities			
Borrowings	24	2,075	13,896
Lease liabilities	22	693	851
Employee benefits	23	46	49
Provision for restoration and abandonment	25	12,359	6,688
Total non-current liabilities		15,173	21,484
Total liabilities		**65,505**	**56,217**
Net assets		**41,913**	**51,820**
Equity			
Issued Capital	26	157,948	145,983
Reserves	27	(184)	125
Accumulated Losses		(115,851)	(94,288)
Total equity		**41,913**	**51,820**

Consolidated Statement of Cashflows

For the year ended 30 June 2023

		Consolidated	
		30-Jun-23	30-Jun-22
	Note	$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		14,916	20,528
Payments to suppliers and employees (inclusive of GST)		(20,786)	(20,281)
Interest received		69	3
Interest paid on lease liability		(107)	(43)
Other Interest paid		(1,619)	(3,095)
Government grants		-	-
Net cash used in operating activities	13	**(7,527)**	**(2,888)**
Cash flows from investing activities			
Refund/(payments) for security deposits		(65)	706
Payments for property, plant, and equipment		(3)	(96)
Payments for oil and gas assets		(3,946)	(2,504)
Deposits received for investment sales		-	1,275
Proceeds from sale of exploration assets		1,275	-
Payments for acquisition of exploration and evaluation assets		(1,012)	(2,976)
Net cash from investing activities		**(3,751)**	**(3,595)**
Cash flows from financing activities			
Proceeds from issue of shares		12,654	9,256
Proceed from issue of notes		12,421	6,180
Redemption of notes		(4,297)	-
Proceeds from borrowings		2,000	1,405
Payment of principal portion of lease liability		(304)	(323)
Repayment of borrowings		(13,646)	(8,800)
Transaction costs on the issue of shares and notes		(468)	(338)
Net cash from financing activities	13	**8,360**	**7,380**
Net increase/(decrease) in cash and cash equivalents		(2,918)	(897)
Cash and cash equivalents at the beginning of the reporting period		3,255	2,358
Cash and cash equivalents at the end of the reporting period	12	**337**	**3,255**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2022	145,983	125	(94,288)	51,820
Loss after income tax expense	-	-	(21,661)	(21,661)
Other comprehensive income, net of tax	-	(211)	-	(211)
Total comprehensive income	-	(86)	(21,661)	(21,872)
Transactions with owners in their capacity as owners:				
Shares issued during the year	11,707	-	-	11,707
Transfers to reserves	-	(98)	98	-
Share issue costs	(469)	-	-	(469)
Share-based payments	727		-	727
Balance at 30 June 2023	**157,948**	**(184)**	**(115,851)**	**41,913**

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2021	133,771	1,917	(86,175)	49,513
Loss after income tax expense	-	-	(11,006)	(11,006)
Other comprehensive income, net of tax	-	1,101	-	1,101
Total comprehensive income	-	1,101	(11,006)	(9,905)
Transactions with owners in their capacity as owners:				
Shares issued during the year	11,014	-	-	11,014
Share issue costs	-	(2,893)	2,893	-
Recognition of deferred tax assets relating to share issue costs	(545)	-	-	(545)
Share-based payments	1,743		-	1,743
Balance at 30 June 2022	**145,983**	**125**	**(94,288)**	**51,820**

These consolidated financial statements should be read in conjunction with the accompanying notes

Notes to the Financial Statements

Note 1. General information

Armour Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 27, 111 Eagle Street, Brisbane QLD 4000.

The financial statements cover Armour Energy Limited as a Group consisting of Armour Energy Limited and the entities it controlled at the end of, or during, the reporting period. The financial statements are presented in Australian dollars, which is Armour Energy Limited's functional and presentation currency.

The Group is principally engaged in the exploration, development and production of oil and gas resources in Australia.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2023. The Directors have the power to amend and reissue the financial statements.

Note 2. Statement of Compliance

The Group’s Financial Statements as at and for the year ended 30 June 2023:

1. Is a general-purpose financial report.
2. Is prepared on a going concern basis (discussed further in Note 4).
3. Has been prepared in accordance with the Corporations Act 2001.
4. Has been prepared in accordance with accounting standards and interpretations in this report, which encompass the:
    a. Australian Accounting Standards (“AASBs”) and other authoritative pronouncements of the Australian Accounting Standards Board; and
    b. International Financial Reporting Standards and Interpretations (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).
5. Has been prepared under the historical cost convention, except for, the revaluation of financial assets at fair value through other comprehensive income. The methods used to measure fair values are discussed further in Note 28.
6. Is presented in Australian Dollars (“AUD”), which is both the Company’s and the Group’s presentation currency. All values are rounded to the nearest thousand ($’000) except when indicated otherwise. The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off' of amounts in the financial statements.
7. Includes significant accounting policies in the notes to the Financial Statements that summarise the recognition and measurement basis used and are relevant to the understanding of the Financial Statements.
8. Presents reclassified comparative information where required for consistency with the current year’s presentation.
9. Adopts all new and amended standards and interpretations issued by the relevant bodies (listed above), that are mandatory for application beginning on or after 1 July 2021. None had a significant impact on the Financial Statements.
10. Has not early adopted any standards and interpretations that have been issued or amended but are not yet effective.

Note 3. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Armour Energy Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Armour Energy Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Accounting policy for Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal, except for financial assets which are specifically exempt from this requirement. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At each reporting date, Management reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use is compared to the assets carrying value. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note 4. Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

For the year ended 30 June 2023, the Group generated a pre-tax consolidated net loss of $21,661,000, operating cash outflows of $7,527,000 and net current liabilities of $43,880,000. The Group had cash and cash equivalents of $337,000 as at 30 June 2023 and has net assets totalling $41,913,000. The Group has achieved relatively stable production during the year ended 30 June 2023, resulting in $14,973,000 of revenue.

The Company has Secured Amortising Notes (Secured Notes) on issue with a remaining face value of the Notes outstanding at 30 June 2023 of $17,217,200 (original face value of the Secured Notes at the time of issue was $55,000,000). The Secured Notes had as at 30 June 2023, a principal and interest repayment schedule to 29 March 2024. In addition, as at 30 June 2023, Armour had not met certain Financial Undertakings pursuant to the Terms and Conditions of the Secured Amortising Notes including the Debt Service Cover Ratio, the Leverage Ratio and Minimum Cash Balance. Accordingly, the debt has been classified as current for accounting purposes.

Armour provided notice to the Note Trustee that it breached its covenants in December 2022, which continued through the remainder of the year. Following the end of the financial year Armour received the necessary approvals for additional amendments to the terms of the Notes. These amendments allow Armour to issue Armour Convertible Notes, dispose of non-core assets and amend the Maturity Date to 30 November 2023. The approvals and consents received also waived any breach or non-performance of obligations by Armour to the date of the resolution.

The above conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors and management have assessed the Group's ability to continue as a going concern and are confident in the Group's prospects. Several key factors support this assessment:

1. DGR Global Limited has provided a formal letter of financial support to Armour that it will provide funding to ensure Armour is able to discharge its liabilities in the ordinary course of business.
2. Armour has entered into an agreement for the 13-month supply of gas by Armour to Shell, which provides Armour with a material increased realised gas price and thereby underlying revenues from December 2023. The price for December 2023 is $12/ GJ in line with the government price cap, with an uplift in price for calendar year 2024.
3. The cash generating ability of the Kincora Project is anticipated to increase as the Group moves ahead with its 2024/25 drilling program. This program is expected to materially increase production levels, leading to a significant increase to revenue.
4. The Group has the ability to manage capital and liquidity by taking some or all of the following actions:
    a. Raising additional capital or securing other forms of financing, as and when necessary, such as that approved at the Extraordinary General Meeting held 2 August 2023. Capital raised will be executed to meet the levels of expenditure required to meet the Group's working capital requirements.
    b. Reducing its level of capital expenditure through farm-outs and/or joint ventures.
    c. Managing its working capital expenditure, and
    d. Disposing of non-core assets.
5. Refinancing of maturing debt facilities.

The Directors and management are dedicated to the successful execution of the Group's strategic plans, which include increased drilling activities, expanding investor collaborations and realising revenue growth. These initiatives are intended to mitigate the material uncertainties regarding the Group's ability to continue as a going concern.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability and reclassification of the recorded assets amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

Note 5. Use of estimates and judgements

The Group has identified a number of critical accounting policies under which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions. This may materially affect financial results and the carrying amount of assets and liabilities to be reported in the next and future periods. These estimates and underlying assumptions are reviewed on an ongoing basis.

Additional information relating to these critical accounting policies is embedded within the following notes:

Note			
4	Going Concern	18	Oil and Gas assets
17	Exploration and evaluation assets	25	Provision for restoration and abandonment

There are no other critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

Note 6. Operating segments

Identification of reportable operating segments

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board (chief operating decision makers "CODM") in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis, which is the location of the respective areas of interest (tenements) in Queensland, Northern Territory, South Australia and Victoria, Australia.

Operating segments are determined on the basis of financial information reported to the Board.

For the year ended 30 June 2023, Management identified the Group as having two main reporting segments, being Exploration, Evaluation and Appraisal activities (EEA), and the Production and Development of petroleum products (oil, gas, LPG and condensate) in the Surat Basin, Queensland (Surat), and will report on these segments accordingly.

The Corporate and other segment represents administration and other overheads that are not allocated to the operating segments.

The chief operating decisions maker (CODM) reviews EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) monthly. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services of each of these operating segments are as follows:

EEA

The Group does not produce any products or services from this operating segment; it involves expenditure to explore and evaluate potential future economic reserves and resources.

Surat

The Group produces petroleum products from its Kincora operating plant in the Surat Basin, which includes a mix of Gas, LPG, Oil and Condensate and sells these to LNG and Domestic customers.

Intersegment transactions

An internally determined cost base is set for all intersegment services provided. All such transactions are eliminated on consolidation of the Group's financial statements.

Intersegment receivables, payables, and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Intersegment Assets

Segment assets are clearly identifiable based on their nature and physical location.

Intersegment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the whole Group and are not allocated. Segment liabilities include trade and other payables and certain provisions.

Major customers

During the year ended 30 June 2023 approximately 63% (2022: 56%) of the Group's external revenue was derived from sales to one Australian based customer.

Unallocated items

The following items of income, expenses, assets, and liabilities are not allocated to operating segments as they are not considered core to the operation of any segment:

- Corporate head office costs and salaries of non-site-based staff.
- Proceeds from capital raisings.

Operating segment information

	EEA		*Surat*		*Corporate*		*Total*	
	2023	***2022***	**2023**	***2022***	**2023**	***2022***	**2023**	***2022***
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue								
Revenue from contracts with customers	-	-	14,973	17,985	-	-	14,973	17,985
Total segment revenue	-	-	14,973	17,985	-	-	14,973	17,985
EBITDA	(43)	-	(2,950)	3,872	(5,432)	(6,194)	(8,425)	(2,322)
Depreciation and amortisation	-	-	(2,050)	(2,484)	(149)	(139)	(2,198)	(2,623)
Impairment of assets	(4,434)	(489)	(428)	(515)	-	-	(4,862)	(1,004)
Gain on disposal of assets	-	-	-	(19)	-	(15)	-	(34)
Interest revenue	-	-	49	2	20	7	69	9
Finance costs	-	-	(967)	(1,556)	(5,278)	(3,650)	(6,245)	(5,206)
Loss before income tax expense	**(4,477)**	**(489)**	**(6,346)**	**(700)**	**(10,838)**	**(9,991)**	(21,661)	(11,180)
Income tax expense							-	174
Loss after income tax expense							**(21,661)**	**(11,006)**
Assets								
Additions to non-current assets	724	1,379	10,829	2,279	3	358	11,557	4,016
Segment assets	32,839	34,089	73,371	67,615	2,672	5,189	108,882	106,893
Unallocated assets							-	1,143
Total assets							**108,882**	**108,036**
Liabilities								
Segment liabilities	-	-	27,709	21,301	39,260	34,917	66,969	56,217
Unallocated liabilities							-	-
Total liabilities							**66,969**	**56,217**

Accounting policy for operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision makers ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This may include start-up operations which are yet to earn revenues.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 Operating Segments are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Note 7. Revenue and other income

Revenue from contracts with customers

The Group generated revenue from the sale of petroleum products that have similar performance obligations and are goods that are transferred at a point in time.

	Consolidated	
	30 June 2023	*30 June 2022*
	$'000	**$'000**
Revenue from contracts with customers		
Gas	9,472	11,005
LPG	1,890	2,472
Oil and Condensate	3,611	4,508
	14,973	**17,985**

The Group satisfies its performance obligation at a point in time when control of oil and gas products has transferred to the customer. Specifically:

- for oil and condensate, and LPG sales, this is when the products are collected by the truck at the production site; and
- for gas sales, this is at the point of the custody transfer meter at Run 2 of the Roma to Brisbane Pipeline (RBP).

Revenue on sale of goods is variable depending on physical production amounts. Payment is due by the customer within a range of 10 to 21 days from the end of the invoiced month.

Other Income

	Consolidated	
	30 June 2023	*30 June 2022*
	$'000	**$'000**
Net (loss)/ gain on sale of assets	-	(35)
Government grants	-	-
Interest Received	69	9
Other*	-	404
	69	**378**

* Inventory sales ($284k) and gain on note conversion ($120k)

Accounting policy for revenue

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 8. Expenses

	Consolidated	
	30 June 2023	*30 June 2022*
	$'000	**$'000**
Loss before income tax includes the following specific expenses:		
Cost of goods sold		
Operating expenses	13,831	9,584
Employee expenses	3,417	4,573
Oil and gas properties depreciation	2,050	2,484
Total cost of goods sold	19,298	16,641
General and administrative expenses		
Employee expenses not included in cost of sales	2,611	2,275
Management fee	456	456
Consultancy and legal costs	1,393	1,956
Insurance not included in cost of sales	228	193
Director fees	258	278
Depreciation and amortisation		
Office equipment	7	17
Amortisation of intangibles	141	122
Other expenses	749	677
Total general and administrative expenses	5,843	5,974
Share-based payments	455	718
Total superannuation expense (included in costs of goods sold and general and administrative expenses)	505	600

Employee benefits expenses

The Group's accounting policy for liabilities associated with employee benefits are set out in Note 23 and the share-based payments policy in Note 35.

Note 9. Finance costs

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Interest expense	4,441	3,059
Financing fees	199	960
Amortisation of debt facilities and associated issue costs	1,605	1,187
	6,245	5,206

Note 10. Income tax

(a) Component of income tax expense (benefit)

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Income tax benefit is made up of:		
Deferred tax	-	(174)
Aggregate income tax expense	-	-
Income tax charged in equity is made up of:		
Deferred tax	-	174
Aggregate income tax charged in equity	-	-
The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:		
Loss before income tax expense	(21,661)	(11,180)
Tax at the statutory tax rate of 30%	(6,498)	(3,354)
Tax effect amounts which are not deductible in calculating taxable income:		
Share-based payments	137	252
Expenses not deductible for tax purposes	135	4
Other timing differences	383	(61)
	(5,843)	(3,159)
Current year tax losses not recognised	5,843	2,985
Prior year over (under)	-	-
Income tax benefit	-	(174)

(b) Reconciliation of net deferred tax

	Opening balance 1-Jul-22	Net charged to income	Net charged to OCI	Net charged to equity	Closing Balance 30-Jun-23
	$'000	$'000	$'000	$'000	$'000
Deferred tax asset					
Carried forward tax losses	3,185	2,263	-	-	5,448
Accruals/provisions	152	(13)	-	-	139
Property, Plant & Equipment (Armour)	11	25	-	-	36
Capital raising costs through P&L	47	111	-	-	158
Capital raising costs in equity	99	-	-	-	99
Provision for rehabilitation (Surat Basin)	2,007	2,140	-	-	4,147
Available for sale financial assets	1,065	383	-	-	1,448
Amortisation of Convertible Notes	1,362	-	-	-	1,362
Amortisation of Tribeca Facility	1,100	(1,100)	-	-	-
Lease Liabilities	338	(34)	-	-	304
Unrealised FX Loss	-	1	-	-	1
Holloman Exploration License (Reset CB)	91	(17)	-	-	74
Holloman Tax Cost base (transaction costs)	8	-	-	-	8
Deferred tax asset	**9,465**	**3,759**	-	**-**	**13,224**
Deferred tax liability					
Exploration & Evaluation assets	(8,109)	(592)	-	-	(8,701)
Oil & Gas assets	(1,021)	(3,217)	-	-	(4,238)
Leased Assets	(335)	50	-	-	(285)
Deferred tax liability	**(9,465)**	**(3,759)**	**-**	**-**	**(13,224)**
Net deferred tax	-				

Deferred tax assets not recognised

Unused tax losses	66,485	19,477	-	-	85,962
Capital raising costs in equity	130	275	-	-	405
Financial assets at fair value through OCI	-	-	-	-	-
	66,625	**19,752**	**-**	**-**	**86,367**
Potential tax benefit at 30%	**19,987**	**5,926**	**-**	**-**	**25,910**

	Opening balance 1-Jul-21	Net charged to income	Net charged to OCI	Net charged to equity	Closing Balance 30-Jun-22
	$'000	$'000	$'000	$'000	$'000
Deferred tax asset					
Carried forward tax losses	693	2,492	-	-	3,185
Accruals/provisions	299	(147)	-	-	152
Property, Plant & Equipment (Armour)	11	-	-	-	11
Capital raising costs through P&L	49	(2)	-	-	47
Capital raising costs in equity	160	(61)	-	-	99
Provision for rehabilitation (Surat Basin)	2,007	-	-	-	2,007
Available for sale financial assets	1,437	(198)	(174)	-	1,065
Amortisation of Convertible Notes	1,362	-	-	-	1,362
Amortisation of Tribeca Facility	843	257	-	-	1,100
Lease Liabilities	400	(62)	-	-	338
Unrealised FX Loss	8	(8)	-	-	-
Holloman Exploration License (Reset CB)	108	(17)	-	-	91
Holloman Tax Cost base (transaction costs)	8	-	-	-	8
Deferred tax asset	**7,385**	**2,254**	**(174)**	**-**	**9,465**
Deferred tax liability					
Exploration & Evaluation assets	(8,462)	353	-	-	(8,109)
Oil & Gas assets	1,514	(2,535)	-	-	(1,021)
Leased Assets	(411)	76	-	-	(335)
Prepayments	(12)	12	-	-	-
Accrued Income	(14)	14	-	-	-
Deferred tax liability					
Deferred tax liability	**(7,385)**	**(2,080)**	**-**	**-**	**(9,465)**
Net deferred tax	-	174	(174)	-	-
Deferred tax assets not recognised					
Unused tax losses	56,543	9,952	-	-	66,485
Capital raising costs in equity	333	(203)	-	-	130
Financial assets at fair value through OCI	697	-	(697)	-	-
Potential tax benefit at 30%	**17,272**	**2,924**	**(209)**	**-**	**19,987**

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test (SBT) must be passed. The majority of losses are carried forward as at 30 June 2023 under COT. Deferred tax assets which have not been recognised as an asset, will only be obtained if:

1. The Group derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
2. The Group continues to comply with the conditions for deductibility imposed by the law; and
3. No changes in tax legislation adversely affect the Group in realising the losses.

Deferred tax assets

In determining the recoverability of the recognised deferred tax assets, management has assessed that it will be utilised through eligible expenditure under the research and development grant. To the extent that the Group does not have sufficient eligible expenditure the ability to utilise the net deferred tax assets could be impacted.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Armour Energy Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Note 11. Earnings per share

	Consolidated	
	30 June 2023	30 June 2022
	$'000	**$'000**
Loss after income tax attributable to the owners of the parent entity	(21,661)	(11,006)
Weighted average number of shares used in (thousands)		
- Basic earnings	2,530,685	1,873,540
- Diluted earnings	2,530,685	1,873,540
Earnings per share (cents) attributable to the ordinary equity holders of the parent entity		
Basic loss per share	(0.9)	(0.6)
Diluted loss per share	(0.9)	(0.6)

Options and rights are not considered dilutive as the Group has made a loss and they are considered anti-dilutive.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Armour Energy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 12. Current assets – Cash and cash equivalents

	Consolidated	
	30 June 2023	30 June 2022
	$'000	**$'000**
Cash at bank and in hand	312	2,944
Other cash and cash equivalents	25	311
	337	3,255

Other cash and cash equivalents include bank accounts held by the Group as operator in joint operations in tenements.

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Note 13. Cash flow information

(a) Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	30-Jun-23	**30-Jun-22**
	$'000	**$'000**
Loss after income tax expense for the year	(21,661)	(11,006)
Adjustments for:		
Depreciation and amortisation	2,198	2,623
Net gain on sale of assets	-	35
Share-based payments	455	718
Impairment of exploration and evaluation expenditure	4,434	489
Write off of oil and gas expenditure	428	515
Interest expense on borrowing facilities	2,078	187
Amortisation of borrowing facilities and issue costs	1,025	892
Inventory adjustment	536	(76)
Change in operating assets and liabilities:		
(Increase) / (decrease) in other current assets	1,187	(472)
Increase / (decrease) in trade and other payables	2,369	3,084
(Increase) / decrease in trade and other receivables	(56)	561
(Increase) / decrease in inventories	(479)	(438)
Increase / (decrease) in employee benefits	(41)	-
Net cash used in operating activities	(7,527)	(2,888)

Equity settled share-based payment transactions are disclosed in Note 35.

Apart from in Note 35, there are no other non-cash financing and investing activities to disclose.

(b) Reconciliation of liabilities arising from financing activities

	Tribeca Loan	Corporate Bonds	Consolidated Redeemable Exchangeable Notes	Other Borrowed funds	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	5,229	32,208	-	1,393	38,830
Net cash used (in)/ for financing activities	-	(8,800)	6,180	203	(2,417)
Amortisation	(40)	469	-	-	429
Balance at 30 June 2022	5,189	23,877	6,180	1,596	36,842
Borrowed Amounts	-	-	-	210	210
Net cash used in financing activities	(5,403)	(7,700)	8,124	1,153	(3,826)
Interest Payable	-	-	1,981	75	2,056
Issue Costs	-	-	(1,088)	-	(1,088)
Amortisation	214	469	617	-	1,300
Balance at 30 June 2023	-	16,646	15,814	3,034	35,494

Note 14. Current assets – Trade and other receivables

	Consolidated *30 June 2023*	 *30 June 2022*
	$'000	$'000
Trade receivables	1,406	1,439
Other receivables	194	105
	1,600	1,544

Key judgement - Allowance for expected credit losses

The Group has not recognised any expense in profit or loss in respect of the expected credit losses for the year ended 30 June 2023 (30 June 2022: NIL). Based on the historical recovery of receivables, the small number of customers and customer payment obligations per gas sales agreements, the historical loss rates are adjusted for current and forward-looking information on economic factors affecting the Group's customers. As such the company considers that the estimated expected credit loss is not material for the Group.

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate fair value. The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security, and the receivables are not exposed to foreign exchange risk.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

As at 30 June 2023, included in trade receivables is one significant debtor accounting for approximately 69% (2022: 52%) of the total trade receivables.

Note 15. Current assets – Inventories

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Gas	64	126
Oil and Condensate	105	84
LPG	2	4
Materials & Consumables	2,307	2,321
	2,478	2,535

Accounting policy for inventories

Oil and Gas inventory is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of Oil and Gas inventory includes direct materials, direct labour, transportation costs and variable and fixed overhead costs related to production activities.

Consumable inventory on hand is stated at the lower of cost and net realisable value. Net realisable value is the estimated recoverable price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of consumable inventory comprises purchase and delivery costs, net of rebates and discounts received or receivable.

The assignment of cost to inventory items is done by utilising the first in first out (FIFO) formula, meaning inventory on hand at the end of the periods are assigned the cost of items most recently purchased.

Note 16. Current assets - Assets held for sale

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Oil and gas assets	254	1,987
Other Financial Assets	-	1,275
	254	3,262

Oil and Gas Assets

On 31 May 2022 PZE and Armour agreed that PZE will acquire Armour's interest in the Waldegrave (PL28, PL69, PL89, PL320W, PL12W) and Snake Creek East (PL11 and PL11W) Projects for consideration valued at $1,986,717, with the majority due in a milestone payment within 6 months of the transaction date. Armour has 46.25% interest in the Waldegrave Project and a 25% interest in the Snake Creek East Project. The carrying value of the tenements was revalued in FY 2022 when the sale contract with PZE was entered into to a book value of $1,986,717. The consideration amount was for the registered interest in PL 28, 69 and 89.

The agreement was subsequently renegotiated. The value accounted for in Assets held for sale is the result of Armour selling only PL 89. The value held for PL 28 and PL69 has been transferred back to Oil and Gas Assets.

Other Financial Assets

On 28 March 2022 Armour entered into a number of agreements to dispose of the Company's Lakes Blue Energy NL (LKO) shareholding comprising 2,125,000,000 Ordinary shares under escrow until 2 August 2022 at 0.06c each. The disposal was subject to LKO agreement, and the escrow being retained by buyers.

The legal ownership transfer of the disposed shares from Armour Energy to the respective purchasers occurred in the 2023 financial year.

Note 17. Non-current assets - Exploration and evaluation assets

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Exploration and evaluation assets	44,412	43,119
Less: Accumulated impairment	(12,113)	(8,853)
	32,299	34,266

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Movements in the provision for impairment amounts		
Balance at the beginning of the year	(8,853)	(8,364)
Provisions raised	(3,260)	(489)
	(12,113)	(8,853)

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Movements in carrying amounts		
Balance at the beginning of the year	34,266	32,013
Additions	2,467	2,742
Exploration and evaluation assets written off	(1,174)	-
Provision for impairment	(3,260)	(489)
	32,299	34,266

Upon further review there were a number of assets held as part of the exploration and evaluation assets which were held in the Northern Territory. These specific items were reviewed as part of annual stocktake once they were moved to Kincora and it was determined that they are not expected to have any future further value to the Company. As such, the Group has written off $1,174,000 of exploration and evaluation assets.

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

A provision is raised against exploration and evaluation expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are transferred to oil and gas assets and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Provision for Impairment of Exploration and Evaluation assets

In accordance with the Group's accounting policy, the Exploration and Evaluation assets were tested for indicators of impairment at 30 June 2023. The Group determined that there was a trigger present for ATP 2028 and ATP 2029 as the appeal made to the government in relation to its determination of the Potential Commercial Area (PCA) application was withdrawn. As such, it was determined that it was appropriate for an impairment to be recognised in relation to these assets as the carrying value of the Group's interest exceeded what is expected to be its recoverable amount. This resulted in an impairment provision of $3,260,000 recorded during the year ended 30 June 2023. This amount includes an accrual for the amounts that the Company are required to settle the case.

Key judgements - carrying value of exploration and evaluation assets

The Group performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

The Directors have assessed that for the exploration and evaluation assets recognised at 30 June 2023, the facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. In considering this the Directors have had regard to the facts and circumstances that indicate a need for impairment as noted in Accounting Standard AASB 6 "Exploration for and Evaluation of Mineral Resources".

Accounting policy for farm-in arrangements

Armour does not record any expenditure made by the farmee in its account. It also does not recognise any gain or loss on its exploration and evaluation farm-in arrangements but reallocates the costs previously capitalised in relation to the whole interest as relating to the interests held. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by Armour as a gain on disposal.

Note 18. Non-current assets - Oil and gas assets

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Oil & gas assets - at cost	91,520	85,892
Provision for Restoration and Abandonment	5,671	-
Less: Accumulated amortisation	(14,797)	(12,896)
Less: Provision for impairment	(12,443)	(12,015)
	69,951	60,981
Less: R&D grants relating to Oil & gas assets	(4,389)	(4,389)
Less: GAP grants relating to Oil & gas assets	(6,056)	(6,056)
	(10,445)	(10,445)
	59,506	50,536

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Movements in carrying amounts		
Balance at the beginning of the year	50,536	52,763
Additions	4,036	2,271
Provision for Restoration and Abandonment	5,671	-
Transfers to assets held for sale	1,741	(1,896)
Depreciation charge	(2,050)	(2,087)
Provision for impairment	(428)	(515)
	59,506	50,536

Accounting policy for oil and gas assets

Capitalised oil and gas assets are development costs and expenditures incurred to develop new wells; to define further moveable hydrocarbons in existing tenement areas; to expand the capacity of the project and to maintain production. Development costs also includes costs transferred from the exploration and evaluation phase once production commences in the area of interest.

Amortisation of oil and gas assets is computed by the units of production basis over the estimated proved and probable (2P) reserves. Proved and probable reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated, and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration. These costs are amortised along with other capitalised oil and gas expenditures as described above.

Provision for impairment of oil and gas assets

Recognition and measurement

The Group assesses impairment of oil and gas assets at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Where applicable, value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The assessment of the value in use and the decline in production performance in some of Surat Basin production wells indicated the recoverable amount of the Group's Surat Basin CGU could require an impairment for the year ended 30 June 2023.

Calculating the Group's recoverable amount

The recoverable amount is the higher of an asset's:

a) fair value less cost of disposal
b) its value in use.

Oil & Gas assets are assessed on a cash generating unit (CGU) basis. The net carrying value of the CGU is $41,688,325. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Management has determined Surat's fields to be the Group's CGU with shared management and personnel and operating as one cash operating unit. Individual assets within a CGU can become impaired if its future use changes or if the benefit from ongoing use is expected to be less than the carrying value of the individual asset.

Valuation method

As part of the Group's impairment assessment management consider the future demand for its products, impact of any changes in economic, regulatory or legal environment and other indicators such as market capitalisation and reserve updates.

The value in use is calculated using expected future cash flows from continuing use of the CGU, including the anticipated capital expenditure to achieve this and its ultimate disposal. The cashflows are discounted to their present value using a post-tax discount rate reflecting the current market assessment of time value of money and the risks specific to the asset or CGU. The assumption is made that undeveloped wells will be funded and developed before 2033.

Future commodity prices are based on the Group's current best prudent estimate of expected market prices with reference to current spot rates, forward curves and external market analysis.

Foreign exchange rates are based on external market forward indexes from a few of the big four banks estimates.

The discount rate applied of 13% to the future cash flows are based on the weighted average cost of capital, adjusted for the Group's known risks.

The following represents inputs to the future cash flows. Forecasted commodity prices have been used where available. Where the forward price curve does not extend far enough into the future, the price at the end of the forward curve has been held steady:

Commodity & foreign exchange	Assumptions
Projected average Oil price $USD/bbl	83.05
Contracted Gas $AUD/GJ	13.50
Projected average Spot Market Gas price $AUD/GJ	16.10
Projected average LPG price $USD/T	486.91
Projected average USD/AUD fx rate	1.4084

Sensitivity

The future cash flows are most sensitive to estimates of future commodity prices, foreign exchange rates (to the extent that they influence commodity prices) and discount rates. In the event that future circumstances change from these assumptions, the recoverable amounts of the CGU could change materially and result in further impairment losses or the reversal of impairment losses.

It is estimated the recoverable amount of the CGU would equal its carrying amount if they key assumptions were to change as follows:

	Change in key assumption	
Commodity spot prices for oil, gas and LPG	Decrease by	41.0%
Discount rate	Increase by	23.5%
Production levels from undeveloped wells	Decrease by	55.9%

The Group has recorded an impairment of $427,984 relating to oil and gas assets. This impairment relates to specific costs that Armour do not expect to be recouped and do not hold any future economic benefit.

Note 19. Non-current assets - Other financial assets

	Consolidated	
	30 June 2023	*30 June 2022*
	$'000	**$'000**
Current other financial assets	800	-
Non-Current other financial assets	7,832	9,614
	8,632	9,614

Borrowing requirements include Secured Amortising Notes which require three times the amount of interest that would be payable on the immediately following interest payment date to be held in a separate account. As at 30 June 2023, this deposit was $800,392 (2022: $1,636,250). The maturity of the Secured Amortising Notes has been amended to November 2023. The deposit is classified as current as at 30 June 2023 in line with the maturity date (2022: non-current).

	Consolidated	
	30 June 2023	*30 June 2022*
	$'000	**$'000**

Financial assets at fair value through other comprehensive income	700	700
Less: cumulative fair value movement	(211)	-
	489	700
Financial assurances	6,454	5,613
Security deposits	1,689	3,301
	8,632	9,614

Financial assurances include cash held in term deposit accounts with the Westpac bank and security deposits includes amounts held with various state government agencies and security deposits held for leasing and borrowing requirements.

Financial assurances and security deposits are cash backed bank guarantees.

	Consolidated	
	30 June 2023	*30 June 2022*
	$'000	**$'000**
Movements in financial assets at fair value through Other Comprehensive Income		
Opening balance at 1 July	700	1,150
Additions/ (disposals & transfers)	-	(1,725)
Fair Value adjustments through Other Comprehensive Income	(211)	1,275
	489	700

Financial assets at fair value through other comprehensive income is the value of the investment in Auburn Resources NL (which were received in consideration for the sale of Ripple Resources Pty Ltd in the 2021 financial year). This was derived by the expected net realisable value of the assets of the company.

Last year included LKO Ordinary shares and convertible notes, which were sold during the year.

Accounting policy for other financial assets.

For equity securities that are not held for trading, the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether cash flows are solely payment of principal and interest. Refer to Note 29 for detail of the Group's fair value accounting policy.

Security deposits and financial assurances are measured at amortised cost.

Note 20. Non-current assets - Right-of-use assets

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Right of use Assets	2,374	2,169
Less: Accumulated depreciation	(1,426)	(1,061)
	948	1,108

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment in line with AASB138 *Impairment of Assets* or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 21. Current liabilities - Trade and other payables

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Trade payables	7,054	7,192
Deposits Held	335	1,551
Accrued expenses	7,142	1,404
Other payables	2,659	2,037
	17,190	12,184

Accounting policy for trade and other payables

These amounts represent financial liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid.

Financial liabilities are carried at amortised cost and are initially measured at fair value including transaction costs. They are subsequently measured at amortised cost using the effective interest rate method. Details on how the fair value of financial instruments is determined are disclosed in Note 28.

Trade payables are generally non-interest bearing and are generally on short term in nature and therefore are not discounted.

Note 22. Current and non-current liabilities - Lease liabilities

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Current Lease liability	320	274
Non-Current Lease liability	693	851
	1,013	1,125

Refer to Note 29 for further information on financial risk management.

	Motor Vehicles	Plant & Equipment	Land & Buildings	Total
	$'000	$'000	$'000	$'000
Contracts	***6***	***2***	***1***	***9***
Balance at 1 July 2021	108	689	564	1,361
Interest Expense	12	57	47	116
Modification to lease terms	107	-	-	107
Lease payments	(142)	(167)	(150)	(459)
Balance at 30 June 2022	**85**	**579**	**461**	**1,125**
Additions	52	-	-	52
Interest Expense	7	48	51	106
Modification to lease terms	90	-	48	138
Lease payments	(116)	(169)	(123)	(408)
Balance at 30 June 2023	**118**	**458**	**437**	**1,013**

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or an interest rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 23. Current and non-current liabilities - Employee benefits

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Current Employee Benefits	416	454
Non-Current Employee Benefits	46	49
	462	503

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on Australian corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Note 24. Current and non-current liabilities – Borrowings

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Current Borrowings	32,406	21,821
Non-Current Borrowings	2,075	13,896
	34,481	35,717

	Consolidated	
	30 June 2023	30 June 2022
Total current and non-current borrowings	**$'000**	**$'000**
Tribeca Loan Facility	-	5,189
Secured Amortising Notes	17,217	24,917
Secured Amortising Notes - issue costs	(571)	(1,040)
Convertible Notes	16,052	6,177
Convertible Notes - issue costs	(238)	-
Other facilities	2,022	474
	34,481	35,717

Other facilities is predominantly made up of a loan from DGR Global Limited.

Facility terms and security disclosures

Tribeca loan facility

	Consolidated	
	30 June 2023	30 June 2022
	$'000	**$'000**
Movement in carrying amounts		
Face value of loan facility	6,759	6,759
Issue costs of loan facility	(137)	(137)
Other equity securities - value of conversion rights, net of issue costs	(2,893)	(2,893)
Net repayments at NPV	(6,442)	(1,118)
Amortisation of conversion rights	2,576	2,576
Amortisation of issue costs	137	3
	-	5,189

On 26 July 2018, Armour Energy Limited and its subsidiary, Armour Energy (Surat Basin) Pty Ltd (Armour Surat) entered into a credit facility agreement (Tribeca Facility Agreement) with Equity Trustees Limited (in its capacity as the trustee of the Tribeca Global Natural Resources Credit Fund) and Tribeca Global Natural Resources Credit Master Fund (together Tribeca) for the provision of an environmental bonding finance facility. The Facility was secured by a guarantee from the Company, in bank accounts controlled by Westpac Banking Corporation (the Credit Accounts) in the name of Armour Surat, and a second ranking featherweight security interest over all the present and after-acquired property of Armour Surat.

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

Secured Amortising Notes

	Consolidated	
	30 June 2023	30 June 2022
	$'000	**$'000**
Current Borrowings	16,646	9,981
Non-Current Borrowings	-	13,896
	16,646	23,877

	Consolidated	
	30 June 2023	30 June 2022
Total current and non-current	**$'000**	**$'000**
Secured Amortising Notes		
Face value of Secured Amortising Notes	17,217	24,917
Issue costs of Secured Amortising Notes	(2,351)	(2,351)
Amortisation of Secured Amortising Notes costs	1,780	1,311
	16,646	23,877

In FY 2019, Armour Energy Limited announced a $55 million Secured Amortising Notes facility, refinancing all outstanding convertible notes on issue and providing additional funding for exploration and general working capital.

The main terms of the Secured Amortising Notes are as follows:

- Issue date of 29 March 2019, with 55,000 $1,000 Notes issued raising a total of $55,000,000, before costs.
- Notes will amortise by 52% from 29 March 2021 until and including the day immediately prior to the Maturity Date.
- The notes are secured over all of the assets of the Group (other than its shares in Armour Energy International Pty Ltd).
- Coupon rate has been amended to 11.75% per annum during the year, payable quarterly in arrears.
- The Maturity Date for the notes is five years from issue date. This was amended in August 2023 to 30 November 2023.

Armour provided notice to the Note Trustee that it breached its covenants in December 2022, which subsisted through the remainder of the year. Following the end of the financial year Armour received approval for additional amendments to the terms which allows Armour to issue Armour Convertible Notes, dispose of non-core assets and amend the Maturity Date to 30 November 2023. The approvals and consents received also waived any breach or non-performance of obligations by Armour to the date of the resolution.

Due to the delay on completing the Capital Raise Program, Armour defaulted on the June principal repayment. This was subsequently made in August 2023. Furthermore, the interest repayment for the June quarter was withdrawn from the Interest Reserve Account.

See Note 4 Going concern for further details on how Armour plan to meet these new terms.

Redeemable exchangeable notes

	Consolidated	
	30 June 2023	30 June 2022
	$'000	**$'000**
Face value of Redeemable Exchangeable Notes	14,070	6,177
Interest Payable on Redemption or Maturity	1,981	-
Issue costs of Redeemable Exchangeable Notes	(1,088)	-
Amortisation of Redeemable Exchangeable Notes costs	851	-
	15,814	6,177

The redeemable exchangeable notes were a part of the steps taken to raise capital for the demerger and IPO of the McArthur Basin Assets. This funding has been provided by way of a placement of an unsecured subordinated redeemable exchangeable notes facility issued by Armour's subsidiary, McArthur Oil and Gas Ltd (MOG).

The main terms of the Redeemable Exchangeable Notes are as follows:

- Notes do not amortise.
- The Notes constitute direct and unsecured obligations of the Company and rank subordinated and junior to the Secured Amortising Notes.
- Coupon rate attached is 15% per annum, accrued and capitalised monthly from the Issue date.
- The coupon on the Notes will be payable on Exchange, the Maturity Date or Redemption Date.
- Subsequent to year end, the Maturity Date for the notes was amended to 30 September 2023.

The demerger and IPO transaction did not progress as swiftly as initially envisaged due to both the time required to revise the demerger structure to ensure that acceptable commercial and taxation outcomes were achieved following disclosures and feedback from the Australian Taxation Office in late 2021, 2022 and also the recent share market volatility caused by the global geopolitical situation which has also slowed global IPO activity.

Due to various obstacles and upon appointment of new management Armour moved towards commercialising the Northern Basin Assets through various other initiatives such as that announced on 20 February 2023, with the execution a Heads of Agreement to supply gas to a nearby site.

Subsequent to 30 June 2023 MOG and Armour obtained all necessary approvals and consents to allow for the exchange of the Outstanding MOG Notes on issue (together with any accrued and unpaid interest) into Armour Convertible Notes (refer to Note 38 for details). 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.

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 25. Non-current liabilities - Provision for restoration and abandonment

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Restoration and abandonment	12,359	6,688

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Balance at the beginning of the year	6,688	6,688
Increase to provision	5,671	-
	12,359	6,688

Key judgement - provision for rehabilitation

The Group's restoration and abandonment obligations for the Surat Basin processing plant and associated exploration and production fields is treated as a non-current liability in accordance with AASB 137 - Provisions, Contingent Liabilities and Contingent Assets. The restoration and abandonment liability are valued by the Financial Provisioning Scheme in accordance with legislative requirements as required. For the provision recognised at 30 June 2023, the facts and circumstances suggested that the carrying amount of the provision has materially changed due to Armour's reassessment of the costs required to restore the Oil and Gas Assets as a result of inflation and labour costs.

Accounting policy for restoration provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event. It is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Provisions for rehabilitation and abandonment of Oil and Gas assets are measured at the cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of rehabilitation activities includes the removal of facilities, abandonment of wells and restoration of affected areas. Typically, the obligation arises when the asset is installed at the production location.

A provision has been recognised for the costs to be incurred for the restoration and abandonment of the Surat Basin processing plant and associated exploration and production fields, used for the production of oil, gas, LPG and condensate. It is anticipated that the sites will require restoration in approximately 20 years.

Note 26. Equity - Issued capital

Issued and paid-up capital

	Consolidated			
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	Shares	Shares	$'000	$'000
Ordinary shares – fully paid	4,921,342,072	2,039,451,327	167,067	154,633
Share issue costs	-	-	(11,208)	(10,739)
Recognition of deferred tax asset relating to share issue costs	-	-	2,089	2,089
	4,921,342,072	2,039,451,327	157,948	145,983

Movements in ordinary share capital

Details	Date	Shares	Issue price	Value
		#		$'000
Balance	1-Jul-20	1,529,816,120		133,771
Share issues for cash (supplier payment)	7-Jul-21	5,344,617	$0.03	143
Conditional placement	9-Jul-21	80,407,143	$0.04	2,814
Employee issued shares	9-Aug-21	12,124,630	$0.03	303
Employee issued shares	9-Aug-21	360,000	$0.02	7
Share issues for cash (supplier payment)	9-Aug-21	7,484,481	$0.03	187
Share issues for cash (supplier payment)	12-Aug-21	1,924,455	$0.03	60
Placement	29-Sep-21	220,192,320	$0.03	5,725
Employee issued shares	6-Oct-21	8,793,109	$0.03	237
Share issues for cash (supplier payment)	8-Nov-21	3,939,519	$0.03	98
Share issues for cash (supplier payment)	8-Nov-21	1,260,417	$0.02	30
Conditional placement	23-Dec-21	95,192,307	$0.03	2,475
Share issues for cash (supplier payment)	23-Dec-21	1,016,053	$0.02	19
Share issue costs				(545)
Employee issued shares	17-Jan-22	9,723,263	$0.02	194
Share issues for cash (supplier payment)	17-Jan-22	2,090,000	$0.02	42
Employee issued shares	14-Apr-22	9,936,018	$0.02	159
Share issues for cash (supplier payment)	14-Apr-22	4,846,875	$0.02	78
Talbragar Share issues for Tribeca	2-May-22	45,000,000	$0.00	186
Balance	30-Jun-22	2,039,451,327		145,983

Details	Date	Shares	Issue price	Value
Balance	1-Jul-22	2,039,451,327		145,983
Employee Shares	11-Jul-22	33,733,549	$0.006	219
Supplier Invoices	11-Jul-22	12,766,000	$0.007	89
Pecal Share placement	1-Aug-22	72,500,000	$0.006	456
Talbragar Share placement	1-Aug-22	100,000,000	$0.007	768
Tenstar Trading Placement	29-Nov-22	51,450,000	$0.007	334
Employee Shares	29-Nov-22	22,097,282	$0.006	133
Placement	30-Mar-23	663,364,020	$0.004	2,653
Accelerated ANREO	30-Mar-23	715,131,860	$0.004	2,861
Employee Shares	6-Apr-23	21,371,292	$0.007	139
Employee Shares	6-Apr-23	30,742,376	$0.005	148
Entitlement Offer	11-May-23	588,630,436	$0.004	2,355
Entitlement Offer	18-May-23	570,103,930	$0.004	2,280
Share issue costs				(469)
Balance	30-Jun-23	4,921,342,072		157,948

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of Armour Energy Ltd. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

Options

The following share options were on issue at reporting date:

Grant Date	Expiry Date	Number	Exercise price	vested
		#	$	%
01/10/2019	30/09/2023	40,000,000	$0.08	100.00%
17/12/2019	30/09/2023	8,000,000	$0.08	100.00%
23/06/2020	29/02/2024	31,166,497	$0.05	100.00%
30/06/2020	29/02/2024	7,018,341	$0.05	100.00%
12/08/2020	29/02/2024	9,424,831	$0.05	100.00%
24/08/2020	29/02/2024	16,894,150	$0.05	100.00%
17/09/2020	29/02/2024	35,929,524	$0.05	100.00%
1/10/2020	29/02/2024	144,163,885	$0.05	100.00%
19/10/2020	29/02/2024	87,811,409	$0.05	100.00%
22/12/2020	29/02/2024	66,778,341	$0.05	100.00%
24/03/2021	29/02/2024	62,494,099	$0.05	100.00%
9/07/2021[1]	29/02/2024	66,355,466	$0.05	100.00%
29/09/2021[2]	29/02/2024	73,397,439	$0.05	100.00%
24/12/2021[3]	29/02/2024	64,530,769	$0.05	100.00%
2/05/2022[4]	29/02/2024	12,083,333	$0.05	100.00%
2/05/2022[5]	29/02/2024	48,333,334	$0.05	100.00%
1/08/2022[6]	29/02/2024	12,083,333	$0.05	100.00%
1/08/2022[7]	29/02/2024	6,151,099	$0.05	100.00%
Balance		792,615,850		

[1] In July 2021, 20,101,786 options were issued for nil consideration as free attaching securities to 80,407,143 Placement Shares of the same date. The remaining 46,253,680 options were issued as partial consideration to various parties for the management of the Company's capital raising program.

[2] In September 2021, 73,397,439 options were issued for nil consideration as free attaching securities to 220,192,320 Placement Shares of the same date.

[3] In December 2021, 31,730,769 options were issued for nil consideration as free attaching securities to 95,192,307 Placement Shares, the remaining 32,800,000 options were issued as partial consideration to various parties for the management of the Company's capital raising program.

[4] In May 2022, 12,083,333 options were issued to Talbragar River Holdings Pty Ltd as a component of the arrangements to settle the Tribeca Facility.

[5] In May 2022, 48,333,334 options were issued to Tribeca as a component of the arrangements to settle the Tribeca Facility and in consideration of Tribeca entering into an Amendment Agreement.

[6] In August 2022, 12,083,333 options were issued to Talbragar River Holdings Pty Ltd as a component of the arrangements to settle the Tribeca Facility.

[7] In August 2022, 12,083,333 options were issued to Pecal Pty Ltd as a component of the arrangements to settle the Tribeca Facility. In June 2023, 5,932,234 options issued to Pecal Pty Ltd were cancelled by agreement between both parties.

In total, there were 18,234,432 (2022: 264,700,341) options issued in financial year 2023, exercisable at 5 cents and expiring 29 February 2024.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions.

Accounting policy for issued capital

Ordinary shares are classified as equity.

The fair value of the shares issued to settle outstanding debts to suppliers is based on the market value of the shares at the date of issue.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Note 27. Equity – Reserves

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Financial assets at fair value through other comprehensive income reserve	(5,087)	(4,876)
Share-based payments option reserve	4,903	4,903
Performance shares reserve	-	98
	(184)	125

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Share-based payments reserve: Options and Performance shares

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Financial assets at fair value through OCI	Share-based payments option reserve	Performance shares reserve	Equity conversion right - Tribeca Loan	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021	(5,977)	4,903	98	2,893	1,917
Revaluation - gross	1,101	-	-	-	1,101
Share-based payments	-	-	-	(2,893)	(2,893)
Balance at 30 June 2022	(4,876)	4,903	98	-	125
Revaluation - gross	(211)	-	-	-	(211)
Transfer to Retained Earnings	-	-	(98)	0	(98)
Balance at 30 June 2023	(5,087)	4,903	-	-	(184)

Note 28. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured, or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

	Consolidated				
	Year	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
Financial assets (liabilities) at fair value through other comprehensive income	2023	-	-	489	489
	2022	-	-	700	700

Assets and liabilities held for sale are measured at fair value.

The fair values of all financial assets and liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The financial asset held at 30 June 2023 are shares held in Auburn Resources NL. These shares were received for the sale of Ripple Resources Pty Ltd. The level 3 inputs used in determining the fair value of the Auburn Resources NL investment is based on the net assets Auburn Resources Limited held at 30 June 2023. Armour hold 11.5% of Auburn's Ordinary Shares.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs, and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 29. Financial risk management

General Objectives, Policies and Processes

The Group's principal financial instruments consists of deposits with banks, receivables, other financial assets, payables, borrowings, and secured amortising notes.

There have been no substantive changes in the Group’s exposure to financial instrument risks, its objectives, policies, and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group’s risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for operating processes that ensure the effective implementation of the objectives and policies to the Group’s finance function.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group’s competitiveness and flexibility. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls, and risk limits. Finance identifies, evaluates and manages financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Further details regarding these policies are set out below.

Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments and investments in listed securities. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

The Group is exposed to market risk on investments in equity securities, and these investments are measured at fair value based one the expected net realisable value of the assets of the company. Management considers market risk on this class of assets to be minor given the low value of the assets, and stability of the assets underlying the investments.

Price risk

The Group has short-term and longer-term commercial contracts for the sale of its oil and gas products, some of which contain pricing which is adjusted annually for the Consumer Price Index (CPI) and some of which are set with reference to the variable Australian domestic gas price.

To manage these exposures, forward Australian domestic price forecasts are monitored regularly and reported to the board.

Commodity price risk

The Group is exposed to the risk of fluctuations in prevailing market commodity prices on the gas and associated liquid products it produces. The Group is not of a size to have influence on gas or other petroleum product prices and is therefore a price-taker in general terms. The Group manages this risk by continuously monitoring actual and forecast commodity prices and analysing the impact these changes will have on profitability and cashflow.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The Company's secured amortising notes has a fixed coupon rate, and thus no variable interest rate exposures. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

For further details on interest rate risk refer to the table on page 100.

As at the reporting date, the Group had no variable rate borrowings outstanding.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references, and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Credit risk is reviewed regularly by the Board. It arises from exposure to receivables as well as through deposits with financial institutions.

The Group's cash at bank and financial assurances are held with Australian financial institutions to mitigate credit risk, being Macquarie Bank (local currency short term rating A-2) and Westpac (local currency short term rating A-1+).

Refer to Note 14 for credit risk exposure of trade and other receivables.

Liquidity risk

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The objective of managing liquidity risk is to ensure, as far as possible, that the Group will always have sufficient liquidity to meets its liabilities when they fall due, under both normal and stressed conditions.

Liquidity risk is reviewed regularly by the Board.

For further details on liquidity risk refer to the tables below.

Financing arrangements

The Group had no access to undrawn borrowing facilities at the end of the reporting period (2022: NIL).

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

		Weighted average interest rate	*1 year or less*	*Between 1 and 2 years*	*Between 2 and 5 years*	*Remaining contractual maturities*
	Year	*%*	*$'000*	*$'000*	*$'000*	*$'000*
Non-derivatives						
Non-interest bearing						
Trade payables	**2023**	**-**	**17,190**	**-**	**-**	**17,190**
	2022	-	12,184	-	-	12,184
Interest-bearing - fixed rate						
Tribeca facility	**2023**	**9.00%**	**-**	**-**	**-**	**-**
	2022	9.00%	5,189	-	-	5,189
Secured Amortising Notes	**2023**	**11.75%**	**17,217**	**-**	**-**	**17,217**
	2022	8.75%	12,299	15,236		27,535
Exchangeable Notes	**2023**	**15.00%**	**16,052**	**-**	**-**	**16,052**
	2022	15.00%	6,177	-	-	6,177
Lease liability	**2023**	**8.88%**	**318**	**279**	**416**	**1,013**
	2022	6.30%	382	295	715	1,392
Loan from Related Party	**2023**	**14.07%**	**2,075**	**-**	**-**	**2,075**
	2022	-		-	-	**-**

Interest payable on the Secured Amortising Notes is quarterly in arrears. The Secured Amortising Notes maturity date has been amended to 30 November 2023. The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed.

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3:

Name	*Principal place of business / Country of incorporation*	Ownership interest 30-June-2023	Ownership interest 30-June-2022
		%	%
Armour Energy (Victoria) Pty Ltd	Victoria / Australia	100.00%	100.00%
Armour Energy (Surat Basin) Pty Ltd	Queensland / Australia	100.00%	100.00%
Armour Energy (Queensland) Pty Ltd	Queensland / Australia	100.00%	100.00%
McArthur Oil and Gas Limited	Northern Territory / Australia	100.00%	100.00%
McArthur NT Pty Ltd	Northern Territory / Australia	100.00%	100.00%
CoEra Pty Ltd	South Australia/ Australia	100.00%	100.00%
Cordillo Energy Pty Ltd	South Australia/ Australia	100.00%	100.00%
Holloman Petroleum Pty Ltd	South Australia/ Australia	100.00%	100.00%

Note 31. Interests in joint operations

Information relating to joint operations that are material to the Group are set out below:

Name	*Principal place of business / Country of incorporation*	Ownership interest 30-June-2023	Ownership interest 30-June-2022
		%	%
ATP119P South – Waldegrave*	Queensland, Australia	46.25%	46.25%
ATP119P South - Snake Creek East*	Queensland, Australia	25.00%	25.00%
ATP 212P - PL 30	Queensland, Australia	90.00%	90.00%
ATP212P - PL512, PPL22	Queensland, Australia	84.00%	84.00%
Weribone Pooling Area	Queensland, Australia	50.64%	50.64%
PCA157 Bainbilla Block	Queensland, Australia	24.75%	24.75%
ATP 754P	Queensland, Australia	50.00%	50.00%
PEP 169	Victoria, Australia	51.00%	51.00%
PEP 166	Victoria, Australia	25.00%	25.00%
Kanywataba Block	Uganda	16.82%	16.82%

* ATP 119P is subject to sale contract with PZE (Surat) Pty Ltd refer to Note 16.

Accounting policy for joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group entered into joint arrangement with various parties for interest in exploration tenements as disclosed above. Exploration expenditures incurred in relation to these joint operations have been capitalised in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.

Note 32. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	30-June-2023	30-June-2022
	$'000	$'000
Profit/ (Loss) after income tax	(12,026)	(7,426)
Other Comprehensive income for the year, net of tax	(211)	1,101
Total Comprehensive income	(12,237)	(6,325)

Statement of financial position

	Parent	
	30-June-2023	30-June-2022
	$'000	$'000
Total current assets	1,353	870
Total assets	107,635	89,992
Total current liabilities	37,166	19,430
Total liabilities	39,261	38,760
Equity		
Issued capital	157,948	145,983
Financial assets at fair value through other comprehensive income reserve	(5,085)	(4,876)
Share-based payments option reserve	4,903	4,903
Performance shares reserve	-	98
Tribeca Loan Option Reserve	-	-
Accumulated losses	(89,392)	(94,876)
Total equity	(68,374)	51,232

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2023, the parent entity is not a guarantor for its subsidiary Armour Energy (Surat Basin) Pty Ltd as the Tribeca loan facility was paid out during the year.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Note 33. Related party transactions

Parent entity
Armour Energy Limited is the parent entity of the Group and listed on the ASX on 26 April 2012.

Subsidiaries
Interests in subsidiaries are set out in Note 30.

Joint Operations
Interests in joint ventures are set out in Note 31.

Key management personnel
Disclosures relating to key management personnel are set out in Note 34 and the remuneration report included in the Directors' report.

Transactions with related parties
The following transactions occurred with related parties during the reporting period:

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Payment for goods and services:		
Payment for services from entity with significant influence - DGR Global Ltd[1]	1,514,360	456,000
Payment for services from other related party - Bizzell Capital Partners[2]	156,484	503,927
Payment for services from other related party – Samuel Capital Pty Ltd[3]	6,586	-

[1] The Group has a commercial arrangement with DGR Global Ltd (a major shareholder) for the provision of various services, whereby DGR Global provides resources and services including the provision of its administration staff, its premises (for the purposes of conducting the Group's business operation), use of existing office furniture, equipment, and certain stationery, together with general telephone, reception and other office facilities ("Services").

In consideration for the provision of the Services, the Group pays DGR Global a monthly management fee of $38,000 (2022: $38,000). For the year ended 30 June 2023 $456,000 (2022: $456,000) was payable to DGR Global for the provision of the Services. The total amount outstanding at year end was $1,271,410 (2022: $797,918).

As at 30 June 2023 DGR Global continues to hold 4,550 secured amortising notes (2022: 4,550). The notes were purchased on the same terms and conditions as other noteholders.

[2] Armour entered into an agreement with Bizzell Capital Partners Pty Ltd as Lead Manager for the capital raising programs. Armour Energy completed capital raising during the year with Bizzell Capital Partners jointly lead capital raisings and was paid, along with related entities management, capital raising fees and other fees totalling $156,484 (FY2022: $503,927) on arm's length terms. Mr Stephen Bizzell is also a director of Centec Securities Pty Ltd and during the year Centec received trustee services fees of $26,917 in relation to the McArthur Oil and Gas notes.

As at 30 June 2023, Bizzell Capital Partners and related entities controlled by Mr Stephen Bizzell held 209,104,600 ordinary shares, 6 million unquoted options, 54,204,432 quoted options, and 100 Senior Secured Amortising notes (2022: 6 million unquoted options), NIL MOG notes (2022: 425,000 notes) and 100 Senior Secured Amortising notes (2022: 100 notes). The notes were purchased on the same terms and conditions as all other bondholders.

[3] Samuel Capital Pty Ltd provided marketing consulting totalling $6,586.

Company debt instruments held by key management personnel

The number of convertible notes in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Notes held at the start of the year	Additions	Disposals/ Other	Notes held at the end of the year
	No.	No.	No.	No.
Secured amortising notes holdings				
Stephen Bizzell	100	-	-	100
MOG redeemable exchangeable notes holdings				
Bizzell Capital Partners	425,000	484,920	(909,920)*	-
DGR Global Limited	5,000,000	11,428,000	(2,422,590)*	14,005,410

*Redeemed into shares

No other directors and key management personnel held any debt instruments in the Company at the start, during or at the end of the year.

Note 34. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	30 June 2023	***30 June 2022***
	$	$
Short-term employee benefits	1,020,672	1,365,168
Post-employment benefits	56,145	88,139
Share-based payments	143,651	214,123
Short-term non-monetary benefits	46,391	106,503
	1,467,859	1,773,933

Refer to the Remuneration Report on pages 44 to 54.

Note 35. Share-based payments

Types of share-based payments

Employee Share Option Plan (ESOP)

Share options are granted to employees. The employee share option is designed to align participants' interests with those of shareholders by increasing the value of the Armour Energy Ltd.'s shares.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited after 90 days unless cessation of employment is due to termination for cause, whereupon they are forfeited immediately or death. The Group prohibits KMP's from entering into arrangements to protect the value of unvested ESOP awards.

The contractual life of each option granted is generally three years. There are no cash settlement alternatives. Each option can be exercised from vesting date to expiry date for one share with the exercise price payable in cash.

Summary of share-based payment plans

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share-based payment share options granted during the year under the employee share option plan.

	2023 WAEP	2023 Number	2022 WAEP	2022 Number
Outstanding at the beginning of the year	$0.05	2,000,000	$0.05	2,000,000
Issued during the year		-		-
Expired during the year		-		-
Outstanding/ exercisable at the end of the year	$0.05	2,000,000	$0.05	2,000,000

There were no options issued to employees and Directors under the Armour Energy Employee Share Option Plan during 2023 (2022: NIL). The options issued during the year are part of an independent contractor agreement. The options outstanding as at 30 June 2023 expire 29 February 2024 and have an exercise price of $0.05 (share price on grant date $0.021).

Other option issues

The following table illustrates the number of, and movements in, other options issued for commercial consideration during the year.

	Consolidated			
	2023 WAEP	*30 June 2023 Number*	2022 WAEP	*30 June 2022 Number*
Balance at the start of the year[1,2]	$0.150	56,333,334	$0.15	49,000,000
Granted during the year	$0.050	-		48,333,334
Expired during the year	$0.161	-		(41,000,000)
Exercisable at the end of the year	$0.054	56,333,334	$0.15	56,333,334

The opening balance of options were issued in two tranches:

[1] Bizzell Capital Partners managed the private placement that closed on 23 September 2019 and was entitled to receive an allotment of 8,000,000 unlisted options exercisable at 8 cents through to 30 September 2023. Of the 8 million, 2 million were subsequently transferred to an unrelated sub-underwriter.

[2] In consideration of Tribeca entering into an Amendment Agreement, Armour issued Tribeca a total of 48,333,334 listed options with ASX code AJQOA which are exercisable at $0.05 and expire on 29 February 2024.

Performance rights shares

The following table illustrates the number of, and movements in, performance shares issued for during the year.

	Consolidated	
	30 June 2023	**30 June 2022**
	Number	**Number**
Balance at the start of the year	1,350,000	7,200,000
Granted during the year	-	-
Expired during the year	-	(5,850,000)
Forefeited during the year	(1,350,000)	-
	-	1,350,000

Share-based payment expense

Option expense

There was no option expense recognised in the statement of profit or loss for the year ended 30 June 2023 (2022: NIL).

Performance shares expense

There was no option expense recognised in the statement of profit or loss for the year ended 30 June 2023 (2022: NIL).

The share-based payment expense relates to shares issued to employees in lieu of cash. $455,000 was issued in the year ended 30 June 2023.

Share issue costs

There were approximately 70m (2022: 441m) ordinary shares issued $280,588 (2022: $503,927) in lieu of cash for invoices related to the management of the capital raises issued during the year.

Other transactions settled in shares

For the year ended 30 June 2023 $638,000 of employment benefits were taken as ordinary shares in lieu of cash (2022: $920,000).

Value of shares issued to creditors for various services delivered during the year totalled $89,000 (2022: $638,000)

There were approximately 67m options issued with an exercise price of $0.05 as part of the negotiations to settle the Tribeca loan facility during the year.

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees or supplier in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 36. Commitments

	Consolidated	
	30 June 2023	30 June 2022
	$'000	$'000
Exploration Expenditure Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	32,122	25,034
One to five years	129,287	112,043
More than five years	3,539	3,627
	164,948	140,704

Capital Commitments

The Group has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group. The commitments are to keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

Note 37. Contingent liabilities

Exploration Liabilities

Under the Company's native title agreement over EP 171 and EP 176, the Company is required to pay the greater of either $10,000 or 3% of exploration costs on each anniversary date.

Under the Company's native title agreement over EP 174, EP 190, EP 191 and EP 192, the Company is required to pay the greater of either $5,000 or 3% of exploration costs on each anniversary date.

Other than the above, the Group had no other contingent assets or liabilities at 30 June 2023.

Note 38. Events after the reporting period

Other than the below subsequent events, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect Armour's operations, the results of those operations, or Armour's state of affairs in future financial years.

- The Company's shares were consolidated on a 50:1 basis

- The Company issued 21,000,000 Armour Convertible Notes to DGR for the exchange of outstanding MOG Notes and to settle existing debt

- The Company issued Armour Convertible Notes to exchange other outstanding MOG Notes as per the approvals received at Extraordinary General Meeting held 2 August 2023

- On 25 August 2023, Armour received approvals and consents for the following special resolutions from the Secured Amortising Noteholders:
    - Additional assets included as Approved Disposals allowing Armour to progress non-core asset sales, with at least 90% of the proceeds to be paid to Noteholders as unscheduled amortisation payments
    - The issuance of Armour Convertible Notes
    - The Maturity Date amended to 30 November 2023
    - Waiver of the non-payment of the scheduled principal payment due 29 June 2023 and any previous breach or other non-performance of obligations
    - Waiver of the shortfall in the Interest Reserve Account, where funds were used to pay the June quarters interest payment

- DGR Global Limited and Armour Energy Limited have established a new UK-incorporated company Conjugate Energy Limited (Conjugate) which will hold interests in oil exploration projects in the Albertine Graben, Uganda. Conjugate intends to seek admission to a UK stock exchange and raise funds primarily to drill two exploration wells or drill ready prospects with substantial resources of oil. Any admission will be subject to, inter alia, compliance with the relevant regulatory requirements and accordingly there can be no certainty that any admission will occur or the timeframe in which it will occur.

- Armour entered into a funding agreement with Armour's largest shareholder, DGR Global Ltd, for the provision of a $17 million facility to be drawn down as necessary. The form of the funding will be determined at the timing of funding.

Note 39. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd and related entities.

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	122,500	119,252
Other services - BDO Audit Pty Ltd and related entities		
Other non-audit services*	3,000	17,970
Total	125,500	137,222

*The non-audit services included the advice on solvency and whistleblowing services.

Note 40. Accounting Policies

New and Revised Accounting Standards and Interpretations

Adoption of new and revised accounting standards

Armour has applied the required amendments to Standards and Interpretations that are relevant to its operations and effective for the current reporting period for the first time for the financial year commencing 1 July 2022. These did not have any material impact on the disclosures or on the amounts recognised in Armours consolidated financial statements.

Armour Energy Limited
Directors' Declaration
30 June 2023

The Directors' of the Group declare that:

a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Nicholas Mather
Executive Chair

29 September 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Armour Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Armour Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Oil & Gas assets

Key audit matter	***How the matter was addressed in our audit***
Refer to Note 18 in the financial report. The Group has significant oil and gas assets, which represent a major portion of total assets. Due to the quantum of this asset and the subjectivity involved in assessing the asset for impairment we have determined this is a key audit matter.	Our procedures included but were not limited to: • Evaluating management's assessment if any impairment indicators in accordance with AASB 136 *Impairment of Assets* have been identified across the Group's oil and gas projects. • Comparing oil and gas price assumptions against third-party forecasts and relevant market data to determine whether the Group's forecasts were within the range. • Reviewing contracts and agreements with the Group's external customers to understand the existing level of contracted oil and gas sales. • Reviewing the Group's reserve estimation against reports provided by external experts. • Performing sensitivity analysis on key assumptions used by the Group to assess the impact on forecasted cash flows. • Selecting a sample of capitalised expenditure additions and agreeing to supporting documentation, as well as ensuring they qualify for recognition as assets under AASB 116 *Property, Plant and Equipment*.

Carrying value of Exploration and Evaluation assets

Key audit matter	*How the matter was addressed in our audit*
Refer to Note 17 in the financial report. The carrying value of the Group's exploration and evaluation asset is impacted by the Group's ability, and intention, to continue to explore. During the year, the Group continued to focus on its Northern Australia gas exploration projects. The carrying value of the exploration and evaluation assets was a key audit matter due to the significance of the total balance in the statement of financial position and the level of procedures undertaken to evaluate managements application of the requirements of AASB 6 *Exploration for the Evaluation of Mineral Resources* in light of any indicators of impairment that may be present.	Our procedures included but were not limited to: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as license agreements and also considering whether the Group maintains the tenements in good standing; • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash flow budget for the level of budgeted spend on exploration projects and held discussions with management of the Group as to their intentions and strategy; and • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 52 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Armour Energy Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

R M Swaby
Director

Brisbane, 29 September 2023

Shareholder information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 27 September 2023.

Distribution Schedules

AJQ – Armour Energy Limited fully paid ordinary shares

Range	Securities	%	No. of holders	%
100,001 and Over	87,594,508	84.9	101	4.7
50,001 to 100,000	5,268,609	5.1	72	3.4
10,001 to 50,000	6,978,821	6.8	287	13.4
5,001 to 10,000	1,429,362	1.4	189	8.8
1,001 to 5,000	1,489,268	1.4	576	26.9
1 to 1,000	359,546	0.3	915	42.8
Total	**103,120,114**	**100.00%**	**2,140**	**100.00%**
Unmarketable Parcels	1,682,351	1.6	1,457	68.1

Unlisted options exercisable at $0.0782 expiring 30 September 2023

Range	Securities	%	No. of holders	%
100,001 and Over	520,000	54.2	3	6.8
50,001 to 100,000	70,800	7.4	1	2.3
10,001 to 50,000	210,900	22.0	10	22.7
5,001 to 10,000	93,000	9.7	11	25.0
1,001 to 5,000	63,700	6.6	17	38.6
1 to 1,000	1,600	0.2	2	4.5
Total	**960,000**	**100.0%**	**44**	**100.0%**

Unlisted options exercisable at $0.05 expiring 29 February 2024

Range	Securities	%	No. of holders	%
100,001 and Over	0	0.0	0	0.0
50,001 to 100,000	0	0.0	0	0.0
10,001 to 50,000	40,000	100.0	1	100.0
5,001 to 10,000	0	0.0	0	0.0
1,001 to 5,000	0	0.0	0	0.0
1 to 1,000	0	0.0	0	0.0
Total	**40,000**	**100.0%**	**1**	**100.0%**

AJQOA – quoted options exercisable at $0.05 expiring 29 February 2024

Range	Securities	%	No. of holders	%
100,001 and Over	11,368,270	76.5	25	7.2
50,001 to 100,000	1,156,621	7.8	16	4.6
10,001 to 50,000	1,786,923	12.0	67	19.2
5,001 to 10,000	283,826	1.9	37	10.6
1,001 to 5,000	227,543	1.5	87	24.9
1 to 1,000	29,247	0.2	117	33.5
Total	**14,852,430**	**100.0%**	**349**	**100.00%**
Unmarketable Parcels	7,036,853	47.4	342	98.0

Substantial holders

The Company is aware of the following substantial holdings:

Name	Ordinary Shares – Number Held	Issued Capital %
DGR GLOBAL LIMITED	20,407,149	19.79
TENSTAR TRADING LIMITED	18,362,233	17.81

Twenty largest holders of each quoted class (as at 27 September 2022)

Ordinary Shares (AJQ)

Name	Number held	Issued capital %
DGR GLOBAL LIMITED	20,407,149	19.8
TENSTAR TRADING LIMITED	18,362,233	17.8
BAM OPPORTUNITIES FUND PTY LTD	5,024,317	4.9
ROOKHARP CAPITAL PTY LIMITED	4,467,347	4.3
MR PAUL COZZI	4,175,213	4.0
BIZZELL CAPITAL PARTNERS PTY LTD	4,118,210	4.0
CITICORP NOMINEES PTY LIMITED	2,423,918	2.4
CANCELER PTY LTD	1,560,000	1.5
SAMUEL CAPITAL PTY LTD	1,519,428	1.5
ASLAN EQUITIES PTY LTD	1,380,578	1.3
CHOICE INVESTMENTS DUBBO PTY LTD	1,039,030	1.0
MR PAUL AINSWORTH	1,020,000	1.0
WARBONT NOMINEES PTY LTD	1,000,000	1.0
MR SIMON WILLIAM TRITTON	700,505	0.7
PMK PROPERTIES PTY LTD	644,802	0.6
MR NEVILLE AYROUTH	604,000	0.6
MR PETER MAROUN KAHWAJI	555,198	0.5
MR WAYNE RICHARDS	530,082	0.5
SYPCO HOLDINGS PTY LTD	500,000	0.5
BILLY THE PONY PTY LTD	500,000	0.5
Total of Twenty Largest Holders	**70,532,010**	**68.4%**
Total Shares Held	**103,120,114**	**100%**

Listed options (AJQOA)

Name	Number held	Issued Options %
DGR GLOBAL LIMITED	2,648,780	17.8
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,256,591	8.5
BIZZELL CAPITAL PARTNERS PTY LTD	1,067,809	7.2
MR PAUL COZZI	933,734	6.3
ANTIBELLA PTY LTD	661,321	4.5
ROOKHARP CAPITAL PTY LIMITED	647,342	4.4
BERENES NOMINEES PTY LTD	600,000	4.0
CANCELER PTY LTD	460,000	3.1
CITICORP NOMINEES PTY LIMITED	372,451	2.5
MR PAUL DOMINIC HILLMAN	280,000	1.9
CHOICE INVESTMENTS DUBBO PTY LTD	271,063	1.8
MR TIMOTHY LUKE CROWLEY & MRS LENA MARY CROWLEY	220,000	1.5
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	217,392	1.5
MR PAUL AINSWORTH	200,000	1.3
DR DENNIS RICHARD LOWE	196,656	1.3
TENSTAR TRADING LIMITED	163,899	1.1
DR DENNIS RICHARD LOWE & MRS YVONNE LOWE	154,091	1.0
BAM OPPORTUNITIES FUND PTY LTD	150,965	1.0
SAMUEL HOLDINGS PTY LTD	150,773	1.0
MR TIMOTHY LUKE CROWLEY	148,418	1.0
Total of Twenty Largest Holders	**10,801,285**	**72.7%**
Total Listed Options Held	**14,852,430**	**100%**

Voting Rights

All ordinary shares carry one vote per share without restriction.

Restricted securities

There are no restrictions over any security holdings as at 28 September 2023.

Corporate Directory

Directors	
Nicholas Mather	Executive Chairman
Stephen Bizzell	Non-Executive Director
Eytan Uliel	Independent Non-Executive Director
Company Secretary	Geoffrey Walker
Registered Office / Principal Place of Business	Level 27 111 Eagle Street BRISBANE QLD 4000
Postal / Contact Address	GPO Box 5261 BRISBANE QLD 4001
Telephone	+61 7 3303 0620
Email	info@armourenergy.com.au
Share Registry	Link Market Services Limited Level 21 10 Eagle Street BRISBANE QLD 4000
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street BRISBANE QLD 4000
Solicitors	Hopgood Ganim Lawyers Level 21 Waterfront Place 1 Eagle Street BRISBANE QLD 4000
Stock exchange listing	ASX code: AJQ
Website	www.armourenergy.com.au

Corporate Governance Statement

Armour Energy Limited's latest Corporate Governance Statement can be found on our website at https://www.armourenergy.com.au/corporategovernance


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