



ASX Announcement

Armour Energy Limited

27 April 2020

COVID-19 Response: Cost Reductions and Management Update

Armour Energy (ASX: AJQ) is implementing its response to the current unprecedented global situation caused by the COVID-19 pandemic to ensure that the Company is well positioned now and into the future as the crisis subsides.

Cost Reductions

Armour is taking steps to reduce corporate costs by a minimum of 35%. This will include all head office staff reducing remuneration by 20% and will also include a number of redundancies. The Executive Chairman and Non-Executive Directors will also reduce their fees by 20%. Future consideration will be given to the partial payment of Director fees in shares, subject to any necessary shareholder and regulatory approvals. In addition, Armour will seek to reduce to the full extent possible all other overheads including contractor hours and rates, administration costs and office rent. These remuneration reductions are anticipated to remain in place for a six-month period and will be reviewed as required.

Armour also is aiming to reduce operating expenditure at its Kincora Gas Project by approximately 20%, while maintaining its ability to reliably maintain production in a safe and environmentally compliant manner. This will include revised staff rostering and schedules but will unfortunately include some redundancies. Armour is aiming to have implemented the site-related changes by the end of April 2020.

Capital Expenditure 2020

Armour will also reduce, and where possible, defer its planned exploration and capital expenditures for 2020. However, the Company still hopes to be able to carry out a modest 2020 field work program which will include a series of well stimulations, similar to that performed on the Myall Creek #5A well, which has proven to be a significant production well. These activities are currently planned for the second half of 2020.

Management Update

In March, Armour announced that Mr Bruce Clement would join the company as CEO. Unfortunately given the changed circumstances brought about by the COVID-19 pandemic together with the financial downturn in both gas and oil commodity prices and capital markets, agreement has been reached with Mr Clement for his tenure as CEO to come to an end.

As an interim measure, the Executive Chairman, Nick Mather, will have day to day operational management responsibility of the Company.

This Announcement is Authorised by the Board of Directors

Karl Schlobohm
Company Secretary

Karl Schlobohm – Company Secretary
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