28 September 2018

2018 HALF-YEARLY REPORT

Aminex PLC ("Aminex" or "the Group" or "the Company") announces its half-yearly report for the six months ended 30 June 2018.

REPORTING PERIOD HIGHLIGHTS

- Independent audit ascribed Ntorya 2C Contingent resource of 763 BCF: Pmean GIIP increased to 1.87 TCF
- Kiliwani North-1 well ascribed 2P reserves of 1.94 BCF and 30.8 BCF Pmean GIIP
- Kiliwani South identified as potential lead with 57 BCF Pmean GIIP
- Remedial work plan confirmed for Kiliwani North-1 to stimulate production
- Ongoing well planning for Chikumbi-1 well, which will look to appraise the Ntorya gas discovery and potentially be drilled deeper into the prospective Jurassic formation
- Loss for the period was US$2.36 million (30 June 2017: profit of US$1.01 million)

POST PERIOD END

- Signed farm-out agreement with Zubair Corporation on 11 July 2018 to accelerate development of and production from the Ntorya field
- On completion of the farm-out, Aminex will receive US$5 million of cash in two tranches and a net US$35 million carry for its remaining 25% interest on the development programme through to production. The farm-out provides for a multi-well, seismic and infrastructure programme to deliver material cashflow to Aminex without any further funding requirements
- The Company is currently implementing a planned remediation programme to revitalise production from its Kiliwani North-1 well

Aminex CEO, Jay Bhattacherjee, commented:

"The farm-out agreement signed with The Zubair Corporation is an advantageous way to accelerate development and generate material cashflow from Ntorya. Aminex has a bright future, having signed a farm-out agreement with The Zubair Corporation over the Ruvuma acreage with a fully-funded carry to material cashflow, together with exciting low risk assets over Kiliwani and the shelfal region of Nyuni, which can be monetised in the near-term. Aminex continues to look at new venture opportunities that will provide low risk, robust returns to shareholders whilst diversifying the asset base and risk profile of the Company."

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Chief Executive's Review

Aminex PLC's results for the six months ended 30 June 2018 are set out below.

The Company reports a loss for the period of US$2.36 million (30 June 2017: profit of US$1.01 million). Net current assets at 30 June 2018 were US$3.39 million (31 December 2017: US$6.03 million) and the Company has no debt. More information is provided in the Financial Review.

During the reporting period, the Company announced that it was in discussions to farm-out part of its interest in the Ruvuma PSA and on 11 July 2018 signed a binding farm-out agreement (the "Farm-Out") with The Zubair Corporation LLC ("Zubair"). The Board supports the Farm-Out and considers it to be an advantageous way to accelerate development and generate material cashflow from the assets at a pace otherwise not achievable by Aminex on its own, helping to de-risk the project and drive growth from the Ruvuma basin. The Farm-Out has been structured to deliver:

- An accelerated work programme with the intent to carry the Company for US$35 million for its remaining 25% interest through a multi-well, seismic and infrastructure development programme. The work programme includes:
  - drilling, completion and testing of the Chikumbi-1 well as soon as reasonably practicable, which is designed to test an exploration Jurassic target while delineating the Cretaceous Ntorya gas field and be left as a producer, as soon as reasonably practicable
  - acquiring, processing and interpreting 3D seismic covering approximately 220 Km^2 over Ntorya
  - infrastructure investment - establishment of facilities to achieve accelerated first gas to a minimum gross production rate of 40 MMcfd (equivalent to approximately 6,700 bbls/d)
  - multiple wells (for which Aminex is carried) to drive target production up to 140 MMcfd
- Material cashflow to the Company with no further recourse to funding. If target rates are achieved and based on assumed gas terms, the Company could generate revenue up to US$40 million per annum
- US$5m in upfront cash payments and any shortfall in the carry to be made up to US$35 million in cash from Zubair's profit share.

The Farm-Out is conditional on governmental and shareholder approval. As it is a related party transaction, Eclipse Investments LLC, an affiliate of Zubair, will be unable to vote its interest in the Company. The transaction is also subject to the grant of an extension to the Mtwara Licence, currently awaiting approval. The Farm-Out is expected to be completed by 30 November 2018 and is expected to enable Aminex to diversify its portfolio beyond Tanzania, spreading its country and geological risk. A circular, incorporating an updated Competent Persons Report, will be made available prior to an extraordinary general meeting to approve the transaction.

Production from Kiliwani North-1 during 2018 has failed to meet expectations due to downhole and reservoir issues. During the reporting period the Company undertook a detailed review of the technical data and is currently attempting to revitalise production and intends to perforate a lower untested zone which could enhance recoverable reserves. Since the end of the reporting period, the Company has started to mobilise personnel and equipment for the initial remedial work.

Plans to acquire 3D seismic over shallow-water areas of the Kiliwani North Development Licence and the Nyuni Area Licence area waiting confirmation from the TPDC that the work commitment for the 3D seismic over the deep-water sector of the Nyuni Area Licence can be transferred to the shallow-water area. This 3D seismic programme includes the Kiliwani South structure, south of Songo Songo Island, which Aminex considers to be a strong lead, which may result in additional reserves and provide an opportunity to increase gas production into the Songo Songo Island gas facilities in the foreseeable future. Kiliwani and the shelfal region of Nyuni remain a high priority for the Company as any discovery made in the area could be monetised into the Songo Songo gas plant where the Company already has a gas sales agreement, along with a development licence until 2036.

As noted in the 2017 Annual Report, in April 2018 Aminex received notification from the TPDC of certain claims amounting to US$2.73 million (net) for liabilities arising on revenues from gas sales from Kiliwani North-1. Aminex refutes these claims and remains in discussions with the TPDC. No provisions have been made in the financial statements beyond amounts Aminex had already accrued. Pending the outcome of these discussions, the TPDC has withheld payments due and invoiced for Kiliwani North gas sales and this has impacted short-term cash flow. Cash balances will be enhanced upon receipt of the cash consideration of US$5 million (before estimated transaction costs of US$0.35 million) due under the Ruvuma Farm-Out. Further, the Farm-Out has an effective date of 15 March 2018 and allows for operational costs incurred on Ruvuma from that date to be reimbursed through the US$35 million carry on completion. This has enabled the Company to drive forward Ntorya operations during the transition period.

The Company has a bright future, having agreed the Farm-Out over the Ruvuma acreage with a fully-funded carry to material cashflow, together with exciting low risk assets over Kiliwani and the shelfal region of Nyuni, which can be monetised in the near-term. The Company continues to look at new venture opportunities that will provide low risk, robust returns to shareholders whilst diversifying the asset base and risk profile of the Company.

Jay Bhattacherjee
Chief Executive
28 September 2018

Operations Report

Tanzania - Kiliwani North Development Licence

Kiliwani North

Production from the Kiliwani North-1 well has been minimal and intermittent during the first half of 2018. The well has produced approximately 6.5 BCF of gas to date, but mechanical limitations at the Songo Songo Island Gas Processing Plant (“SSIGPP”) in combination with reservoir compartmentalisation have prevented expected recoveries and regular production from the well. Aminex is pursuing several possible remediations to restore production and since the end of the reporting period, the Company has started to mobilise personnel and equipment for the initial remedial work. The preferred work programme, based both on the results of a simulation study conducted on the field and on a history match of past reservoir performance, is the potential of accessing a deeper unperforated zone. This is a significantly cheaper approach to raising production and may add to the recoverable reserves the Company has already booked.

Production rates are determined by the plant operator and are currently based on normal requirements for testing and commissioning procedures for the SSIGPP. This plant has a 140 MMcfd processing capacity. Gas from Kiliwani North is sold at wellhead and is delivered into the Tanzanian National Gas Gathering System. A 24-inch spur line from the SSIGPP connects Kiliwani North-1 to a 532 Km 36-inch pipeline which transmits gas to Dar es Salaam. Tanzania has embarked on an large industrialisation development programme which has seen the planning and construction of numerous facilities along existing gas delivery infrastructure either directly connected to or in close proximity to Aminex’s Tanzanian assets and which are expected to increase local gas demand significantly in the near future.

Kiliwani South

Following an extensive technical evaluation of existing seismic, the Company has identified the Kiliwani South prospect, estimated to contain 57 BCF un-risked gross Pmean GIIP, as reviewed by RPS in their February 2018 CPR. Aminex is planning to acquire 3D seismic over several areas on the shelf close to Songo Songo Island and which will include 3D seismic over the Kiliwani North and Kiliwani South structures. Aminex is awaiting confirmation from the Tanzanian authorities to approve the amendment to the work commitments for the Nyuni Area PSA so that seismic over the shallow-water zones proposed will replace the 3D seismic commitment over the deep-water sector of the Nyuni Area Licence. As a result of the additional work required, the carrying cost attributable to Kiliwani South was reclassified to exploration and evaluation assets.

Tanzania – Ruvuma PSA

In September 2017, the Company submitted a development plan for the Ntorya appraisal area and applied for the grant of a 25-year development licence. As part of the development licence application and also to identify alternative development scenarios to maximise returns from the discovery by the Company, Aminex appointed io oil & gas consulting (a joint venture between Baker Hughes, a GE company, and McDermott) to prepare a gas commercialisation study to assist with development of the Ntorya field. The study, based on economic and logistical parameters and market feasibility, was designed to identify a portfolio of gas monetisation options including early production facilities and full field development scenarios.

During the first half of 2018, the Company continued to progress work on the Chikumbi-1 drilling prospect in preparation for the completion of the Farm-Out with an expectation to commence the Chikumbi-1 drilling programme as soon as reasonably practicable. The well is designed to test an exploration Jurassic target while delineating the Cretaceous Ntorya gas field and be left as a producer. Significant work has also been completed to design the 3D seismic programme over approximately 220 Km^2 of the Ntorya field, which is understood to be the first time 3D seismic has been acquired onshore Tanzania.

The Ruvuma PSA originally comprised two licence areas: the Mtwara Licence and the Lindi Licence. During 2016, Aminex received formal ministerial approval for a one-year extension to the Mtwara Licence, to January 2018. Aminex, through its subsidiary Ndovu Resources, has requested and expects to be granted a further extension to the Mtwara Licence. Following discussions with the TPDC, the Board expects the TPDC to apply for a new PSA for the Lindi Licence which should enable the Company to carry out further development and exploration in conjunction with the Mtwara Licence area.

Under the terms of the Ruvuma PSA, after the grant of a development plan, the TPDC may elect to contribute up to 15% of development costs in order to obtain a participating interest of 15% in production and revenues.

Tanzania – Nyuni Area PSA

Aminex remains focused on projects which will deliver commercial gas in the near term. A new 3D seismic programme is proposed over the shallow-water areas around Nyuni Island in relatively close proximity to existing infrastructure with the intent to progress leads to drill ready prospects capable of being economically drilled and tied into the SSIGPP. In the deep-water part of the licence, the Company is unlikely to be in a position to drill a high cost well without the participation of a larger company as a farm-in partner. Despite the high potential in the deep-water areas, drilling in the shallow transition zone remains the most economically viable, near-term option and accordingly the Company is seeking a transfer of the commitment for 3D seismic in the deep-water to the shelf.

The First Extension Period was granted in December 2016 and backdated to October 2015. However, the Company believes that the four-year extension period should have started from the date of grant in December 2016 and has requested clarification from the Tanzanian authorities on the start date for the current licence extension period.

Under the terms of the Nyuni Area PSA, after the grant of a development plan the TPDC may elect to contribute 20% of development costs in order to obtain a participating interest of 20% in production and revenues.

Financial Review

Financing and Future Operations

During the six months ended 30 June 2018, Aminex announced that it was in discussions with Zubair, which is a significant shareholder in Aminex PLC through its affiliate company Eclipse Investments LLC. Post period end, on 11 July 2018 Aminex signed a farm-out agreement with Zubair which the Board of Aminex believes will accelerate development of and production from the Ntorya field. Under the farm-out agreement, an affiliate of Zubair, ARA Petroleum Tanzania Limited will acquire a 50% interest in and become operator of the Ruvuma PSA, which includes the Ntorya field for which a development licence application has been made to the Tanzanian government. Aminex will receive cash consideration of US$5 million in two tranches, US$3 million on completion and US$2 million 180 days thereafter, and a net US$35 million carry for its remaining 25% interest on the development programme through to production. The transaction remains subject to shareholder and governmental approvals, together with other conditions precedent.

The Board believes the Farm-Out provides the Group with an excellent opportunity to participate in an accelerated development programme for the Ntorya field with the support of Zubair.

Revenue Producing Operations

Revenues from continuing operations amounted to US$0.34 million (30 June 2017: US$4.59 million). During the first six months of 2018, gross production from the Kiliwani North-1 well was 0.03 BCF of which Aminex's share was 0.01 BCF. Following the application of the agreed indexation allowance at the start of the year, the average sales price is US$3.33 per MCF for 2018, resulting in gas revenues of US$0.05 million for the period (30 June 2017: US$4.33 million). Gas revenues were significantly lower than the comparative period following a decline in production rates and wellhead pressure from the second half of 2017. At the time of writing, pressure at the Kiliwani-North well has built up and the Company is attempting to stimulate production from the well. Revenues also arose from oilfield services comprising the provision of technical and administrative services to joint venture operations: the revenues were US$0.29 million for the period ended 30 June 2018 (30 June 2017: US$0.26 million). Cost of sales was US$0.80 million (30 June 2017: US$1.53 million). The cost of sales for Kiliwani North operations amounted to US$0.48 million (30 June 2017: US$0.09 million) and included reservoir and production engineering work to identify a way to stimulate the reservoir, which has resulted in work currently being undertaken. The depletion charge for Kiliwani North production amounted to US$0.04 million (30 June 2017: US$1.18 million). The balance of the cost of sales amounting to US$0.29 million (30 June 2017: US$0.26 million) related to the oilfield services operations. Accordingly, there was a gross loss of US$0.46 million for the period compared with a gross profit of US$3.06 million for the comparative period.

Group administrative expenses, net of costs capitalised against projects, were US$1.87 million (30 June 2017: US$1.49 million). The expenses for the current period include a share-based payment charge of US$0.58 million relating to options granted in January 2018: the six months ended 30 June 2017 included a charge of US$0.29 million for options granted in May 2017. On a like-for-like basis, excluding the share-based payment charge, the Group's administrative expenses for the period under review were US$1.29 million, which is in line with the administrative expenses of US$1.20 million for the six months ended 30 June 2017. The increase in administrative expense has mainly arisen from the impact of a higher average foreign currency exchange rate for sterling-based costs and additional payroll costs as a result of the Group strengthening its technical team in the second half of 2017. Management has continued to maintain strict expenditure controls and, where possible, to reduce overhead costs. The Group's resulting net loss from operating activities was US$2.33 million (30 June 2017: profit of US$1.56 million).

Finance costs of US$0.03 million related to the decommissioning interest charge. The charge of US$0.56 million for the comparative period to 30 June 2017 included an interest expense of US$0.54 million on a corporate loan which was fully repaid in June 2017, as well as a decommissioning interest charge of US$0.02 million. Finance income from deposit interest was US$0.01 million, in line with the comparative period.

The Group's net loss for the period amounted to US$2.36 million (30 June 2017: profit of US$1.01 million).

Balance Sheet

The Group's investment in exploration and evaluation assets increased from US$99.59 million at 31 December 2017 to US$100.71 million at 30 June 2018, which reflected ongoing well planning for Chikumbi-1, the costs of an independent resource report and a commercialisation study, as well as licence expenses for the Ruvuma PSA and the Nyuni Area PSA. After review, the Directors have concluded that there is no impairment to these assets. This opinion takes into account ongoing discussions with the Tanzanian authorities for the extension to the Mtwara Licence, the grant of a development licence for Ntorya under the Ruvuma PSA and is pending further work on the Nyuni Area PSA and Kiliwani South. The carrying value of property, plant and equipment has decreased marginally from US$2.43 million at 31 December 2017 to US$2.41 million at 30 June 2018. Current assets amounted to US$12.46 million with trade and other receivables of US$9.81 million, which as operator includes joint venture parties' interests in gas revenues, and cash and cash equivalents of US$2.65 million.

Trade payables amounted to US9.07 million compared with US$8.97 at 31 December 2017. This balance included amounts payable to the TPDC and joint venture partners for their profit shares under the terms of the PSA. Payables also include VAT and excise tax payable on gas receivables. The non-current decommissioning provision increased by US$0.03 million at 31 December 2017 to US$0.67 million (31 December 2017: US$0.64 million), the increase relating to the unwind discount charge during the period.

Total equity has decreased by US$1.57 million between 31 December 2017 and 30 June 2018 to US$105.84 million (31 December 2017: US$107.41 million). The net movement comprises a net increase of US$0.17 million to the share option reserve, an increase of US$0.20 million in the foreign currency translation reserve and the movement of US$1.95 million in retained earnings arising on the loss of US$2.36 million for the period and the release from the share option reserve of US$0.41 million for expired options.

Cash Flows

Net cash outflows due to operating activities was US$2.62 million during the period (30 June 2017: US$2.40 million). There was an increase in debtors of US$1.03 million primarily arising on the increase in the gross receivables from the TPDC and an increase in creditors of US$0.11 million. Net cash outflows from investing activities amounted to US$0.95 million (30 June 2017: US$7.49 million). Expenditure on exploration and evaluation assets in the current period amounted to US$0.94 million, relating to payments for well planning services for Chikumbi-1 to be drilled on the Ruvuma PSA acreage, together with continuing costs on all licence interests. Expenditure on property, plant and equipment amounted to US$0.02 million with no capital costs incurred on producing assets. The Group received US$0.01 million in interest during the period. Net cash and cash equivalents for the six months ended 30 June 2018 therefore decreased by US$3.58 million compared with US$12.65 million for the comparative half-year period. The balance of net cash and cash equivalents at 30 June 2018 was US$2.65 million (30 June 2017: US$6.91 million).

Related Party Transactions

There were no related party transactions during the six-month period to 30 June 2018 that have materially affected the financial position or performance of the Group. In addition, there were no changes in the related parties set out in Note 29 to the Financial Statements contained in the 2017 Annual Report that could have had a material effect on the financial position or performance of the Group during the six-month period. On 11 July 2018, Ndovu Resources Limited, a subsidiary company, entered into a farm-out agreement with the Zubair Corporation LLC, the details of which are disclosed in Note 16. The Zubair Corporation LLC, through is affiliate company Eclipse Investments LLC, is a significant shareholder in Aminex PLC. The transaction remains subject to completion, including receipt of various approvals.

Going Concern

The financial statements of the Group are prepared on a going concern basis.

The Directors have given careful consideration to the Group's ability to continue as a going concern through review of cash flow forecasts prepared by management for the period to 31 December 2019, the key assumptions on which these are based and sensitivity analysis. The Directors concluded that the Group would have sufficient resources to continue as a going concern for the foreseeable future, that is a period of not less than 12 months from the date of approval of the condensed consolidated financial statements.

The Group's ability to make planned capital expenditure on its main licence interests in Tanzania and to fund its ongoing operational expenditure, can be assisted if necessary by the successful sale of assets, deferral of planned expenditure or by raising additional capital. The Directors have taken into account the Farm-Out for a 50% interest in the Ruvuma PSA signed with Zubair on 11 July 2018, which remains subject to certain approvals. The Ruvuma PSA includes the Ntorya prospect for which Aminex has submitted a development licence application.

Notwithstanding that the Directors have a reasonable expectation that the Group will be able to complete the Farm-Out with Zubair and also to implement other mitigating actions, the TPDC claim and non-payment to date of the trade receivable balance due from the TPDC to the Group at 30 June 2018, as disclosed in Note 11 to the condensed consolidated financial statements, indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As a consequence, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

Principal Risks and Uncertainties

The Group's strategic objectives for its principal activities, being the production and development of and the exploration for oil and gas reserves, are only achievable if certain risks are managed effectively. The Board has overall accountability for determining the type and level of risk it is prepared to take. The Board is assisted by the Risk Committee which seeks to identify risks for Board consideration and which monitors other risks, the responsibility for those risks and how they are managed. The following are considered to be the key risks facing the Group at the half year end that may affect the Group's business, although there are other risks which they currently deem to be less material that may impact the Group's performance.

Strategic risks

Development of assets to production - The Group may fail to expand through the exploration and development of its licences for which it acts as operator with joint venture partners. The failure of joint venture partners to pay their working interests may impact on Aminex's strategy. Aminex has entered into a farm-out agreement to accelerate the development of and production from the Ruvuma PSA acreage which is subject to certain approvals, including shareholder approval at an extraordinary general meeting to be held after the date of this report.

***Mitigation* -** Aminex manages its assets to enable the growth of cash generative business streams with the strategy of generating cash flow to meet its commitments with internal funds. The Board considers that the focus of Aminex's activities on development projects, with exploration potential, will provide value creation for shareholders rather than an exploration-led strategy. The Group identifies joint venture partners who are capable of contributing to operations. Pending completion of the Farm-Out, Aminex has maintained a majority interest in each of its licences which offers greater upside potential to shareholders or the possibility of further farm-out opportunities to assist with funding. Aminex expects that the approvals required for the Farm-Out will be received by 30 November 2018.

Global market conditions - Difficult global market conditions and the volatility in oil prices may from time to time impact the Group’s operations and in particular the ability to raise equity or debt finance or to allow the Group to enter into transactions on its assets.

***Mitigation* -** The Group reviews global conditions and manages its exposure to risk through minimising capital expenditure on high risk assets and developing fixed price gas projects. Revenues from producing assets will be used to minimise exposure to global capital markets with the intention of generating cash flow to meet capital and debt commitments. Aminex monitors costs closely and will seek to take advantage of low-cost environment for capital commitments where possible.

Operational risks

Exploration risk - Exploration and development activities may be delayed or adversely affected by factors including in particular: climatic and oceanographic conditions; equipment failure; performance of suppliers and exposure to rapid cost increases; unknown geological conditions resulting in dry or uneconomic wells or risk of blowout; remoteness of location.

***Mitigation* -** Aminex mitigates exploration risk by reducing the risk of drilling failure through conducting appropriate studies including the acquisition, processing and interpretation of seismic. For drilling operations, the Group contracts with international and local service providers with substantial industry experience and safety procedures according to Aminex's own high standards.

Production risks – Operational activities may be delayed or adversely affected by factors including: blowouts; reservoir performance; unusual or unexpected geological conditions; performance of joint venture partners on non-operated and operated properties; seepages or leaks resulting in substantial environmental pollution; increased operational costs; uncertainty of oil and gas resource estimates; production, marketing and transportation conditions; actions of host governments or other regulatory authorities. The Company’s gas revenues at present relate to production from a single well, Kiliwani North-1. The Company is currently looking at remedial work on Kiliwani North-1 that may involve down-hole operational risks and which may not guarantee additional production.

***Mitigation* -** Aminex develops, implements and maintains procedures in order to limit the risk of operational failures on production assets. Through gas sales agreements, Aminex has an agreed mechanism to enable reservoirs to be produced optimally while seeking to meet the requirements of the purchaser and thereby maximising resources. The Group sells gas at the wellhead which minimises additional costs by avoiding transportation and marketing expenses. The Company can take several possible actions for possible alternatives for remediation in the near future to maximise recoverable resources.

Maintaining licence interests - The Group may be unable to meet or agree amendments to its work programme commitments which may give rise either to minimum work obligations needing to be paid or the implementation of default procedures against the Group as operator which may lead to a licence being rescinded. In the case of the Ruvuma PSA, Aminex has applied for an extension to the Mtwara Licence and is seeking a new production sharing agreement for the Lindi Licence. The terms of a new PSA for the Lindi Licence may be on less favourable terms than the existing PSA. Aminex has applied for a development licence for the Ntorya Prospect under the terms of the Ruvuma PSA. The grant of new licences or extensions to new licences are at the discretion of Tanzanian authorities. The TPDC holds security over up to 15% of profit share for the Kiliwani North Development Licence in the event that part or all of the work commitments under the terms of the Ruvuma PSA relating to either the Mtwara or Lindi Licences are not fulfilled.

***Mitigation* -** Aminex is committed to fulfilling its obligations and seeks extensions to licence periods and deferrals of or amendments to production sharing terms through negotiation with the TPDC in order to ensure that commitments are met even if not in the original timeframe expected. The Board believes that there is a reasonable expectation that Aminex will be able to obtain a licence extension to the Mtwara Licence, and obtain a new production sharing agreement for the Lindi Licence, based on discussions with the Tanzanian authorities. The Board also believes that Aminex will be granted a development licence for Ntorya, for which application was made in September 2017. Aminex intends to meet its commitments, with each exploration well drilled on the Ruvuma PSA reducing the TPDC's security over the Kiliwani North Development Licence.

<u>Compliance risks</u>

Political risks - Aminex may be subject to political, economic, regulatory, legal, and other uncertainties (including but not limited to terrorism, military repression, war or other unrest). As Aminex's principal activities are in a developing nation, there are risks of nationalisation or expropriation of property, changes in and interpretation of national laws and energy policies. The Tanzanian government passed three new laws in July 2017, affecting the mining and energy sectors - the Natural Wealth and Resources (Permanent Sovereignty) Act; the Written Laws (Miscellaneous Amendments) Act; and the Natural Wealth and Resources Contracts (Review and Re-Negotiation of Unconscionable Terms). This new legislation includes the right of the Tanzanian authorities to renegotiate 'unconscionable terms' in agreements.

Mitigation - Aminex monitors international and national political risk in relation to its interests, liaising with governmental and other key stakeholders in its countries of operations. The Company has reviewed and continues to monitor the new legislation and the enforcement of such legislation. Based on the Board's current understanding of this new legislation and given the existing terms and conditions of our PSAs it is unclear if there will be any material impact on Aminex's operations in Tanzania. From time to time Aminex seeks to spread asset and regional risk in order to reduce exposure to one business or region via farm-outs.

Health, safety and security - The main health, safety and security risks for the Group occur during drilling operations and from production operations.

***Mitigation* -** The Group develops, implements and maintains effective health and safety procedures, including environmental issues and security, to ensure robust safeguards for well control and drilling operations are in place.

Legal compliance - The Group could suffer penalties or damage to reputation through failure to comply with legislation or other regulations, in particular those over bribery and corruption, and these risks may be increased when operating in certain regions of the world.

***Mitigation* -** Aminex manages risk of legal compliance failure through the implementation and monitoring of high standards to minimise the risk of corrupt or anti-competitive behaviour. All employees and consultants are required to confirm their understanding of, and compliance with, the Group's anti-bribery policy.

<u>Financial risks</u>

Credit risk – All of the Group's revenues arising from the sale of natural gas is to one customer, the TPDC, which is the gas aggregator and operator of the National Gas Pipeline in Tanzania. Sales of natural gas and the credit terms relating to the sales are governed by a gas sales agreement. The recoverability and timing of receipts are therefore dependent on one customer. As at 30 June 2018, the Kiliwani North joint venture partners were owed US$7.22 million in respect of gas sales and interest on overdue invoices. Delays in payment have arisen largely in relation to various claims made by the TPDC which the Company does not accept and for which the parties are in discussion (see Note 11).

***Mitigation* –** The credit risk arising from sales to the TPDC can be mitigated by a letter of credit which is required under the gas sales agreement once a commercial operations date has been declared. No such declaration has been made in relation to Kiliwani North-1. In the absence of regular payments from the TPDC, Aminex could suspend supply and defer further investment until the indebtedness has been reduced.

Currency risk – Although the reporting currency is the US dollar, which is the currency most commonly used in the pricing of petroleum commodities and for significant exploration and production costs, a significant proportion of the Group's other expenditure (in particular central administrative costs) is made in local currencies (as are the Company's equity fundings), and fluctuations in exchange rates may significantly impact the results of the Group and the results between periods, thus creating currency exposure.

Mitigation **-** The Group has a policy of minimising exposure to foreign currency rates by holding the majority of the Group's funds in US dollars.

Forward Looking Statements

Certain statements made in this half-yearly financial report are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from the expected future events or results referred to in these forward-looking statements.

Statement of the Directors in respect of the Half-Yearly Financial Report

Each of the directors who held office at the date of this report, confirm their responsibility for preparing the half yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the Transparency Rules of the Central Bank of Ireland and the Disclosure and IAS 34 Interim Financial Reporting, as adopted by the EU and to the best of each person's knowledge and belief:

- the condensed consolidated financial statements comprising the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cashflows and the related explanatory notes have been prepared in accordance with IAS 34 Financial Reporting as adopted by the EU.

- The management report includes a fair review of the information required by:

    (a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

    (b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

J.C. BHATTACHERJEE	**M.V. WILLIAMS**
Chief Executive Officer/Director	*Chief Financial Officer/Director*

28 September 2018

Independent Review Report to Aminex PLC

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cashflow statement and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRCs") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'.*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 '*Interim Financial Reporting'* as adopted by the EU, the Transparency (Directive 2004/109/EC) (Amendment) Regulations 2007 ("Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Material Uncertainty related to Going Concern

We draw attention to note 1 to the financial statements which indicates that the Group's and Company's ability to continue as a going concern is dependent on the receipt of payment in respect of a trade receivable due from Tanzania Petroleum Development Corporation and the outcome of a related claim from the customer (notes 11 and 14) and the completion of a farm-out for a 50% interest in the Ruvuma PSA. These events and conditions, along with other matters explained in Note 1, constitute a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our review report is not modified in this respect.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 1, the interim financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

28 September 2018

Aminex PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2018

	Notes	**Unaudited 6 months ended 30 June 2018 US$'000**	Unaudited 6 months ended 30 June 2017 US$'000	Audited Year ended 31 December 2017 US$'000
Continuing operations				
Revenue	2	**340**	4,592	6,633
Cost of sales	2	**(804)**	(1,531)	(5,463)
Gross (loss)/profit		**(464)**	3,061	1,170
Administrative expenses		**(1,870)**	(1,493)	(2,291)
Operating (loss)/profit		**(2,334)**	1,568	(1,121)
Impairment loss on financial assets	10	**-**	(4)	(4)
(Loss)/profit from operating activities		**(2,334)**	1,564	(1,125)
Finance income	4	**7**	11	20
Finance costs	5	**(32)**	(562)	(1,173)
(Loss)/profit before income tax		**(2,359)**	1,013	(2,278)
Income tax expense	6	**-**	-	-
(Loss)/profit for the period	2	**(2,359)**	1,013	(2,278)
(Loss)/profit per share				
Basic (US cents)	7	**(0.07)**	0.03	(0.06)
Diluted (US cents)	7	**(0.07)**	0.03	(0.06)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited Year ended 31 December 2017 US$'000
(Loss)/profit for the period	**(2,359)**	1,013	(2,278)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences	**203**	719	876
Total comprehensive (expense)/income for the period attributable to the equity holders of the Company	**(2,156)**	1,732	(1,402)

Aminex PLC
CONDENSED CONSOLIDATED BALANCE SHEET
At 30 June 2018

	Notes	**Unaudited 30 June 2018 US$'000**	Unaudited 30 June 2017 US$'000	Audited 31 December 2017 US$'000
Assets				
Non-current assets				
Exploration and evaluation assets	8	**100,710**	98,166	99,587
Property, plant and equipment	9	**2,406**	5,495	2,429
Total non-current assets		**103,116**	103,661	102,016
Current assets				
Trade and other receivables	11	**9,806**	13,493	8,777
Cash and cash equivalents	12	**2,650**	6,913	6,226
Total current assets		**12,456**	20,406	15,003
TOTAL ASSETS		**115,572**	124,067	117,019
Equity				
Issued capital		**69,062**	69,062	69,062
Share premium		**122,267**	122,267	122,267
Other undenominated capital		**234**	234	234
Share option reserve		**2,710**	4,187	2,540
Foreign currency translation reserve		**(1,939)**	(2,299)	(2,142)
Retained earnings		**(86,499)**	(82,907)	(84,551)
Total equity		**105,835**	110,544	107,410
Liabilities				
Non-current liabilities				
Decommissioning provision		**668**	579	636
Total non-current liabilities		**668**	579	636
Current liabilities				
Trade and other payables	13	**9,069**	12,944	8,973
Total current liabilities		**9,069**	12,944	8,973
Total liabilities		**9,737**	13,523	9,609
TOTAL EQUITY AND LIABILITIES		**115,572**	124,067	117,019

Aminex PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2018

	Attributable to equity shareholders of the Company							
	Share capital US$'000	Share premium US$'000	Other undenominated capital US$'000	Share option reserve US$'000	Share warrant reserve US$'000	Foreign currency translation reserve fund US$'000	Retained earnings US$'000	Total equity US$'000
Balance at 1 January 2017	**68,874**	**120,274**	**234**	**3,894**	**3,436**	**(3,018)**	**(87,341)**	**106,353**
Comprehensive income								
Profit for the period	-	-	-	-	-	-	1,013	1,013
Currency translation differences	-	-	-	-	-	719	-	719
Transactions with shareholders of the Company recognised directly in equity								
Shares issued	188	1,993	-	-	-	-	(15)	2,166
Share based payment charge	-	-	-	293	-	-	-	293
Share warrants exercised	-	-	-	-	(3,436)	-	3,436	-
Balance at 1 July 2017	**69,062**	**122,267**	**234**	**4,187**	**-**	**(2,299)**	**(82,907)**	**110,544**
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(3,291)	(3,291)
Currency translation differences	-	-	-	-	-	157	-	157
Transactions with shareholders of the Company recognised directly in equity								
Share option reserve transfer	-	-	-	(1,647)	-	-	1,647	-
Balance at 1 January 2018	**69,062**	**122,267**	**234**	**2,540**	**-**	**(2,142)**	**(84,551)**	**107,410**
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(2,359)	(2,359)
Currency translation differences	-	-	-	-	-	203	-	203
Transactions with shareholders of the Company recognised directly in equity								
Share based payment charge	-	-	-	581	-	-	-	581
Share option reserve transfer	-	-	-	(411)	-	-	411	-
Balance at 30 June 2018 (unaudited)	**69,062**	**122,267**	**234**	**2,710**	**-**	**(1,939)**	**(86,499)**	**105,835**

Aminex PLC
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
for the six months ended 30 June 2018

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited Year ended 31 December 2017 US$'000
Operating activities			
(Loss)/profit the financial period	**(2,359)**	1,013	(2,278)
Depreciation and depletion	**45**	1,182	4,577
Share based payment charge	**581**	293	293
Finance income	**(7)**	(11)	(20)
Finance costs	**32**	562	1,173
Impairment of financial assets	**-**	4	4
(Increase)/decrease in trade and other receivables	**(1,029)**	(4,316)	403
Increase/(decrease) in trade and other payables	**114**	(591)	(3,008)
Cash (used in)/from operations	**(2,623)**	(1,864)	1,144
Interest paid	**-**	(540)	(540)
Net cash (outflows)/inflows from operating activities	**(2,623)**	(2,404)	604
Investing activities			
Acquisition of property, plant and equipment	**(22)**	(4)	(23)
Expenditure on exploration and evaluation assets	**(938)**	(7,492)	(10,623)
Interest received	**7**	11	20
Net cash outflows from investing activities	**(953)**	(7,485)	(10,626)
Financing activities			
Proceeds from the issue of share capital	**-**	2,181	2,181
Payment of transaction costs on issue of share capital	**-**	(15)	(15)
Loans repaid	**-**	(4,931)	(4,931)
Net cash outflows from financing activities	**-**	(2,765)	(2,765)
Net decrease in cash and cash equivalents	**(3,576)**	(12,654)	(12,787)
Cash and cash equivalents at 1 January	**6,226**	19,567	19,567
Foreign exchange loss	**-**	-	(554)
Cash and cash equivalents at end of the financial period	**2,650**	6,913	6,226

1. Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2018 are unaudited but have been reviewed by the auditor, having regard to ISRE 2410 (UK & Ireland). The financial information presented herein does not amount to statutory financial statements that are required by Part 6 of Chapter 4 of the Companies Act 2014 to be annexed to the annual return of the Company. The statutory financial statements for the financial year ended 31 December 2017 were annexed to the annual return and filed with the Registrar of Companies. The audit report on those statutory financial statements was unqualified and included an emphasis of matter paragraph relating to going concern.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim *Financial Reporting* as adopted by the EU.

The financial information contained in the condensed financial statements has been prepared in accordance with the accounting policies set out in the 2017 Annual Report and Accounts, except for the adoption of new IFRS requirements as described below.

This is the first set of the Group financial statements where IFRS 9 and 15 have been applied. Changes to significant accounting policies are disclosed in the use of judgements and estimates.

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 28 September 2018.

(i) Going concern

The condensed consolidated financial statements of the Company and the Group are prepared on a going concern basis.

The Directors have given careful consideration to the Group's ability to continue as a going concern through review of cash flow forecasts prepared by management for the period to 31 December 2019, the key assumptions on which these are based and sensitivity analysis. The Directors concluded that the Group would have sufficient resources to continue as a going concern for the foreseeable future, that is a period of not less than 12 months from the date of approval of the condensed consolidated financial statements.

The Group's ability to make planned capital expenditure on its main licence interests in Tanzania and to fund its ongoing operational expenditure, can be assisted if necessary by the successful sale of assets, deferral of planned expenditure or by raising additional capital. The Directors have taken into account the Farm-Out for a 50% interest in the Ruvuma PSA signed with The Zubair Corporation LLC on 11 July 2018, which remains subject to certain approvals. The Ruvuma PSA includes the Ntorya prospect for which Aminex has submitted a development licence application.

Notwithstanding that the Directors have a reasonable expectation that the Group will be able to complete the Farm-Out with Zubair and also to implement other mitigating actions, the TPDC claim and non-payment to date of the trade receivable balance due from the TPDC to the Group at 30 June 2018, as disclosed in Note 11 to the condensed consolidated financial statements, indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As a consequence, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The condensed consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

(ii) Use of judgements and estimates

The preparation of the condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. Basis of preparation (continued)

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 9 and IFRS 15.

Changes to accounting policies
On 1 January 2018, the Group adopted new standards with respect to IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

IFRS 9
The Group has adopted IFRS 9 "Financial Instruments" ("IFRS 9"), effective for the year commencing 1 January 2018. IFRS 9 sets out requirements for the classification, measurement and recognition of financial assets and financial liabilities, introduces a new impairment model for financial assets, as well as new rules for hedge accounting. It replaces the old standard of IAS 39 in its entirety.

The classification and measurement of financial assets have changed with the implementation of IFRS 9. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Application of IFRS 9 has not materially changed the measurement of financial assets or liabilities of the Group. The classification and measurement of financial liabilities is materially consistent with that required by IAS 39 and no material impact as a result of IFRS 9's classification and measurement requirements has been identified.

The IFRS 9 impairment model requires the recognition of 'expected credit losses' ("ECL"), in contrast to the requirement to recognise 'incurred credit losses' under IAS 39. The Company adopted the simplified approach in calculating the Group's exposure to credit risk and ECLs on its trade receivables. This did not have a material impact on the Group's financial statements. Trade receivables are generally short-term, and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition.

The Group does not have any hedging arrangements and therefore the new hedge accounting rules, which aim to align the hedge accounting treatments more closely with a company's risk management strategy, has no impact on the Group.

IFRS 15
The Company adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") effective from 1 January 2018. The Group has elected to apply the 'modified retrospective' approach to transition permitted by IFRS 15 under which comparative financial information is not restated. This has had no impact on the timing or amount of revenue recognised.

Under IAS 18, revenue is recognised on a risk and rewards basis. Under IFRS 15, a control model is used to determine the timing of revenue recognition. Revenue is recognised when the Group satisfies a performance obligation by transferring gas, or with the rendering of technical oilfield services, to customers. Typically, at this point in time, the performance obligations of the Group are fully satisfied.

1. Basis of preparation (continued)

As the transfer of risk and rewards for the Group's goods and services generally coincides with the transfer of control at a point in time, the accounting for revenue under IFRS 15 does not represent a substantive change from the Group's previous accounting policy for recognising revenue from gas sales to customers.

Amounts presented for comparative periods in 2017 include revenues determined in accordance with the Group's previous accounting policies relating to revenue.

Disclosure of disaggregated revenue information consistent with the requirement included in IFRS 15 has not had an impact on the information presented in Note 2 as the Group already discloses its revenue by geographical location, products and services and timing of revenue recognition.

Measurement of fair values
Management uses the fair value hierarchy, levels 1, 2 and 3 (as set out on page 53 of the 2017 Annual Report), for determining and disclosing the fair values of financial instruments by valuation technique. The carrying value of the Group's financial instruments are considered by management to reflect fair value given the short term nature of these.

(iii) Other new accounting standards and interpretations

Below is a list of standards and interpretations that were adopted in the period ended 30 June 2018. There was no material impact to the financial statements in the period from the application of these.

(a) New standards required to be applied to an entity with financial reporting period beginning 1 January 2018

The following IFRS requirements, none of which had a material impact, were adopted by the Group for the first time in the current financial reporting period:

Description	**EU effective date (periods beginning)**
Annual Improvements to IFRS 2014-2016 Cycle *(Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures)*	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*	1 January 2018
Amendments to IFRS 2: *Classification and measurement of share-based payment transactions*	1 January 2018
IFRIC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2018

(b) The following new IFRS requirements will be effective in future financial reporting periods:

Description	**EU effective date (periods beginning)**
IFRS 16: Leases	*1 January 2019*
Amendments to IFRS 9 Prepayment Features with Negative Compensation	*1 January 2019*
IFRIC 23 Uncertainty over Income Tax Treatments	*Not endorsed. No disclosure required.*
Amendments to IAS 28: Long-term interests in Associates and Joint Ventures	*Not endorsed. No disclosure required.*
Annual improvements to IFRS Standards 2015-2017 Cycle	*Not endorsed. No disclosure required.*
Amendments to IAS 19: Plan amendment, Curtailment or Settlement	*Not endorsed. No disclosure required.*
Amendments to references to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	*Not endorsed. No disclosure required.*
IFRS 17 Insurance Contracts	*Not endorsed. No disclosure required.*
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture	*Endorsement postponed. Awaiting IASB developments.*

The Group is currently in the process of considering the impact of these new IFRS requirements.

2. Segmental disclosure – continuing operations

The Group considers that its continuing operating segments consist of (i) Producing Oil and Gas Assets, (ii) Exploration Assets and (iii) Oilfield Services and Group Costs. These segments are those that are reviewed regularly by the Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. However, it further analyses these by region for information purposes. Segment results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of head office expenses, cash balances and borrowings.

The Group's revenue is derived from contracts with customers. The timing of revenue streams depends on the following for products and services:

Producing oil and gas assets
The Group satisfies its performance obligation by transferring a nominated volume of gas to its customer. The title to gas transfers to a customer when the customer takes physical possession of the gas at the contracted delivery point. The gas needs to meet certain agreed specifications.

Provision of oilfield services
Revenue for services is recognised as services are rendered to the customer. All services rendered by the Group relate to joint venture operations to which the Group is a party and the terms of the services provided are subject to service contracts.

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited year ended 31 December 2017 US$'000
Segmental revenue			
Tanzania – producing oil and gas assets	**47**	4,329	5,950
Tanzania – provision of oilfield services	**293**	263	683
Total revenue	**340**	4,592	6,633
Cost of sales			
Tanzania – producing oil and gas assets	**476**	89	264
Tanzania – depletion	**35**	1,179	4,566
Tanzania – provision of oilfield services	**293**	263	633
Total cost of sales	**804**	1,531	5,463
Segment (loss)/profit for the financial period			
Tanzania – producing oil and gas assets	**(933)**	2,966	573
Tanzania – exploration assets	**(20)**	(240)	(59)
Ireland – non-attributable corporate expenses (1)	**(226)**	(394)	(1,837)
UK – oilfield services	**(1,180)**	(1,319)	(955)
Total Group (loss)/profit for the financial year	**(2,359)**	1,013	(2,278)

(1) Non-attributable corporate expenses include amounts of a corporate nature not specifically attributable to an operating segment. They include impairment provisions, interest expense on financial liabilities and related costs.

2. Segmental disclosure – continuing operations (continued)

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited year ended 31 December 2017 US$'000
Segment assets			
Tanzania – producing oil and gas assets	**8,568**	21,820	11,508
Tanzania – exploration activities	**104,133**	97,139	101,919
Ireland – non-attributable assets (1)	**2,294**	4,577	3,206
UK – oilfield services	**577**	531	386
Total assets	**115,572**	124,067	117,019
Segment liabilities			
Tanzania – producing oil and gas assets	**909**	4,260	8,021
Tanzania – exploration assets	**8,162**	8,710	784
Ireland – non-attributable liabilities (2)	**183**	150	109
UK – oilfield liabilities	**483**	403	695
Total liabilities	**9,737**	13,523	9,609
Capital expenditure			
Tanzania – exploration assets	**1,123**	13,677	10,344
Tanzania – producing oil and gas assets	**-**	-	309
UK – oilfield services/Group costs	**26**	4	23
Total capital expenditure	**1,149**	13,681	10,676
Non-cash items			
Tanzania: depletion – producing oil and gas assets	**35**	1,179	4,566
UK depreciation – oilfield assets	**10**	3	11
Impairment of financial assets	**-**	4	4
Interest expense on financial liabilities measured at amortised cost	**32**	22	79
Equity-settled share-based payment expenses	**581**	293	293

(1) Non-attributable assets primarily comprise cash and working capital.
(2) Non-attributable liabilities primarily comprise trade payables.

3. Share based payments

Aminex PLC operates an Executive Share Option Scheme ("the Scheme"). Under the terms of the Scheme, certain directors and employees of Aminex PLC and its subsidiary companies are entitled to subscribe for Ordinary Shares in Aminex PLC at the market value on the date of the granting of the options, subject to a maximum aggregate of 10% of the issued Ordinary Share capital of Aminex PLC.

Options are granted at market price, in accordance with the Scheme rules, with reference to the average closing price for the fourteen days prior to the grant of options. Options granted before and during 2010 will expire at a date no later than 10 years after their grant date. These Options generally vest if employees remain in service for 3 years from the date of grant and Directors' options vest immediately. No options were granted between 2011 and 2015. Options granted since 2016 vest immediately and will expire at a date no later than 3 years after their grant date.

The following expenses have been recognised in the income statement arising on share based payments and included within administrative expenses:

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited year ended 31 December 2017 US$'000
Share-based payment charge	**581**	293	293

The fair values of options granted in the period in accordance with the terms of the Aminex PLC Executive Share Option Scheme were calculated using the following inputs into the binomial option-pricing model:

Date of grant	9 January 2018	9 January 2018
Contractual life	3 years	2 years
Exercise price	Stg 3.08 pence	Stg 3.08 pence
Market price	Stg 3.08 pence	Stg 3.08 pence
Number of options granted (immediate vesting)	40,000,000	2,000,000
Expected volatility	50%	50%
Vesting conditions	Immediate	Immediate
Fair value per option	Stg 1.03 pence	Stg 0.85 pence
Expected dividend yield	-	-
Risk-free rate	0.001%	0.001%

The binomial option-pricing model is used to estimate the fair value of the Company's share options because it better reflects the possibility of exercise before the end of the options' life. The binomial option-pricing model also integrates possible variations in model inputs such as risk-free interest rates and other inputs, which may change over the life of the options.

On 30 June 2018, there were options outstanding over 178,250,000 (31 December 2017: 137,750,000) Ordinary Shares which are exercisable at prices ranging from Stg 1.34 pence to Stg 9 pence per share and which expire at various dates up to January 2021.

4. Finance income

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited year ended 31 December 2017 US$'000
Deposit interest income	**7**	11	20

5. Finance costs

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited year ended 31 December 2017 US$'000
Interest expense on financial liabilities measured at amortised cost	**-**	540	540
Other finance costs – decommissioning provision interest charge	**32**	22	79
Foreign exchange loss	**-**	-	554
	32	562	1,173

Interest expense on financial liabilities related to a corporate loan facility that was repaid in June 2017.

6. Tax

The Group has not provided any tax charge for the six month periods ended 30 June 2018 and 30 June 2017 or for the year ended 31 December 2017. The Group's operating divisions have accumulated losses which are expected to exceed profits earned by operating entities for the foreseeable future.

7. (Loss)/profit per share from continuing activities

The loss or profit per Ordinary Share is calculated using a numerator of the profit for the financial period and a denominator of the weighted average number of Ordinary Shares in issue for the financial period. The diluted profit per Ordinary Share is calculated using a numerator of the profit for the financial period and a denominator of the weighted average number of Ordinary Shares outstanding and adjusted for the effect of all potentially dilutive shares, including the share options and share warrants, assuming that they have been converted.

The calculations for the basic and diluted earnings per share of the financial periods ended 30 June 2018, 30 June 2017 and the year ended 31 December 2017 are as follows:

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017	Audited Year ended 31 December 2017
Numerator for basic and diluted earnings per share:			
(Loss)/profit for the financial period (US$'000)	**(2,359)**	1,013	(2,278)
Weighted average number of shares:			
Weighted average number of ordinary shares ('000)	**3,643,458**	3,513,133	3,578,729
Basic and diluted (loss) /earnings per share (US cents)	**(0.07)**	0.03	(0.06)

There is no difference between the basic loss per Ordinary Share and the diluted loss per Ordinary Share for the financial period ended 30 June 2018 and the year ended 31 December 2017 as all potentially dilutive Ordinary Shares outstanding were anti-dilutive. There were 178,250,000 share options in issue at 30 June 2018 and 137,750,000 at 31 December 2017.

The diluted earnings per share for the period ended 30 June 2017 was adjusted to show the potential dilution were employee share options to be converted into shares. The weighted average number of diluted shares was increased by 241,375,247 compared to the weighted average number of basic shares, after adding back employee share options that are deemed to be in issue for the whole of the period under review. This resulted in a diluted weighted average number of shares of 3,754,508,602. There were 143,475,000 share options outstanding at 30 June 2017.

8. Exploration and evaluation assets

Cost	US$'000
At 1 January 2018	104,668
Additions	1,123
At 30 June 2018	**105,791**
Provisions for impairment	
At 31 December 2017 and 30 June 2018	5,081
Net book value	
At 30 June 2018	**100,710**
At 31 December 2017	99,587

The Group does not hold any property, plant and equipment within exploration and evaluation assets.

The additions to exploration and evaluation assets during the period relate mainly to own costs capitalised for geological, geophysical and administrative ("GG&A") work and licence maintenance costs, along with training and licence fees under the respective Production Sharing Agreements ("PSAs").

The Directors have considered the licence, exploration and appraisal costs incurred in respect of its exploration and evaluation assets, which comprise the Ruvuma PSA, the Nyuni Area PSA and ongoing exploration work on Kiliwani South within the Kiliwani North Development Licence. These assets are carried at historical cost except for provisions against Nyuni exploration for the Nyuni-1 well, the cost of seismic acquired over relinquished blocks and obsolete stock. These assets have been assessed for impairment and in particular with regard to the remaining licence terms, likelihood of renewal, likelihood of further expenditures and ongoing acquired data for each area, as more fully described in the Operations Report.

Ruvuma PSA

The Mtwara Licence, which includes the Ntorya appraisal area, was extended to January 2018 and Aminex is in discussions with the TPDC for and has a reasonable expectation of the Licence being extended. In September 2017, Aminex applied for a 25-year development licence for Ntorya following the successful testing of the Ntorya-2 appraisal well. In July 2018, Aminex announced it had signed a binding farm-out agreement ("Farm-Out") to farm-out 50% of the Ruvuma PSA to The Zubair Corporation LLC. The agreement remains subject to certain Tanzanian Government, shareholder and other approvals. In return for a 50% interest in the PSA, Zubair will pay cash consideration of US$5.0 million in two tranches and a net US$35 million carry for its 25% interest on the development programme through to production. An affiliate of Zubair will become operator under the Ruvuma PSA and is required to drill the Chikumbi-1 well, acquire at least 200 km^2 of 3D seismic over the Ntorya Prospect and implement an early production system (or proceed directly to a full production system as may be required). The purpose of the Farm-Out agreement is to accelerate production from and development of the Ntorya field. The Farm-Out is expected to be completed by 30 November 2018.

Following discussions with the TPDC concerning the extension of the Lindi Licence under the terms of the Ruvuma PSA, the Directors now expect an application to be made for a new production sharing agreement for the Lindi Licence. While the new PSA terms may not be the same as those for the Ruvuma PSA, a new PSA would provide more time to explore and evaluate the leads in the Lindi Licence area and the Directors believe this would be a satisfactory outcome. While negotiations are held to agree terms for the new PSA, and as the Directors believe there is a reasonable expectation that a new PSA will be signed, the carrying cost of the Lindi Licence which amounts to US$10.4 million has not been impaired. The Directors have noted that the recoverable cost pool for the Lindi licence is transferable to the Mtwara licence under the Ruvuma PSA. The Directors are satisfied that there are no indicators of impairment but recognise that future realisation of these oil and gas assets is dependent on further successful exploration, appraisal and development activities and the subsequent economic production of hydrocarbon reserves.

8. Exploration and evaluation assets (continued)

Nyuni Area PSA

In December 2016, the Tanzanian authorities granted an extension to the Nyuni Area licence which has a licence period ending in October 2019. Aminex believes that the four-year extension period should have started from the date of grant in December 2016 and has requested clarification from the TPDC. A new 3D seismic programme has been proposed over the shallow-water areas in relatively close proximity to existing infrastructure with the intent to progress leads to drill ready prospects capable of being economically drilled and tied into the Songo Songo Island Gas Processing Plant. Aminex is seeking a transfer of the work commitment for the 3D seismic acquisition from the deep-water sector to the shallow-water before commencing work. The Directors are satisfied with work planned on the Licence that there are no indicators of impairment.

Kiliwani South

Kiliwani South, located within the Kiliwani North Development Licence acreage, has been identified as a potential lead and the Company is planning to acquire 3D seismic over it as part of a larger programme over sections of the Nyuni Area Licence. The Directors are satisfied with work planned on the Licence that there are no indicators of impairment.

9. Property, plant and equipment

	Development property - Tanzania	Other assets	Total
	US$'000	US$'000	US$'000
Cost			
At 1 January 2018	8,205	82	8,287
Additions in the period	-	26	26
Disposals in the period	-	(36)	(36)
Exchange rate adjustment	-	(2)	(2)
At 30 June 2018	**8,205**	**70**	**8,275**
Depreciation and depletion			
At 1 January 2018	5,803	55	5,858
Charge for the period	35	10	45
Disposals in the period	-	(33)	(33)
Exchange rate adjustment	-	(1)	(1)
At 30 June 2018	**5,838**	**31**	**5,869**
Net book value			
At 30 June 2018	**2,367**	**39**	**2,406**
At 31 December 2017	2,402	27	2,429

As at 30 June 2018, "Other assets" comprise plant and equipment US$30,000 (31 December 2017: US$24,000), fixtures and fittings US$1,000 (31 December 2017: US$3,000) and leasehold and property US$8,000 (31 December 2017: US$nil).

9. Property, plant and equipment (continued)

Following the award of the Kiliwani North Development Licence by the Tanzanian Government in April 2011, the carrying cost relating to the development licence was reclassified as a development asset under property, plant and equipment, in line with accounting standards and the Group's accounting policies. Production from the Kiliwani North-1 well commenced on 4 April 2016 and is depleted with reference to the remaining reserves of 1.94 BCF ascribed to the field as at 1 January 2018 in an independent reserves and resources report prepared by RPS Energy Consultants Limited in February 2018. The report also identified a contingent resource 30.8 BCF in addition to the reserves. Production from the Kiliwani North-1 well has been minimal and intermittent during the first half of 2018. The well has produced approximately 6.5 BCF of gas to date, but mechanical limitations at the Songo Songo Gas Processing Plant ("SSIGPP") in combination with reservoir compartmentalisation have prevented regular production from the well. Aminex continues to pursue several possible remediations to address the production decline, including the installation of a compressor at the well head to access the remaining reserves to be produced from the Kiliwani North-1 well. The preferred option, based both on the results of a simulation study conducted on the field and on a history match of past reservoir performance, is the potential of accessing a deeper unperforated zone, being a significantly cheaper approach that may also be capable of recovering additional gas volumes. Equipment required to conduct this workover has already been identified and, pending discussions that continue with the TPDC regarding plant specifications and appropriate government approvals that need to be achieved before any work can commence, the Company intends to re-enter the well to implement these remediating actions to continue to supply gas to the SSIGPP. Accordingly, the Directors are satisfied no impairment charge is required against the carrying value of US$2.37 million at 30 June 2018.

10. Financial assets

An impairment against the carrying value of a listed investment was expensed in the income statement in the prior year and is now fully impaired.

	Unaudited 6 months ended 30 June 2018	Unaudited 6 months ended 30 June 2017	Audited Year ended 31 December 2017
At beginning of period	-	4	4
Impairment loss charged to income statement	-	(4)	(4)
At end of period	-	-	-

11. Trade and other receivables

Trade and other receivables amounted to US$9.81 million at the period end (31 December 2017: US$8.78 million). The increase largely relates to gas sales from Kiliwani North. Included in trade and other receivables is an amount of US$7.22 million due from the TPDC for the gross receivables due to the partners in jointly controlled operations for gas sales from Kiliwani North. Aminex's net share of the receivable is US$2.99 million (31 December 2017: US$2.70 million). On 11 April 2018, the Company received formal notification from the TPDC of certain claims amounting to US$5.97 million for liabilities arising on revenues from gas sales, of which Aminex's share is estimated to be US$2.73 million. Aminex has advised the TPDC that it does not accept the claims and no provision has been made in the financial statements beyond amounts Aminex had already accrued. The TPDC has delayed settling its trade receivable balance while discussions continue on the claim. However, as the trade receivable balance is not disputed Aminex anticipates recovering the full amount. In accordance with IFRS 9, Aminex reviewed its exposure to credit risk on its trade receivables and continues not to recognise a loss allowance against any of its receivables as it does not consider its exposure to be material.

All amounts fall due within one year.

12. Cash and cash equivalents

	Unaudited 6 months ended 30 June 2018 US$'000	Unaudited 6 months ended 30 June 2017 US$'000	Audited year ended 31 December 2017 US$'000
Cash at bank and in hand	**2,650**	6,913	6,226

Included in cash and cash equivalents is an amount of US$0.15 million (31 December 2017: US$0.45 million) held on behalf of partners in jointly controlled operations.

13. Trade and other payables

Trade and other payables amounted to US$9.07 million at the period end (31 December 2017: US$8.97 million). Included in trade and other payables are amounts arising on gas sales and are payable on receipt of gas revenues from the TPDC.

14. Commitments, guarantees and contingent liabilities

Commitments

In accordance with the relevant PSA, Aminex has a commitment to contribute its share of the following outstanding work programmes:

(a) Following the grant of the extension to the Nyuni Area PSA, Tanzania, the terms of the licence require the acquisition of 600 kilometres of 3D seismic over the deep-water sector of the licence, and the drilling of four wells, on the continental shelf or in the deep-water, by October 2019. The Company is seeking an amendment to the work programme to allow for 3D seismic to be acquired over the shallow-water and shelf rather than the deep-water sector and has also sought clarification from the Tanzanian authorities that the licence period should end in December 2020, being four years from the date of grant of the extension.

(b) The Ruvuma PSA, Tanzania, originally comprised two licences. The Mtwara Licence was extended to January 2018 and Aminex is in discussions for, and has a reasonable expectation of, receiving a further extension on the licence. Two wells are required to be drilled, one of which is expected to be the Chikumbi-1 location. The Company has previously sought an extension to the Lindi Licence, for which there remains a two-well commitment, and is currently seeking a new Lindi PSA.

Guarantees and contingent liabilities

(a) Kiliwani North Development Licence. Under the terms of the Addendum to the Ruvuma PSA, Ndovu Resources Limited has provided security to the Tanzania Petroleum Development Corporation for up to 15% of the profit share of the Kiliwani North Development Licence to guarantee the amended four-well drilling commitment under the Ruvuma PSA. For each well drilled the security interest will be reduced by 3% for the first well and 4% thereafter.

(b) On 11 April 2018, Ndovu Resources Limited, a subsidiary company of Aminex PLC, received formal notification from the TPDC of certain claims amounting to US$5.97 million with regard to unpaid royalties and amounts due under profit share arrangements which it proposes to offset against the trade receivable balance owing by the TPDC to Aminex (see Note 11). Of the amount claimed, Aminex has already accrued for the liabilities it considers appropriate based on its own calculations of amounts due as at 30 June 2018. Aminex has advised the TPDC that it does not accept the balance of the claims, which include computational inaccuracies. No further provision has been made in the financial statements for the additional amounts claimed as the Directors believe the claims are without merit and are satisfied that the US$7.22 million included in trade receivables as owing from the TPDC will be fully recovered.

15. Related party transactions

There were no related party transactions during the six-month period to 30 June 2018 that have materially affected the financial position or performance of the Group.

16. Post balance sheet events

On 11 July 2018, Aminex announced it had signed, through its wholly-owned subsidiary company Ndovu Resources Limited, a binding farm-out agreement ("Farm-Out") to farm-out 50% of the Ruvuma PSA to The Zubair Corporation LLC. The agreement remains subject to certain Tanzanian Government, shareholder and other approvals. In return for a 50% interest in the PSA, Zubair will pay a cash consideration of US$5.0 million in two tranches and a net US$35 million carry for its 25% interest on the development programme through to production. An affiliate of Zubair will become operator under the Ruvuma PSA and is required to drill the Chikumbi-1 well, acquire at least 200 Km^2 of 3D seismic over the Ntorya Prospect and implement an early production system (or proceed directly to a full production system as may be required). The purpose of the Farm-Out is to accelerate the start of production from the Ntorya field and is expected to be completed by 30 November 2018.

17. Statutory information

The financial information to 30 June 2018 and 30 June 2017 is unaudited and does not constitute statutory financial information. The information given for the year ended 31 December 2017 does not constitute the statutory accounts within the meaning of Part 6 of Chapter 4 of the Companies Act 2014. The statutory accounts for the year ended 31 December 2017 has been filed with the Registrar of Companies in Ireland. This announcement is being sent to shareholders and will be made available at the Company's registered office at 6 Northbrook Road, Dublin 6 and at the Company's UK representative office at Kings Buildings, 16 Smith Square, London SW1P 3JJ.

Glossary of terms used

PSA	Production Sharing Agreement
MCF	Thousands of cubic feet of natural gas
BCF	Billions of cubic feet of natural gas
TCF	Trillions of cubic feet of natural gas
BOED	Barrels of oil equivalent per day
Mcfd	Thousands of cubic feet of natural gas per day
MMcfd	Millions of cubic feet of natural gas per day
mmBTU	One million British Thermal Units
Km	Kilometres
TPDC	Tanzania Petroleum Development Corporation
GIIP	Gas Initially in Place
GSA	Gas Sales Agreement
Pmean	the expected risk-weighted average of all possible outcomes
bbls/d	Barrels of oil per day