

30 June 2021

## FINAL RESULTS FOR YEAR ENDED 31 DECEMBER 2020 AND ANNUAL REPORT

Aminex PLC ('Aminex' or the 'Company') is pleased to announce its audited financial results for the year ended 31 December 2020.

### Highlights

#### Outlook:

- 3D seismic acquisition over 454 km<sup>2</sup> on the Ntorya location, under the Ruvuma PSA, expected to commence third quarter of 2021 and continued progression of well planning activities for the Chikumbi-1 exploration and appraisal well, for which Aminex is fully carried under the terms of the Farm-Out Agreement
- Chikumbi-1 drilling now planned for third quarter of 2022 awaiting results of 3D seismic to refine target location
- Funding agreed with ARA Petroleum LLC for US\$1.7 million to assist with working capital requirements of the Group
- Further gross administrative running cost reductions expected for 2021 of 30%; gross general and administrative expenditure (before one-off costs and exceptional items) anticipated to be less than £1 million per annum by 2022, representing a 75% reduction from 2018 levels

#### During 2020:

- Completion of the Ruvuma PSA Farm-Out, securing US\$5 million of cash as consideration for transaction and US\$35 million of carry consideration for the advancement of the Ntorya Location gas development
- Company debt-free on the completion of the Ruvuma PSA Farm-Out
- Reduction in Group administrative expenditure of 40% realised during the year
- Loss for the year of US\$6.14 million (2019: loss of US\$15.23 million)

The Annual Report may be viewed on the Company's website [www.aminex-plc.com](http://www.aminex-plc.com) by clicking on the following link:

[Aminex PLC Annual Report 2020](#)

The Company will announce details of the Annual General Meeting in due course, noting the UK and Irish Governments' respective restrictions on public gatherings.

Paper copies of the Annual Report together with the Notice of Annual General Meeting, including the Form of Proxy, will be mailed shortly to those shareholders who have elected to receive paper copies.

The Executive Chairman's Statement from the Annual Report follows below:

## Executive Chairman's Statement

Dear Shareholder,

We live in unprecedented and complex times. Although energy prices have increased since their historic lows in April 2020, COVID-19 continues to have a significant impact across the oil and gas industry, forcing energy companies to review their strategy, operations, in some instances retrench and, most importantly, cut costs. The changes roiling the energy markets have impacted Aminex, its value, and how it must position itself to maximise value for its shareholders. These impacts have been particularly felt in energy capital markets as the lack of clarity about the future has dented investor confidence. Nonetheless, amid these global changes and complex market pressures, Aminex has made significant progress during 2020 including the successful completion of the Ruvuma Farm-Out; the continuation of cost cutting initiatives and consolidating its operations; the restructuring of the Board and management to improve efficiency and focus; and the successful migration to Euroclear Bank from CREST.

### The Successful Completion of the Farm-Out

In October 2020, we saw the successful completion of the long-awaited Ruvuma Farm-Out to ARA Petroleum Tanzania Limited ("APT"), a related party of the Group. This transaction should see the Company entirely carried to material levels of production and revenue without the need to return to shareholders for any additional funding for the development of the Ntorya Location. The Company now holds a 25% interest in the Ruvuma PSA with a US\$35 million carry of its share of costs to potentially significant gas production volumes. On completion of the Farm-Out the Company repaid all of its debt and remains debt free. We believe this non-operating position suits the Company's strategy to remain flexible to opportunities whilst continuing to significantly reduce costs. The Company sees this as a very real option for its other assets which it believes will add shareholder value while simultaneously reducing risk.

### Ruvuma PSA development

APT assumed Operatorship of the Ruvuma PSA on completion of the Farm-Out and at the end of 2020 presented to the Ruvuma Joint Venture Partners ("Ruvuma JV") its roadmap to first gas. In the near-term, it is APT's aim to shoot a 3D seismic survey over a significant footprint of 454 km<sup>2</sup>, far in excess of the minimum commitment, during 2021, following in 2022 with the drilling of the Chikumbi-1 appraisal and exploration well. Although this results in a delay to the drilling of Chikumbi-1, the JV is in agreement that the 3D seismic is an essential tool for placing development wells and helps determine project infrastructure requirements. Accordingly, therefore this is the best course of action to ensure the highest possible chance of success for the Ntorya development and clearly demonstrates APT's commitment to the success of the project.

The work programme and budget to the end of 2021 anticipates a gross JV expenditure of approximately US\$23 million, with Aminex carried entirely for its 25% interest. We expect to see the acquisition of the 3D seismic, prespud activities for the Chikumbi-1 well, negotiations of the commercial terms for the development licence, and the application for a further 1-year licence extension. We are pleased to report that both ARA Petroleum LLC ("ARA") and APT are aligned with the joint venture parties in recognizing the value of our interest in Ruvuma and are focused on seeing this project through to production.

### Further Significant Cost Cutting and Consolidation

Following completion of the Ruvuma Farm-Out, Aminex has pivoted towards a non-operating strategy. The Board believes that this pivot will allow it to ultimately improve shareholder value. Having successfully identified a farm-in partner on its key Ruvuma asset, the Company continues to actively seek various options for its other assets that will align with its strategy of reducing risk, securing investment and reducing costs.

During the year, we continued to cut costs and reduce corporate overheads, including reducing General and Administrative costs (“G&A”) while maintaining appropriate capabilities and competencies, thereby building a more robust de-risked business that would help create or attract strategic opportunities.

In this period, we have conserved capital and reduced the impact on shareholders, and I am happy to report that we have successfully achieved significant gains in these areas. The Company intends to reduce gross G&A costs by 30% from 2020 levels and an additional 25-30% reduction in 2022. By 2022, these efforts will reduce gross G&A expenditure (before one-off costs and exceptional items) to less than £1 million per annum, representing a 75% reduction from 2018 levels.

### **Board and Management Restructuring**

In late January of this year, following the retirement of Robert Ambrose as CEO, I became Executive Chairman of the Company. At the same time, the Company reduced the number of Directors from five to three. These changes reflect Aminex’s continued effort to move from a pure Operating Company to a flexible and leaner operation capable of leveraging its near to mid-term production when global energy markets recover and recognise the significant value of the Company’s carried asset. The streamlining of the Board reflects this new approach, which we believe will ultimately secure and increase shareholder value.

Aminex’s focused and committed Board has the requisite skills to source and assess future strategic partnerships, growth, and consolidation opportunities as it transitions from operator to non-operator. The streamlined Board is steadfast in preserving and enhancing good corporate governance. These changes aim to shift the Company from its operational perspective to that of a non-operating partner, concentrating on initiatives that create value for the Company.

### **Successful Migration Exercise**

Although Brexit dictated the need for the migration of the Company’s share settlement system from CREST to Euroclear Bank, it was a significant effort required to protect shareholders and Aminex’s public market listing.

### **Kiliwani North and Nyuni**

The Company continues to explore the opportunity through remedial work to restart production from our Kiliwani North well. We, therefore, continue to see value in Kiliwani North through a low-cost remedial work programme. However, no work can progress on Kiliwani North until resolution is reached on the Kiliwani North receivables. The Company continues to hold robust discussions with the Tanzania Petroleum Development Corporation (“TPDC”) in seeking resolution of the outstanding payments for past gas sales from the Kiliwani North development licence. Both parties are aligned in the acknowledgement that these matters need to be resolved satisfactorily for the benefit of the local gas industry and to enable Tanzania to secure further investment and upstream gas development.

Meanwhile, the Company, having applied for a 3-year extension of the Nyuni Area PSA with a revised work programme in 2019, continues to await a response from the Tanzanian authorities. The Nyuni Area is proximate to the Kiliwani North licence and consequently in an area of existing gas infrastructure. We see this as another opportunity to reduce risk by pursuing a consolidation with another operator in country or a farm-in partner to assist in the further development upon Completion of the Farm-Out.

### **Outlook**

With the Ruvuma Farm-Out concluded Aminex has no debt, with all existing liabilities to ARA cleared. The Company continues to rely on nearly US\$2 million in payments due from ARA upon Completion of the Farm-Out. Even with the COVID crisis, there remains a significant and rising energy supply deficit in Tanzania,

mainly when considered against growing demand, highlighting the importance of assets at different life cycles of their development like Kiliwani North, Ntorya and Nyuni. We would also note to shareholders that we are likely to be supplying gas domestically and are therefore less directly impacted by global commodity price weakness once in production.

We have seen positive signs that the Tanzanian Government is working with producers in-country to support Tanzania's power demands which outstrip the current supply. We, therefore, remain highly optimistic about the future of this project and what it will mean to the people and Government of Tanzania.

I remain optimistic about your Company's future as we have valuable assets in Tanzania. We have the financing to advance the Ntorya project and an outstanding partner in APT, which will help drive real growth in-country. We believe that Tanzania's gas sector is unlocking, with the Government working hard to deliver prosperity for its citizens.

I would remind shareholders that we will be fully funded, as per the terms of the Ruvuma Farm-Out Agreement, for these activities. I want to thank shareholders for their continued support and all the staff of Aminex and its subsidiaries. They continue to endure and work hard on delivering value from our portfolio.

I look forward to providing further positive news on our activities throughout 2021.

Yours sincerely,

**Charles Santos**  
Executive Chairman

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**For further information:**

**Aminex PLC** **+44 20 3198 8415**  
Charles Santos, Executive Chairman

**Davy** **+353 1 679 6363**  
Brian Garrahy

**Camarco** **+44 20 3781 8331**  
Billy Clegg / James Crothers / Daniel Sherwen