30 September 2021

2021 HALF-YEARLY REPORT

Aminex PLC ("Aminex" or "the Group" or "the Company") announces its unaudited half-yearly report for the six months ended 30 June 2021.

REPORTING PERIOD HIGHLIGHTS

- Loss for the period of US$1.59 million (30 June 2020: loss of US$1.15 million), an increase of 38% on the same period last year
- Continued reduction in overheads (before one-offs and exceptional items) with like-for-like expenditure down over 20% compared with the same six-month period in 2020

POST PERIOD END

- Ministry of Energy of Tanzania granted a two-year licence extension under the Ruvuma PSA, effective from 15 August 2021
- Seismic acquisition contract for approximately 338 km^2 of 3D seismic awarded by the Ruvuma joint venture to Africa Geophysical Services Limited following an extensive tendering exercise by the operator
- Significant progress in negotiations with the Tanzania Petroleum Development Corporation on Kiliwani North gas sales receivables

Charles Santos, Executive Chairman of Aminex commented:

"We are excited that the Ntorya gas development is entering a period of operational activity by acquiring 3D seismic and well execution, representing significant steps towards monetising this large gas resource into existing infrastructure and an established market in Tanzania. Moreover, we want to recognise the steadfast and efficient efforts of APT in moving the Ruvuma project forward. Finally, we are appreciative of the continued support of the Tanzanian Ministry of Energy most recently demonstrated by its granting of a two-year license extension for the Ruvuma PSA and of the TPDC for their continued constructive negotiations regarding the outstanding Kiliwani receivables."

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INTERIM MANAGEMENT REPORT

Executive Chairman's Review

Aminex PLC's results for the six months ended 30 June 2021 are set out below.

The Company reports a loss for the period of US$1.59 million (30 June 2020: US$1.15 million). Further information is provided in the Financial Review.

The Company is pleased to report that ARA Petroleum Tanzania Limited ("APT") has made meaningful progress on the Ruvuma project within the last two months. APT has secured a two-year license extension under the Ruvuma PSA from the Ministry of Energy of Tanzania and awarded the Seismic Acquisition Contract. The seismic acquisition operations are scheduled to commence imminently. APT efficiently completed the procurement process and secured highly competitive acquisition rates that benefit the project with considerable financial savings. The Ntorya gas development is entering a period of operational activity by acquiring 3D seismic and well execution, representing significant steps towards monetising this large gas resource into existing infrastructure and an established market in Tanzania. APT has demonstrated focused determination and commitment to move the project forward, for which the Company is pleased.

The Company can also report that our negotiations with the Tanzania Petroleum Development Corporation ("TPDC") have made substantial progress in seeking resolution of the outstanding payments for past gas sales from the Kiliwani North development licence. The Company appreciates the TPDC's constructive approach to the negotiations and believes that both parties agree that these matters need to be resolved satisfactorily and swiftly to benefit the local gas industry and enable Tanzania to secure further investment and upstream gas development.

The Company believes that these developments together with other positive developments in-country represent a strong commitment by the Tanzanian authorities to create an attractive investment climate to enable the success of their oil and gas industry, giving us much hope about the future success of our Tanzanian endeavours.

We continued to cut costs and reduce corporate overheads, including reducing General and Administrative costs ("G&A"). Although the Company saw an increase in G&A expenditure during the period compared to the same period in 2020, this increase represents the one-off associated costs of actions taken during the period to realise further cost savings. On a like-for-like basis, the cost savings made in the period compared to the same period in 2020 are over 20%. I am happy to report the Company still targets a reduction in gross G&A costs (before one-off costs and exceptional items) to less than £1 million per annum by 2022, representing a 75% reduction from 2018 levels. Through making these initiatives the Company has established an appropriate structure of capabilities and competencies that match the current requirements of the business with a more flexible approach that de-risks our business and can help create or attract strategic opportunities.

Aminex continues to focus on a non-operating strategy. The Board believes that this focus 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.

Kiliwani North and Kiliwani South – Kiliwani North Development Licence ("KNDL")

As a result of reservoir pressure decline and compartmentalisation, the Kiliwani North-1 well has not produced during the period. The well has produced approximately 6.5 BCF of gas to date, from a compartment estimated to contain approximately 10 BCF. Estimated gas resources have been independently audited by RPS, who show the Kiliwani North structure to contain approximately 31 BCF (gross mean GIIP).

Aminex undertook preliminary remedial work to repair the downhole safety valve in late 2018 which resulted in the flow of a small volume of gas, to the gas facility, before the well quickly ceased flow, likely due to fluid build-up in the wellbore. Aminex has prepared a perforation strategy for a lower zone within the reservoir and an alternative remedial work programme intended to establish fluid levels in the wellbore, reservoir pressure and to unload potential fluid using foam treatment.

The Company is working with the TPDC on agreed methods to handle wellbore fluids which will potentially be unloaded during operations on the well. Agreement and planning will be required prior to undertaking operations, including resolution on the outstanding receivables of US$8.34 million for previous gas sales from KNDL and related late payment interest. As stated above, the past year has seen a series of constructive meetings held between the Company and the TPDC where substantial progress has been made in reaching a resolution for amounts due for past gas sales.

Ruvuma PSA

Aminex completed the Farm-Out of 50% of its participating interest in the Ruvuma PSA to ARA Petroleum Tanzania Limited ("APT") in October 2020, retaining a 25% non-operated interest. Upon completion, APT assumed operatorship of the Ruvuma PSA and the Group secured a US$35.0 million carry for its 25% participating interest in the Ruvuma PSA. It is expected that the carry, which is equivalent to US$140.0 million of gross field expenditure, will see the Company to potentially significant volumes of production. The Farm-Out includes a full carry for a minimum work programme including the drilling and testing of the Chikumbi-1 well, the acquisition of 3D seismic over a minimum of 200 km^2 within the Ntorya Location area, and further production wells and infrastructure as required to propel the project to its estimated P50 production level of approximately 140 MMcf/d (gross project levels), as shown in an io Ntorya commercialisation study. The completion of the Farm-Out is the culmination of many successful years of exploration and evaluation work by Aminex, who recognised the underlying value and opportunities that could be gained in the Ruvuma basin.

During the period the operator, APT, completed the tendering process for the new high-resolution 3D seismic acquisition and performed a re-interpretation of the existing 2D seismic dataset and considers the Ntorya gas reservoir to be the product of a stacked, high-energy, channelised sand system. Their revised mapping and internal management estimates suggest a mean risked gas in place ("GIIP") for the Ntorya accumulation of 3,024 Bcf, in multiple lobes to be tested and a mean risked recoverable gas resource of 1,990 Bcf, which will be appraised by the planned seismic and drilling programme. In August, the Ruvuma joint venture was granted a two-year Licence extension, effective from 15 August 2021, over the Mtwara Licence in respect of the Ntorya Location. During the two-year extension period the operator APT is committed to undertake acquiring 200 km^2 of 3D seismic (minimum expenditure of US$7.0 million), drill the Chikumbi-1 exploration well (minimum expenditure of US$15.0 million) and complete the negotiation of the Gas Terms for the Ruvuma PSA with the TPDC and, using the data gathered from the Chikumbi-1 and seismic acquisition, prepare and submit an application for a Development Licence for the Ntorya Location area. In September 2021, the Ruvuma joint venture announced award of the seismic acquisition contract to Africa Geophysical Services Limited ("AGS"). The award follows an extensive tendering exercise conducted by APT for the seismic programme during which the joint venture was able to take advantage of favourable market conditions securing a lumpsum contract considerably below the joint venture's expected budget for the activity. AGS intends to commence activities in the Ntorya location from October 2021. The acquisition will consist of approximately 338 km^2 of 3D seismic data focusing on the area of primary interest. AGS will mobilise, weather permitting, and focus on the proposed location for the Chikumbi-1 well ("CH-1") to acquire as much data as possible before the start of the rainy season with the programme re-commencing after that with no additional cost to joint venture partners.

Nyuni Area PSA

The First Extension Period to the Nyuni Area PSA expired on 27 October 2019. The Board concluded that the carrying value of the Nyuni asset was impaired and full provision was made at 31 December 2018 and subsequent expenditure, including in the reporting period, has also been charged to the Income Statement.

In July 2019, Aminex submitted an application to the TPDC to enter the Second Extension Period of three years together with a request for an amendment to the work programme obligation for the licence area. The proposed number of blocks to be retained under the licence would reduce to five, from the current ten blocks under licence. Although the proposed amended work programme and associated commitment is being supported by the TPDC and PURA, the Company continues in negotiations with the Minister of Energy.

Aminex remains focused on projects which will deliver commercial gas to the Tanzanian markets in the near term and Aminex believes the Nyuni Area acreage offers considerable upside exploration potential to complement the development projects at Ntorya and Kiliwani North. The proposed acreage to be retained generally lies in the shallow water areas adjacent to the Kiliwani North Development Licence, an area with existing gas infrastructure, which will require the acquisition of 3D seismic to move shallow water targets to drill ready status.

Tanzania has an energy deficit and has embarked on further industrialisation development programmes 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. In addition, it has been reported that discussions have been held between Tanzanian Government officials and their counterparts in neighbouring countries to explore the possibility of securing a long-term supply of gas from Tanzania and adding to future gas demand in the East African region. These positive developments in the Tanzanian gas sector bode well for the commercialisation of Aminex's assets in the future.

Charles Santos
Chief Executive
30 September 2021

Financial Review

Revenue Producing Operations

Revenues from continuing operations amounted to US$0.09 million (30 June 2020: US$0.30 million). Group revenues during the first six months of 2021 are derived from the provision of technical and administrative services to joint venture operations.

Cost of sales was US$0.31 million (30 June 2020: US$0.39 million). The cost of sales for Kiliwani North operations amounted to US$0.20 million (30 June 2020: US$0.09 million) and included ongoing commercial discussions with the TPDC on recovery of the TPDC gas sales receivables as well as general licence related maintenance costs. There was no depletion charge for Kiliwani North as the period saw no production (30 June 2020: nil). The balance of the cost of sales amounting to US$0.11 million (30 June 2020: US$0.30 million) related to the oilfield services operations and minor non-operated costs related to the Group's interest in the Ruvuma PSA. Accordingly, there was a gross loss of US$0.22 million for the period compared with a gross loss of US$0.09 million for the comparative period.

Group administrative expenses, excluding depreciation and net of costs capitalised against projects, were US$0.82 million (30 June 2020: US$0.58 million), an increase of US$0.24 million. The increase in expenses during the period reflects one-off costs related to the implementation of cost saving actions including legal and redundancy costs. The cost saving initiatives implemented by the Company, which commenced in 2019, included savings in respect of Directors' fees, employment costs, advisors' fees, office and travel related costs. Initially in response to the ongoing delays in completion of the Farm-Out transaction on the Ruvuma PSA, this has enabled the Company to weather the economic downturn as a result of the global COVID-19 pandemic and oil price fall during 2020 both of which have had an adverse effect for the industry. Management maintains strict expenditure controls and continues to seek cost saving solutions and efficiencies across the Group. The Company forecasts by 2022, these cost-saving efforts will reduce gross general and administrative expenditure (before one-off costs and exceptional items) to less than £1 million per annum, representing a 75% reduction from 2018 levels. Depreciation charged in the period was US$0.11 million (30 June 2020: US$0.11 million) and related predominantly to right of use assets.

In accordance with IFRS 9, the Group calculated an expected credit loss based on its exposure to credit risk on its trade receivables at the end of the period and recognised an impairment on trade receivables of US$0.09 million (30 June 2020: US$0.09 million). This expected credit loss ("ECL") reflected the continued delays by the TPDC to settle amounts due as discussions continue in respect of amounts claimed by the TPDC. The ECL is calculated on the full amount of US$8.34 million due to the Group for gas sales and interest on late payment, with an equivalent reduction in the liability due to JV partners representing their share of the provision.

The Group recognised an impairment during the six-month period against exploration and evaluation assets. The impairment recognised against exploration and evaluation assets of US$0.30 million (30 June 2020: US$0.37 million) relates to expenditure incurred on the Nyuni Area PSA predominantly related to own costs for geological, geophysical and administrative work and licence maintenance costs, along with training and licence fees. All expenditure on the Nyuni Licence Area continues to be impaired immediately to the income statement upon recognition following the full impairment of the Nyuni Area Licence in 2018. The Group's resulting net loss from operating activities was US$1.54 million (30 June 2020: loss of US$1.15 million).

Finance costs amounted to US$0.05 million (30 June 2020: US$0.08 million), comprising US$0.04 million (30 June 2020: US$0.03 million) for the decommissioning interest charge and finance costs of US$0.01 million related to foreign exchange losses on monetary assets (30 June 2020: gain of US$0.08 million). The Group incurred no interest expense in the six-month period (30 June 2020: US$0.04 million) as the Group became debt-free on the completion of the Farm-Out and the subsequent settlement of the $5.0 million loan funding from ARA. In the comparative six-month period the Group also recognised a US$0.03 million charge for the finance charges on finance leases.

The Group's net loss for the period amounted to US$1.59 million (30 June 2020: loss of US$1.15 million).

Balance Sheet

The Group's investment in exploration and evaluation assets increased from US$42.89 million at 31 December 2020 to US$42.93 million at 30 June 2021. The increase of US$0.04 million reflected exploration and evaluation expenditure on the Kiliwani South CGU. In accordance with the Group's accounting policy, the Group will not record subsequent expenditure for its share of costs that are carried by APT in relation to the Ruvuma PSA asset. The Group is carried for US$35.0 million of development expenditure on the Ruvuma PSA, and that carry stood at US$34.2 million at 30 June 2021 with expenditure in the period related to the operator establishing operations in Tanzania, remapping of existing seismic and progressing the acquisition of 3D seismic.

The carrying value of property, plant and equipment has decreased from US$1.11 million at 31 December 2020 to US$1.00 million at 30 June 2021. The decrease relates predominantly to the depreciation of right of use assets recognised in property, plant and equipment. Current assets amounted to US$8.11 million (31 December 2020: US$9.00 million) with trade and other receivables of US$7.62 million (31 December 2020: US$8.55 million), which as operator includes joint venture parties' interests in gas revenues, and cash and cash equivalents of US$0.49 million (31 December 2020: US$0.45 million). The decrease in current assets of US$0.89 million predominantly related to payment of interim period costs by ARA related to the Ruvuma PSA Farm-Out due following the completion of the Farm-Out.

Current liabilities amounted to US$11.36 million compared with US$10.66 million at 31 December 2020. This balance included amounts payable to the TPDC and joint venture partners for their profit shares from invoiced gas sales, along with related VAT and excise tax payable on the gas receivables invoices. The increase in current liabilities predominantly relates to expenditures on operated Tanzania gas assets and legal and redundancy costs incurred as a result of cost saving initiatives. Non-current liabilities amounting to US$0.92 million (31 December 2020: US$0.97 million) include the non-current decommissioning provision which increased during the period by US$0.04 million from US$0.87 million at 31 December 2020 to US$0.91 million, the increase relating to the unwind of the discount charge during the period, offset by the transfer of other long-term liabilities of US$0.67 million to current liabilities. Non-current liabilities also include long-term lease liabilities of US$0.01 million (31 December 2020: US$0.03 million) following the recognition of right-of-use assets and lease liabilities in accordance with IFRS 16: Leases.

Total equity has decreased by US$1.59 million between 31 December 2020 and 30 June 2021 to US$39.77 million (31 December 2020: US$41.36 million). A net decrease of US$0.56 million to the share option reserve, an increase in the foreign currency translation reserve of US$0.01 million and the net movement of US$1.03 million in retained earnings arising on the loss of US$1.59 million for the period, offset by the release from the share option reserve of US$0.56 million to retained earnings following the expiry of certain share options during the period.

Cash Flows

Net cash inflows due from operating activities was US$0.38 million during the period (30 June 2020: cash outflow of US$2.49 million). This was predominantly in relation to receipt of the interim costs from ARA under the terms of the Ruvuma PSA Farm-Out. This resulted in a decrease in debtors of US$1.01 million. Creditors increased in the period by US$0.41 million predominantly as a result of third-party costs on the Group's operated assets and costs incurred in cost saving initiatives. Net cash outflows from investing activities amounted to US$0.19 million (30 June 2020: cash inflow US$0.76 million) related to expenditure on the Group's exploration and evaluation assets, relating mostly to payments for general licence maintenance of the Nyuni Area and Kiliwani South gas assets. Net cash outflows from financing activities were US$0.14 million (30 June 2020: cash inflow US$1.90 million) due to payments of lease liabilities. Net cash and cash equivalents for the six months ended 30 June 2021 therefore increased by US$0.05 million compared with an increase of US$0.16 million for the comparative half-year period. The balance of net cash and cash equivalents at 30 June 2021 was US$0.49 million (30 June 2020: US$0.93 million).

Related party transactions

There have been no material changes in the related party transactions affecting the financial position or the performance of the Group in the period since publication of the 2020 Annual Report other than those disclosed in Note 15 to the condensed consolidated financial statements.

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 30 September 2022, review of the key assumptions on which these forecasts are based and the sensitivity analysis. The forecasts reflect the Group's best estimate of expenditures and receipts for the period. The forecasts are regularly updated to enable continuous monitoring and management of the Group's cash flow and liquidity risk. The forecasts indicate that, taking account of the agreement between the Group and ARA to enter into a loan of US$1.7 million, the Group is required to source additional funding during the 12-month period to have sufficient capital resources for a period of 12 months from the date of approval of this annual report. It is the expectation of the Board that the Group will source this funding via an equity placement under its disapplication authority. The ARA loan agreement is not yet executed and, whilst the Board fully anticipate its completion, such funding is not guaranteed by ARA under the terms of the loan agreement.

As part of its analysis in making the going concern assumption, the Directors have considered the range of risks facing the business on an ongoing basis, as set out in the risk section of the 2020 Annual Report that remain applicable to the Group. The principal assumptions made in relation to the going concern assessment relate to the proposed US$1.7 million loan from ARA, historic gas sales to the TPDC, capital commitments on its operated assets in Tanzania and the ongoing objection to a tax assessment in Tanzania.

Trade receivables of US$8.3 million, of which Aminex's net share is US$3.5 million, have not been taken into account in the cash flow forecast due to the claims for certain amounts by the TPDC, set out in Note 14 to the financial statements. Although this trade receivable is due, the TPDC continue to delay payment until a resolution is reached in respect of the claims and the Directors consider it prudent not to take this receivable amount into consideration of the Group's ability to continue as a going concern. Any recovery of funds from the TPDC for past gas receivables and related late payment interest would assist the Group's working capital position.

As disclosed in Note 14, the Group received a tax assessment from the TRA of US$2.2 million in relation to an audit covering the period from 2013 to 2015 which is excluded from the cash forecast as any cash outflow during the going concern period is considered unlikely based on legal advice and the timeframes for tax cases in Tanzania. Additionally, development of the Group's other assets in Tanzania is excluded from the cash forecast as negotiations continue with the Tanzanian authorities on the three-year extension for the Nyuni PSA, including a revised work programme, as disclosed in Note 14, and consequently any capital expenditure in the period is unlikely to arise. However, a risk exists that the Group loses its objection to the tax assessment or is unable to renegotiate or defer commitments on its operated Licence interests during the period. Additional funding would be required to meet these potential liabilities. There remains significant uncertainty as regards the ability of Aminex to raise funds, if required, in the current market conditions due to the COVID-19 pandemic during the going concern period. This may result in the Company having to raise funds at whatever terms are available at the time.

These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue to apply the going concern basis of accounting. As a result of their review, and despite the aforementioned material uncertainty, the Directors have confidence in the Group's forecasts and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and have therefore used the going concern basis in preparing these consolidated financial statements.

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 Audit and Risk Committee, which oversees the process for review and monitoring of risks, and the implementation of mitigation actions, by management. The Audit and Risk Committee reviews management's findings regularly and reports to the Board accordingly. Assessment of risks is made under four categories: Strategic Risks, Operational Risks, Compliance Risks and Financial Risks.

Aminex has reviewed and assessed the principal risks and uncertainties at 30 June 2021 and concluded that the principal risks identified at 31 December 2020 and disclosed on pages 24 to 25 of the 2020 Annual Report are still appropriate. The following are considered to be the key principal risks facing the Group over the next six months although there are other risks which may impact the Group's performance:

- Ability to secure other financing for Group operations
- Ability to meet licence work commitments
- Delayed or non-payment of receivables from the TPDC
- Delay in approval of the Nyuni Area Second Extension Period with amended work commitments
- Political and fiscal uncertainties
- Lack of exploration, appraisal and development drilling success
- The ongoing impact of the COVID-19 pandemic

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 Directors Responsibilities
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) 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 Interim 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

Charles Santos
Executive Chairman /Director
30 September 2021

Aminex PLC
CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2021

	Notes	**Unaudited 6 months ended 30 June 2021 US$'000**	Unaudited 6 months ended 30 June 2020 US$'000	Audited Year ended 31 December 2020 US$'000
Continuing operations				
Revenue	2	**86**	300	384
Cost of sales		**(308)**	(391)	(803)
Gross loss		**(222)**	(91)	(419)
Administrative expenses		**(1,020)**	(610)	(1,401)
Impairment against exploration and evaluation assets	8	**(302)**	(365)	(690)
Impairment against property, plant and equipment assets		**-**	-	(729)
Expected credit losses of trade receivables	10	**-**	(87)	(424)
Loss from operating activities		**(1,544)**	(1,153)	(3,663)
Finance income	4	**-**	79	-
Finance costs	5	**(48)**	(77)	(310)
Loss before tax		**(1,592)**	(1,151)	(3,973)
Income tax expense	6	**-**	-	(2,168)
Loss for the period	2	**(1,592)**	(1,151)	(6,141)
Loss per share				
Basic and diluted (US cents)	7	**(0.04)**	(0.03)	(0.16)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2021

	Unaudited 6 months ended 30 June 2021 US$'000	Unaudited 6 months ended 30 June 2020 US$'000	Audited Year ended 31 December 2020 US$'000
Loss for the period	**(1,592)**	(1,151)	(6,141)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences	**(7)**	(79)	44
Total comprehensive expense for the period attributable to the equity holders of the Company	**(1,599)**	(1,230)	(6,097)

Aminex PLC
CONDENSED CONSOLIDATED BALANCE SHEET
At 30 June 2021

	Notes	**Unaudited 30 June 2021 US$'000**	Unaudited 30 June 2020 US$'000	Audited 31 December 2020 US$'000
Assets				
Non-current assets				
Exploration and evaluation assets	8	**42,927**	49,553	42,887
Property, plant and equipment	9	**998**	1,871	1,108
Total non-current assets		**43,925**	51,424	43,995
Current assets				
Trade and other receivables	10	**7,623**	10,414	8,551
Cash and cash equivalents	11	**491**	932	449
Total current assets		**8,114**	11,346	9,000
TOTAL ASSETS		**52,039**	62,770	52,995
Equity				
Issued capital		**69,206**	69,206	69,206
Share premium		**124,481**	124,481	124,481
Other undenominated capital		**234**	234	234
Share option reserve		**769**	1,318	1,327
Foreign currency translation reserve		**(2,143)**	(2,259)	(2,136)
Retained earnings		**(152,782)**	(147,095)	(151,748)
Total equity		**39,765**	45,885	41,364
Liabilities				
Non-current liabilities				
Long-term lease liabilities		**9**	96	32
Decommissioning provision		**909**	797	874
Other long-term liabilities		**-**	61	67
Total non-current liabilities		**918**	954	973
Current liabilities				
Trade and other payables	12	**11,245**	13,727	10,467
Short-term lease liabilities		**111**	204	191
Borrowings	13	**-**	2,000	-
Total current liabilities		**11,356**	15,931	10,658
Total liabilities		**12,274**	16,885	11,631
TOTAL EQUITY AND LIABILITIES		**52,039**	62,770	52,995

Aminex PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2021

	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	Foreign currency translation reserve fund US$'000	Retained earnings US$'000	Total equity US$'000
At 1 January 2020	**69,206**	**124,481**	**234**	**2,264**	**(2,180)**	**(147,234)**	**46,771**
Comprehensive income							
Loss for the period	-	-	-	-	-	(1,151)	(1,151)
Currency translation differences	-	-	-	-	(79)	-	(79)
Transactions with shareholders of the Company recognised directly in equity							
Shares issued	-	-	-	-	-	-	-
Share based payment charge	-	-	-	344	-	-	344
Share option reserve transfer	-	-	-	(1,290)	-	1,290	-
At 30 June 2020	**69,206**	**124,481**	**234**	**1,318**	**(2,259)**	**(147,095)**	**45,885**
Comprehensive income							
Loss for the period	-	-	-	9	-	(4,653)	(4,644)
Currency translation differences	-	-	-	-	123	-	123
At 31 December 2020 as previously reported							
Comprehensive income	**69,206**	**124,481**	**234**	**1,327**	**(2,136)**	**(151,748)**	**41,364**
Loss for the period	-	-	-	-	-	**(1,592)**	**(1,592)**
Currency translation differences	-	-	-	-	**(7)**	-	**(7)**
Transactions with shareholders of the Company recognised directly in equity							
Shares issued	-	-	-	-	-	-	-
Share based payment charge	-	-	-	-	-	-	-
Share option reserve transfer	-	-	-	**(558)**	-	**558**	-
At 30 June 2021 (unaudited)	**69,206**	**124,481**	**234**	**769**	**(2,143)**	**(152,782)**	**39,765**

Aminex PLC
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
for the six months ended 30 June 2021

	Unaudited 6 months ended 30 June 2021 US$'000	Unaudited 6 months ended 30 June 2020 US$'000	Audited Year ended 31 December 2020 US$'000
Operating activities			
Loss for the financial period	**(1,592)**	(1,151)	(6,141)
Depreciation and depletion	**112**	115	242
Equity-settled share-based payments	**-**	344	690
Finance costs	**48**	77	310
Impairment of exploration and evaluation assets	**302**	365	690
Impairment of property, plant and equipment	**-**	-	729
Expected credit loss charge	**87**	87	424
Capital gains tax on Farm Out	**-**	-	2,168
Decrease / (increase) in trade and other receivables	**1,013**	(205)	436
Increase / (decrease) in trade and other payables	**409**	45	(37)
Net cash generated from / (used in) operating activities	**379**	(323)	(489)
Tax paid	**-**	(2,168)	(2,168)
Net cash inflows / (outflows) from operating activities	**379**	(2,491)	(2,657)
Investing activities			
Acquisition of property, plant and equipment	**-**	(2)	(62)
Expenditure on exploration and evaluation assets	**(186)**	(948)	(1,308)
Advances on farm out	**-**	1,705	2,000
Net cash (outflows) / inflows from investing activities	**(186)**	755	630
Financing activities			
Proceeds from the issue of share capital	**-**	-	-
Payment of transaction costs on issue of share capital	**-**	-	-
Payment of lease liabilities	**(141)**	(105)	(183)
Proceeds from Borrowings	**-**	2,000	2,000
Net cash (outflows) / inflows from financing activities	**(141)**	1,895	1,817
Net increase / (decrease) in cash and cash equivalents	**52**	159	(210)
Cash and cash equivalents at 1 January	**449**	694	694
Foreign exchange (loss) / gain	**(10)**	79	(35)
Cash and cash equivalents at end of the financial period	**491**	932	449

1. Basis of preparation

The condensed consolidated financial statements included in this Half-Yearly Financial Report have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. They do not include all of the information required for full annual statutory financial statements and should be read in conjunction with the audited consolidated financial statements of Aminex PLC as at and for the year ended 31 December 2020. The financial information contained in the condensed financial statements has been prepared in accordance with the accounting policies set out in the 2020 Annual Report and Accounts.

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 2020 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 financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. These financial statements are presented in US Dollars ("USD") which is the currency of the primary economic environment in which the Group operates and are rounded to the nearest thousand, unless otherwise stated. The preparation of the Half-Yearly Financial Report requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of assets and liabilities. Estimates and underlying assumptions relevant to these financial statements are the same as those described in the last annual financial statements. Terms used in this condensed set of consolidated financial statements are defined in the Glossary on page 70 contained in the 2020 Annual Report and Accounts.

These condensed consolidated financial statements were authorised for issue by the Board of Directors on 30 September 2021.

The Interim Report has not been audited or formally reviewed by the Company's Auditor in accordance with the International Standards on Auditing (ISAs) (Ireland) or International Standards on Review Engagements (ISREs).

(i) 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 30 September 2022, review of the key assumptions on which these forecasts are based and the sensitivity analysis. The forecasts reflect the Group's best estimate of expenditures and receipts for the period. The forecasts are regularly updated to enable continuous monitoring and management of the Group's cash flow and liquidity risk. The forecasts indicate that, taking account of the agreement between the Group and ARA to enter into a loan of US$1.7 million, the Group is required to source additional funding during the 12-month period to have sufficient capital resources for a period of 12 months from the date of approval of this annual report. It is the expectation of the Board that the Group will source this funding via an equity placement under its disapplication authority. The ARA loan agreement is not yet executed and, whilst the Board fully anticipate its completion, such funding is not guaranteed by ARA under the terms of the loan agreement.

As part of its analysis in making the going concern assumption, the Directors have considered the range of risks facing the business on an ongoing basis, as set out in the risk section of the 2020 Annual Report that remain applicable to the Group. The principal assumptions made in relation to the going concern assessment relate to the proposed US$1.7 million loan from ARA, historic gas sales to the TPDC, capital commitments on its operated assets in Tanzania and the ongoing objection to a tax assessment in Tanzania.

Trade receivables of US$8.3 million, of which Aminex's net share is US$3.5 million, have not been taken into account in the cash flow forecast due to the claims for certain amounts by the TPDC, set out in Note 14 to the financial statements. Although this trade receivable is due, the TPDC continue to delay payment until a resolution is reached in respect of the claims and the Directors consider it prudent not to take this receivable amount into consideration of the Group's ability to continue as a going concern. Any recovery of funds from the TPDC for past gas receivables and related late payment interest would assist the Group's working capital position.

1. Basis of preparation (continued)

(i) Going concern (continued)

As disclosed in Note 14, the Group received a tax assessment from the TRA of US$2.2 million in relation to an audit covering the period from 2013 to 2015 which is excluded from the cash forecast as any cash outflow during the going concern period is considered unlikely based on legal advice and the timeframes for tax cases in Tanzania. Additionally, development of the Group's other assets in Tanzania is excluded from the cash forecast as negotiations continue with the Tanzanian authorities on the three-year extension for the Nyuni PSA, including a revised work programme, as disclosed in Note 14, and consequently any capital expenditure in the period is unlikely to arise. However, a risk exists that the Group loses its objection to the tax assessment or is unable to renegotiate or defer commitments on its operated Licence interests during the period. Additional funding would be required to meet these potential liabilities. There remains significant uncertainty as regards the ability of Aminex to raise funds, if required, in the current market conditions due to the COVID-19 pandemic during the going concern period. This may result in the Company having to raise funds at whatever terms are available at the time.

These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue to apply the going concern basis of accounting. As a result of their review, and despite the aforementioned material uncertainty, the Directors have confidence in the Group's forecasts and have a reasonable expectation that the Group will continue in operational existence for the going concern assessment period and have therefore used the going concern basis in preparing these consolidated financial statements.

(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.

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 2020 Annual Report and Accounts.

(iii) New and amended Standards adopted by the Group

A number of amended standards became effective for the financial year beginning on 1 January 2021; however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

(iv) Impact of Standards issued but not yet adopted by the Group

IFRS 17 Insurance Contracts is effective subsequent to the period end and is being assessed to determine whether there is a significant impact on the Group's results or financial position.

2. Segmental disclosure – continuing operations

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

The Group considers that its operating segments consist of (i) Producing Oil and Gas Properties, (ii) Exploration Activities and (iii) Oilfield Services. These segments are those that are reviewed regularly by the 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, the Group 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 Aminex Group items comprise mainly head office expenses, cash balances and certain other items.

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. The Group generates all its revenue under this segment from the Tanzania Petroleum Development Corporation ("TPDC"), the operator of the Songo Island Gas Processing Plant, under a gas sales agreement.

Oilfield services
Revenue for services is recognised as services are rendered to the customer. All services rendered by the Group relate to jointly controlled operations to which the Group is a party and the terms of the services provided are subject to service contracts.

The IFRS 8 operating segments as follows (i) Producing Oil and Gas Properties, (ii) Exploration Activities and (iii) Oilfield Services are the disaggregation of revenue from customers as required by IFRS 15.

2. Segmental disclosure – continuing operations (continued)

Operating segment results – 30 June 2021 (unaudited)

	Tanzania Producing oil and gas properties 30 June 2021 US$'000	**Tanzania Exploration activities** 30 June 2021 US$'000	**UK Oilfield services** 30 June 2021 US$'000	**Unallocated Corporate Aminex Group** 30 June 2021 US$'000	**Total** 30 June 2021 US$'000
Revenue	-	-	**86**	-	**86**
Cost of sales	**(200)**	**(22)**	**(86)**	-	**(308)**
Gross loss	**(200)**	**(22)**	-	-	**(222)**
Depreciation	-	-	-	**(112)**	**(112)**
Administrative expenses	**(115)**	-	**(97)**	**(696)**	**(908)**
Impairment against exploration and evaluation assets	-	**(302)**	-	-	**(302)**
Loss from operating activities	**(315)**	**(324)**	**(97)**	**(808)**	**(1,544)**
Finance costs	**(13)**	**(22)**	-	**(3)**	**(38)**
Finance income	-	-	-	-	-
Foreign exchange gains	-	-	-	**(10)**	**(10)**
Loss before tax	**(328)**	**(346)**	**(97)**	**(821)**	**(1,592)**
Taxation	-	-	-	-	-
Loss for the period	**(328)**	**(346)**	**(97)**	**(821)**	**(1,592)**
Segment assets	**6,539**	**43,029**	-	**2,471**	**52,039**
Segment liabilities	**(6,402)**	**(3,185)**	-	**(2,687)**	**(12,274)**
Capital expenditure additions	-	**342**	-	-	**342**
Other material non-cash items					
Share based payments (Note 3)	-	-	-	-	-
Unwinding of discount on decommissioning provision (Note 5)	**(13)**	**(22)**	-	-	**(35)**

Operating segment results – 30 June 2020 (unaudited)

	Tanzania Producing oil and gas properties 30 June 2020 US$'000	**Tanzania Exploration activities** 30 June 2020 US$'000	**UK Oilfield services** 30 June 2020 US$'000	**Unallocated Corporate Aminex Group** 30 June 2020 US$'000	**Total** 30 June 2020 US$'000
Revenue	-	-	300	-	300
Cost of sales	(91)	-	(300)	-	(391)
Gross loss	(91)	-	-	-	(91)
Depreciation	(29)	-	-	(86)	(115)
Administrative expenses	(101)	-	(97)	(384)	(582)
Impairment against exploration and evaluation assets	-	(365)	-	-	(365)
Loss from operating activities	(221)	(365)	(97)	(470)	(1,153)
Finance costs	(26)	(6)	-	(45)	(77)
Finance income	-	-	-	-	-
Foreign exchange gains	-	-	-	79	79
Loss before tax	(247)	(371)	(97)	(436)	(1,151)
Taxation	-	-	-	-	-
Loss for the period	(247)	(371)	(97)	(436)	(1,151)
Segment assets	6,973	49,720	-	6,077	62,770
Segment liabilities	(6,030)	(4,763)	-	(6,092)	(16,885)
Capital expenditure additions	-	950	-	50	1,000
Other material non-cash items					
Share based payments (Note 3)	-	-	-	(344)	(344)
Unwinding of discount on decommissioning provision (Note 5)	(26)	(6)	-	-	(32)

3. Share based payments

Aminex PLC operates or operated the following share option schemes:

- Executive Share Option Scheme ("ESOS"). Under the terms of the ESOS, 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. Options are granted at market price, in accordance with the ESOS rules, with reference to the average closing price for the fourteen days prior to the grant of options. Options granted in 2016 and 2018 vest immediately and will expire at a date no later than 3 years after their grant date. All options granted in this period have now expired. Of the options granted since 2018, those issued in February and June 2019, and February 2020 vest immediately, and the options granted in November 2019 and January 2020 vest in tranches subject to the achievement of certain market and non-market performance conditions. The options granted in 2020 will expire at a date either 5 years or 7 years after their date of grant. The ESOS expired on 10 May 2020 and therefore no further share options will be granted pursuant to the ESOS.
- Old Restricted Share Plan ("Old RSP"). On 1 May 2020, 151 million share options were issued to certain Directors under the Old RSP. These share options were subsequently cancelled by those Directors in June 2020, surrendering and waiving all their rights to the share option grant. Consequently, in line with the Group's accounting policy, the options are deemed to fully vest on the date of cancellation. The Old RSP was terminated by the Board on 1 July 2020 and therefore no further share options will be granted pursuant to the Old RSP.
- New Restricted Share Plan ("New RSP"). The New RSP was adopted by the Board on 1 July 2020 and approved by shareholders of the Company at its AGM on 29 July 2020. As at the date of reporting, no share options have been granted under the New RSP.

The fair value of the grant date is measured using a recognised valuation methodology for the pricing of financial instruments i.e. the Black-Scholes method. 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 2021 US$'000	Unaudited 6 months ended 30 June 2020 US$'000	Audited year ended 31 December 2020 US$'000
Share-based payment charge	**-**	344	690

No share options were granted in the period.

On 30 June 2021, there were options granted under the ESOS outstanding over 72,111,000 (31 December 2020: 112,111,000) Ordinary Shares which are exercisable at prices ranging from Stg 0.86 pence to Stg 1.56 pence per share and which expire at various dates up to 2029. The weighted average remaining contractual life of the options outstanding is 5.63 years (31 December 2020: 4.22 years). The average share price for the six months ended 30 June 2021 was Stg0.71pence/€0.00852 (year ended 31 December 2020: Stg0.76pence/€0.00843).

4. Finance income

	Unaudited 6 months ended 30 June 2021 US$'000	Unaudited 6 months ended 30 June 2020 US$'000	Audited year ended 31 December 2020 US$'000
Foreign exchange gain/(loss)	-	79	-
	-	79	-

5. Finance costs

	Unaudited 6 months ended 30 June 2021 US$'000	Unaudited 6 months ended 30 June 2020 US$'000	Audited year ended 31 December 2020 US$'000
Interest expense	**-**	38	160
Lease finance costs	**3**	7	12
Other finance costs – decommissioning provision interest charge	**35**	32	102
Foreign exchange loss	**10**	-	36
	48	77	310

6. Tax

The Group has not provided any tax charge for the six-month periods ended 30 June 2021 and 30 June 2020. For the year ended 31 December 2020, a capital gains tax charge of US$2.17 million was recognised in relation to the completion of the Farm-Out in order to receive Tanzanian tax clearance for the transaction. The Group's operating divisions have accumulated losses which are expected to exceed profits earned by operating entities for the foreseeable future.

7. Loss per share from continuing activities

The profit or loss per Ordinary Share is calculated using a numerator of the profit or loss 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 2021, 30 June 2020 and the year ended 31 December 2020 are as follows:

	Unaudited 6 months ended 30 June 2021	Unaudited 6 months ended 30 June 2020	Audited Year ended 31 December 2020
Numerator for basic and diluted earnings per share:			
Loss for the financial period (US$'000)	**(1,592)**	(1,151)	(6,141)
Weighted average number of shares:			
Weighted average number of ordinary shares ('000)	**3,770,685**	3,770,685	3,770,685
Basic and diluted loss per share (US cents)	**(0.04)**	(0.03)	(0.16)

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 2021, 30 June 2020 and the year ended 31 December 2020 as all potentially dilutive Ordinary Shares outstanding were anti-dilutive. There were 119,611,000 share options in issue at 30 June 2021, 159,711,000 share options in issue at 30 June 2020, and 159,561,000 share options in issue at 31 December 2020.

8. Exploration and evaluation assets

Cost	US$'000
At 1 January 2021	103,060
Additions	**342**
At 30 June 2021	**103,402**
Provisions for impairment	
At 1 January 2021	60,173
Increase in impairment provision	**302**
At 30 June 2021	**60,475**
Net book value	
At 30 June 2021	**42,927**
At 31 December 2020	42,887

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 PSAs.

The Directors have considered the licence, exploration and appraisal costs incurred in respect of its exploration and evaluation assets, which comprise the following three CGUs; the Ruvuma PSA, the Nyuni Area PSA and exploration work on Kiliwani South within the Kiliwani North Development Licence. These assets are carried at historical cost except for provisions against the Nyuni Area PSA and the Lindi Licence exploration expenditure, cost of seismic acquired over relinquished blocks and obsolete stock.

In accordance with its accounting policies each CGU is evaluated annually for impairment, with an impairment test required when a change in facts and circumstances, in particular with regard to the remaining licence terms, likelihood of renewal, likelihood of further expenditures and ongoing acquired data for each area, result in an indication of impairment.

Ruvuma PSA

The Ruvuma PSA comprised two exploration licences; Mtwara and Lindi.

On 22 October 2020, the Group completed the Ruvuma Farm-Out. On completion, the Group, through its wholly owned subsidiary, Ndovu Resources Limited, transferred a 50% interest in, and operatorship of, the Ruvuma PSA to APT, a related party of the Group. Following completion of the Farm-Out, the Group now holds a 25% interest in the Ruvuma PSA with a US$35.0 million carry to potentially significant volumes of production. The Farm-Out includes a full carry for a minimum work programme including the drilling and testing of the Chikumbi-1 well, the acquisition of 3D seismic over a minimum of 200 km^2 within the Ntorya Location area, and further production wells and infrastructure as required to propel the project to its estimated P50 production level of approximately 140 MMcf/d (gross project levels), as shown in an io Ntorya commercialisation study. The full carry for Aminex's share of costs up to US$35.0 million in respect of its 25% interest implies a potential expenditure during the carry period of up to US$140.0 million on a gross field basis.

A two-year Licence extension, effective from 15 August 2021, was received over the Mtwara Licence in respect to the Ntorya Location. Although the extension is over the smaller Ntorya Location area, this is not considered an indicator of impairment as the area corresponds to the identified Ntorya asset development programme. During the two-year extension period the operator is committed to undertake acquiring 200 km^2 of 3D seismic (minimum expenditure of US$7.0 million), drill the Chikumbi-1 exploration well (minimum expenditure of US$15.0 million) and complete the negotiation of the Gas Terms for the Ruvuma PSA with the TPDC and, using the data gathered from the Chikumbi-1 and seismic acquisition, prepare and submit an application for a Development Licence for the Ntorya Location area.

8. Exploration and evaluation assets (continued)

The Farm-Out has secured funding for the next phase of development for the Ruvuma PSA CGU, for which the Group will be carried for its share up to US$35.0 million, equivalent to US$140.0 million gross field expenditure. The Carry balance as at 30 June 2021 was US$34.2 million. There is a clear development plan for the asset outlined by the new operator, ARA Petroleum Tanzania Limited ("APT"), with the support of the JV partners. During the period APT completed the tendering process for the new high-resolution 3D seismic acquisition and performed a re-interpretation of the existing 2D seismic dataset and considers the Ntorya gas reservoir to be the product of a stacked, high-energy, channelised sand system. Their revised mapping and internal management estimates suggest a mean risked gas in place ("GIIP") for the Ntorya accumulation of 3,024 Bcf, in multiple lobes to be tested and a mean risked recoverable gas resource of 1,990 Bcf, which will be appraised by the planned seismic and drilling programme. Post period, approval was received from the Tanzanian authorities to issue the seismic acquisition contract and it was duly signed between the parties (see Note 16).

The Directors recognise that future realisation of the Ruvuma PSA assets is dependent on the further successful exploration, appraisal and development activities and the subsequent economic production of hydrocarbon reserves.

<u>Nyuni Area PSA</u>

Aminex fully provided for the Nyuni Area PSA exploration asset in 2018 following confirmation from the Tanzanian authorities that the Nyuni Licence period ended in October 2019, coupled with the communication from the Tanzania Ministry of Energy to withhold all work on the licence, pending a review of the Nyuni Area PSA. The Company was unable to progress the work programme and, therefore, the Directors concluded that the carrying cost of the Nyuni asset should be fully impaired. The status of the Nyuni asset remained the same at 30 June 2021 and the Directors maintain their position. Expenditure during the year is capitalised and then immediately impaired to the income statement as impairment against exploration and evaluation assets.

<u>Kiliwani South</u>

Kiliwani South, located within the Kiliwani North Development Licence acreage, has been identified as a potential lead. In February 2019, the Group raised approximately US$2.4 million gross to provide funding for the reprocessing of some of the existing 2D seismic in the area and to prepare a 3D seismic programme over the Kiliwani North Development Licence area in order to advance the potential drilling of a Kiliwani South location and assessing the remaining potential in the Kiliwani North structure (inclusive of the Kiliwani North-1 well). During 2020, Aminex conducted the reprocessing of select 2D seismic data. Remapping of the reprocessed data in combination with a fresh look at the regional data has identified multiple structural and stratigraphic leads across the licence which are ideally located in shallow waters and in close proximity to existing offtake infrastructure, meaning that a discovery could be rapidly monetised with relatively low-cost drilling and tie-backs.

The Directors are satisfied that, following an assessment of the Kiliwani South asset, with the work planned on the Licence there are no indicators of impairment.

9. Property, plant and equipment

	Development property - Tanzania	Right of use assets	Other assets	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 January 2021	8,205	799	132	9,136
Additions in the period	-	-	-	-
Disposals	-	-	**(4)**	**(4)**
Exchange rate adjustment	-	**9**	**2**	**11**
At 30 June 2021	**8,205**	**808**	**130**	**9,143**
Depreciation and depletion				
At 1 January 2021	7,377	567	84	8,028
Charge for the period	-	**101**	**11**	**112**
Disposals	-	-	-	-
Exchange rate adjustment	-	**5**	-	**5**
At 30 June 2021	**7,377**	**673**	**95**	**8,145**
Net book value				
At 30 June 2021	**828**	**135**	**35**	**998**
At 31 December 2020	828	232	48	1,108

Development property - Tanzania

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 depletion is calculated with reference to the remaining reserves of 1.94 BCF, which were ascribed to the field as at 1 January 2018 in an independent reserves and resources report prepared by RPS in February 2018. The report also identified a contingent resource of 30.8 BCF in addition to the reserves. The well has produced approximately 6.4 BCF of gas to date. Production from the Kiliwani North-1 well in 2018 was intermittent and there has been no commercial production from the well since March 2018. The Company is working with the TPDC on agreed methods to handle wellbore fluids which will potentially be unloaded during operations on the well. Following a successful well intervention to open the subsurface safety valve carried out in December 2018, Aminex has since experienced delays awaiting final approval to carry out a remedial work programme. Aminex has also communicated with the TPDC that it will not commence any remediation programme until the long outstanding receivables for previous gas sales are resolved (see Note 10).

Aminex has prepared a perforation strategy for a lower zone within the reservoir and an alternative remedial work programme intended to establish fluid levels in the wellbore, reservoir pressure and to unload potential fluid using foam treatment. In accordance with IAS 36, the Group conducted an impairment test as at 30 June 2021 on a value-in-use basis. The cash-generating unit for the purpose of impairment testing is the Kiliwani North-1 well. A financial model of the forecast discounted cash flow is employed for the value-in-use calculation of the well. Key judgements that represent the key sensitivities in the value-in-use calculation include discount rate, production volumes, timing of the commencement of gas production, remediation work on the gas well being successful and the cost of the proposed remediation work. Key assumptions used in the impairment test included sensitivities reflecting potential extended delays in conducting remediation work, application of risk factors to reserves recoveries of up to 80% resulting in production of 1.0 BCF (30 December 2020: 1.0 BCF), reflecting the specific degree of risk associated with the preferred option of perforation of the lower zone, and sensitivities to the discount rate of 15% (2019: 15%).

9. Property, plant and equipment (continued)

Considering the proposed remediation work programmes, progress with ongoing discussions on commercial matters with the TPDC and the potential reserves and resources ascribed to the Kiliwani North-1 well the Directors are satisfied no additional impairment charge is required against the carrying value. A 5% increase in the discount rate would result in an additional impairment of US$109,000 and a further year's delay in production would increase the impairment by US$110,000 although the Directors consider the current production delay assumption sufficient.

Once the remediation work on the Kiliwani North-1 well, described above, is complete, and a resolution is reached on the past outstanding gas sales receivables and commercial matters, it is expected that the results will reduce the key estimation uncertainties currently used in the impairment test, particularly associated with the success of the planned work programme and the volume and timing of gas production. This will provide a clearer understanding of the likelihood for producing the remaining reserves and potential resources assigned to the well and therefore impact on the sensitivity of inputs used for future impairment tests.

Right of use asset
All right of use assets relate to leases the Group has entered into in respect of various office properties. All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Right of use assets of US$104,000 (31 December 2020: US$193,000) relate to an office lease located in the UK and US$31,000 (31 December 2020: US$40,000) located in Tanzania. All other assets are located in the UK. The Group recognised rent expense from short-term leases of US$12,000 for the six months ended 30 June 2021 (30 June 2020: US$12,000).

10. Trade and other receivables

Trade and other receivables amounted to US$7.62 million at the period end (31 December 2020: US$8.55 million). The decrease largely relates to payments received from ARA, a related party of the Group, in respect to interim period costs due following completion of the Ruvuma PSA Farm-Out. Included in trade and other receivables is an amount of US$8.34 million due from the TPDC for gas sales from Kiliwani North and related late payment interest (31 December 2020: US$8.16 million). Aminex's net share of the receivable is US$3.50 million (31 December 2020: US$3.41 million). On 11 April 2018, the Company received formal notification from the TPDC requesting payment of certain amounts totalling 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. 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 2021. Aminex has advised the TPDC that it does not accept the balance of the claims, which include computational inaccuracies. The TPDC has delayed settling its trade receivable balance while discussions continue. In accordance with IFRS 9, Aminex calculated an expected credit loss ("ECL") based on its exposure to credit risk on its trade receivables at the end of the period and recognised an additional impairment on trade receivables of US$0.15 million (31 December 2020: US$2.29 million), with a charge to the income statement of US$87,000 (31 December 2020: US$424,000), reflecting Aminex's share after adjusting for the share related to partners in joint operations of US$65,000. The ECL is calculated on the full amount of US$8.34 million due to the Group for gas sales and late payment interest; any actual credit loss would be reduced by the liability due to the Group's joint venture partners in respect of amounts due.

11. Cash and cash equivalents

	Unaudited 6 months ended 30 June 2021 US$'000	Unaudited 6 months ended 30 June 2020 US$'000	Audited year ended 31 December 2020 US$'000
Cash at bank and in hand	**491**	932	449

Included in cash and cash equivalents is an amount of US$0.01 million (31 December 2020: US$3,000) held on behalf of partners in jointly controlled operations.

12. Trade and other payables

Trade and other payables amounted to US$11.25 million at the period end (31 December 2020: US$10.47 million). The increase in trade and other payables predominantly relates to expenditures on operated Tanzania gas assets and legal and redundancy costs incurred as a result of cost saving initiatives. Included in trade and other payables for the Group are amounts due to partners in Joint operations, VAT payable and other payables include amounts arising on gas sales and are payable on receipt of gas revenues from the TPDC.

The Directors consider that the carrying amounts of trade payables approximate their fair value.

13. Borrowings

At 30 June 2021, the Group had no outstanding borrowings (31 December 2020: nil; 30 June 2020: US$2.0 million).

On 6 May 2020, Aminex PLC entered into a US$2.0 million loan with ARA Petroleum LLC ("the Loan"), a related party of the Group (see Note 15), to finance the payment of the capital gains tax bill in relation to the Completion of the Farm-Out to APT. Loan repayments of US$5.0 million during the second half of 2020 represented the cash consideration due under the Farm-Out at completion, on 22 October 2020, which was offset against the US$3.0 million Advance and US$2.0 million Loan provided by ARA, a related party of the Group (see Note 15). Interest of US$160,000 accrued during 2020 on the Advance and Loan and was offset against the first instalment of the interim costs due on completion of the Farm-Out from ARA. Consequently, the Loan repayments and interest paid in 2020 were non-cash transactions.

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 first extension to the Nyuni Area PSA, Tanzania, the terms of the licence require the acquisition of 700 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. In accordance with the terms of the Nyuni Area PSA, Aminex applied in July 2019 for the licence to be extended into the Second Extension Period of three years with a request for an amendment to the work programme obligations for the licence area. The proposal is supported by the TPDC, which has submitted the proposal as licence holder to the Ministry of Energy.

(b) The Ruvuma PSA, Tanzania, originally comprised two licences. The Mtwara Licence was extended in April 2020 for a period of one-year, and post period, in August 2021, the licence was extended for a further two years (see Note 16). Two wells are required to be drilled, one of which is expected to be the Chikumbi-1 location. The Ruvuma PSA operator is committed to undertake acquiring 200 km^2 of 3D seismic (minimum expenditure of US$7 million), drill the Chikumbi-1 exploration well (minimum expenditure of US$15 million), complete the negotiation of the Gas Terms for the Ruvuma PSA with the TPDC and, using the data gathered from the Chikumbi-1 and seismic acquisition, prepare and submit an application for a Development Licence for the Ntorya Location area.

Guarantees and contingent liabilities

(a) Under the terms of the Addendum to the Ruvuma PSA, Ndovu Resources Limited, a subsidiary company of Aminex PLC, has provided security to the TPDC 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) The Company guarantees certain liabilities and commitments of subsidiary companies from time to time, including the commitments of Ndovu Resources Limited under the Nyuni Area PSA. These are considered to be insurance arrangements and are accounted for as such i.e. they are treated as a contingent liability until such time as it becomes probable that the Company will be required to make payment under the guarantee in which case a liability is recognised.

(c) On 11 April 2018, Ndovu Resources Limited received formal notification from the TPDC of certain claims amounting to US$5.97 million against the Kiliwani North Development Licence 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 10). 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 2021. Aminex has advised the TPDC that it does not accept the balance of the claims, which include computational inaccuracies. The Group has received legal advice in country that supports its position and this has been provided to the TPDC. With reference to the prejudicial exemption in IAS 37, Aminex will not disclose any further information about the assumptions for any provision. The disclosure of such information is believed to be detrimental to Aminex in connection with ongoing discussions. The Directors believe the claims are without merit and are satisfied that the US$8.34 million included in trade receivables as owing from the TPDC is recoverable.

14. Commitments, guarantees and contingent liabilities (continued)

Tanzanian Tax Assessment

On 28 February 2020, following the conclusion of the TRA audit of Ndovu Resources Limited ("NRL"), the Group's Tanzanian wholly owned subsidiary, for taxation years 2013 to 2015, the TRA issued a tax assessment in respect of these taxation years. The following matters were raised in the assessments:

		Principal US$'000	Interest US$'000	**Total US$'000**
Area				
Withholding tax	Withholding tax on payments made to non-residents for services performed outside of Tanzania	242	182	**424**
VAT	Output VAT on imported services	191	156	**347**
Withholding tax	Withholding tax on deemed interest	797	664	**1,461**
		1,230	1,002	**2,232**

NRL considers these claims without technical merit in tax law and, with the assistance of an in-country tax advisor, has submitted an objection to the TRA findings. At this stage it is unclear whether NRL will be successful in its objections and therefore the amount or timing of potential cash outflow remains uncertain. Provision has been made for amounts NRL has ceded or where management determine the likelihood of success through the objection or appeals process is unlikely.

15. Related party transactions

On 5 May 2020, the Company entered into a US$2.0 million loan with ARA Petroleum LLC ("the Loan"), which, through its associated company, Eclipse Investments LLC, is a significant shareholder in Aminex PLC, to finance the payment of the capital gains tax bill in relation to the Completion of the Farm-Out to APT. The Loan was repaid in full by offset of the cash consideration due under the Farm-Out of US$5.0 million at completion on 22 October 2020. The Loan bears interest at 13.77% p.a. The Loan is secured, with security in the form of a pledge of Aminex PLC's holding in shares in Tanzoil N.L., a wholly-owned subsidiary of the Company, that indirectly holds the Group's assets in Tanzania. Interest accrued on the loan during the year was US$125,000 and was settled in full on the completion of the Farm-Out from the interim costs.

On 20 July 2020, a pledge was entered into with ARA Petroleum LLC, as security for the US$3 million Advance Funding and US$2 million Loan provided to the Company. The form of the pledge is over the Company's holding in shares in Tanzoil N.L., a wholly-owned subsidiary of the Company, that indirectly holds the Group's assets in Tanzania. As a result of the completion of the Ruvuma PSA Farm-Out to APT, and the subsequent repayment of the US$2 million Loan and the US$3 million Advance from the cash consideration due under the transaction, the pledge has been terminated.

On 22 October 2020, the Group completed the Farm-Out of the Ruvuma PSA, a related party transaction, to ARA Petroleum Tanzania Limited ("APT"), through its associated company, Eclipse Investments LLC, is a significant shareholder in Aminex PLC. On completion the interim costs of US$1.97 million became due in six equal monthly instalments commencing on the date of completion. US$0.99 million was paid during the year, and US$0.33 million was outstanding at 31 December 2020.

16. Post balance sheet events

On 28 July 2021, Sultan Al-Ghaithi was appointed non-executive Director of the Company.

On 17 August 2021, the Ruvuma joint venture, which the Group has a 25% non-operated participating interest in, received a two-year Licence extension, effective from 15 August 2021, over the Mtwara Licence in respect to the Ntorya Location.

In September 2021, the Ruvuma joint venture, awarded the seismic acquisition contract to Africa Geophysical Services Limited. The acquisition will consist of approximately 338 km² of 3D seismic data focusing on the area of primary interest.

Since 30 June 2021, the Group has received a further US$0.33 million of Interim Costs due from ARA Petroleum LLC, a related party of the Group (see Note 15), under the Farm-Out. The outstanding balance as at 30 September 2021 is nil.

17. Statutory information

The financial information to 30 June 2021 and 30 June 2020 is unaudited and does not constitute statutory financial information. The information given for the year ended 31 December 2020 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 2020 have been filed with the Companies Registration Office in Ireland. This announcement will be made available at the Company's registered office at Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18 and at the office of the Aminex's UK subsidiary company, Aminex Petroleum Services Ltd., at Kings Buildings, 16 Smith Square, London SW1P 3JJ.