

Aminex Plc (AEX.L)

Aminex Plc is a Full List, London-quoted company focused on Africa. The company owns interests in operated licences in Tanzania including onshore, shelf margin plays and deep water offshore. The company is expected to begin production in early 2015 and is currently shooting appraisal over its Ruvuma Basin acreage. The company also owns assets in the USA, Moldova and Egypt; it is currently in the process of divesting its USA assets as it intends to focus on Africa.

Unlocking the pipeline...

Near term production: Kiliwani North

Aminex owns a 65% operated interest in the Kiliwani North Development Licence. The licence is a 25 year development licence and has been carved out of the old Nyuni East Songo-Songo PSA. Production from the Kiliwani Northfield is expected early 2015. The Kiliwani North-1 well has been completed as a producer for some time but due to existing processing plant constraints production until now has not been possible. As announced, the Tanzanians are currently constructing a major regional pipeline and two new processing plants which will allow Kiliwani North to begin production (see annexe 2). Expected net revenues from Kiliwani North will be approximately \$13MM/yr. The company has announced the Gas Sales Agreement is also largely completed and is currently undergoing final review. A new Nyuni Area PSA was signed in 2011 and independent resource estimates indicate 5.7 TCF undiscovered Gas Initially-In-Place.

Near term development asset: Ruvuma PSA

Aminex owns 75% operated interest in the Ruvuma PSA acreage; Solo Oil has a 25% interest. The Ruvuma PSA acreage is located within the Ruvuma Basin where over 100 Tcf of gas has recently been discovered offshore. Ntorya-1 well was drilled by Aminex in 2012 and tested at a rate of 20 mmcfpd with 139 barrels of condensate. An appraisal licence has been granted over the Ntorya discovery and the Ntorya Up-dip prospect and is estimated to contain 1.2 Tcf of gas discovered and undiscovered Pmean Gas Initially-In-Place. The new regional pipeline from Mtwara to Dar es Salaam, the largest gas market in Tanzania, which will carry Kiliwani North gas next year, will in due course provide access to market for a development of gas from the Ntorya-1 discovery (see annexe 2). The company is currently acquiring appraisal seismic which will help to high grade its numerous leads to drill ready prospects. Interpreted results are expected sometime 3rd Qtr. Independent estimates for other prospects on the Ruvuma PSA amount to 4.6 TCF undiscovered Gas Initially-In-Place.

Strengthening the management team:

Through the merger with Canyon Oil and Gas Ltd. in August 2013, the company has added valuable technical and operational expertise that it will need for its near term production and development projects. Management has proven to be dynamic. They have moved quickly with preparations to enable first production to begin next year as well as successfully negotiated with the Tanzanian government for the tie-in of the Kiliwani North field to the new pipeline. This has been enabled by the company's recent £9.44m equity raise, which should provide sufficient funds for working capital and funds for planned capital expenditure until first production begins in early 2015.

Hume Capital Investment Research

Share price (GBP)	0.01
12m target price (GBP)	NA
Upside/(Downside)	NA
Share price as at close:	04 April 2014
Reuters Ticker	AEX.L

Stock data

52 week high (GBP)	0.05
52 week low (GBP)	0.01
Dividend yield (%)	0.0

Capitalisation

Enterprise value (£m)	11.4
Market cap (£m)	15.4
Net cash (£m)	9.4
Free float (%)	98.6
Shares outstanding (m)	1,844

Share price performance

Performance (%)	1m	3m	12m
	-16.0	-42.2	-78.5



Business information/expected news flow

Next news

Gas sales agreement announcement

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Annexe 1

Tanzania

The inherent nature of the geology in East Africa indicates that gas is likely to predominate. The Permo-Carboniferous Sakoa-type source rocks are wet gas-prone at best, regardless of burial history and if any Triassic oil-prone Sakamena-type source rocks is present, they are likely to be post-mature in terms of conventional basin modelling. The widespread Miocene inversion is predicted to have flashed much of the Lower and Middle-Jurassic, and any Triassic or older oils, to gas. The source rocks in the post-Middle Jurassic and Cretaceous offshore drift sequence are likely to be gas-prone as widespread oil-prone kerogens were rare at this time, and the ocean waters offshore East Africa appear to have been essentially oxic.

The Thick oil-prone, organic-rich Tertiary sediments are likely to be only present in pro-delta settings, and only rarely – and locally - will they be sufficiently mature for oil generation. And finally, the sediments currently accumulating in the offshore deepwater are likely at best to be only generating biogenic gas¹.

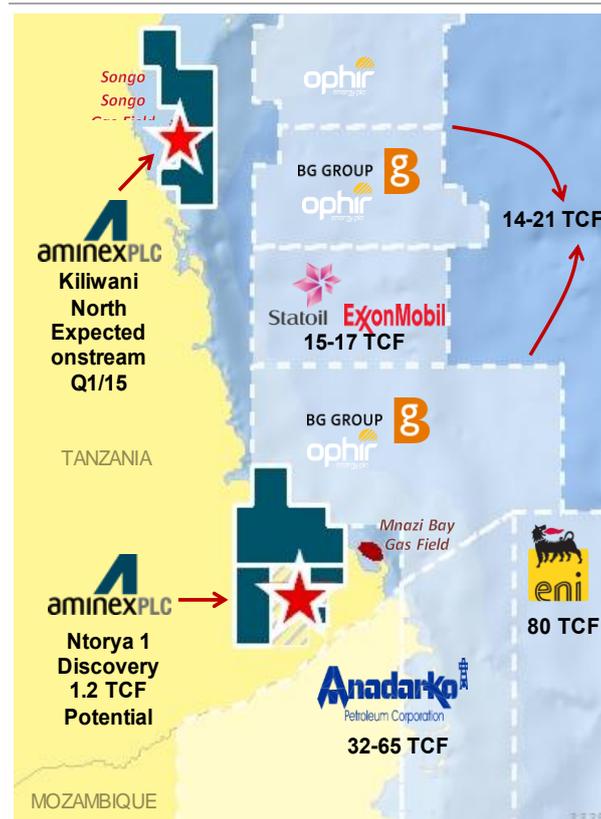
Tanzania may be lacking in commercial oil discoveries but the country does have two producing gas fields (Songo Songo and Mnazi Bay) and hosts a number of promising gas discoveries in deep offshore blocks. The Songo Songo field has been in production since 2004 and provides gas to generate a significant proportion of Tanzania's electricity. Gas is also used by a number of industrial and commercial customers in the Dar es Salaam area. Nevertheless, the limited reserves and production size as well as small local market has historically resulted in long lead times with respect to commercial production and restricted the development of an export market. However, recent infrastructure developments in the country appear to be addressing those concerns (see annexe 2).

Since 2010 there have been multiple world-class deep water gas discoveries in the region, some directly adjacent to Aminex's PSA areas. Natural gas discoveries totalling approximately 8 trillion cubic feet have been made from the onshore gas fields at Songo Songo, Mnazi Bay, Mkuranga, Kiliwani North and Ntorya. As of June 2013, natural gas discoveries of around 42.7 TCF (7.5 billion barrels of oil equivalent) have been made from both on- and off-shore basins.

Growing interest in the region

East Africa has become one of the world's fastest growing gas provinces after a string of discoveries. Several majors such as BG Group, Ophir Energy, Exxon Mobil and Statoil will be looking to exploit discoveries such as the Chewa-Pweza-Ngisi's 14-21 Tcf gas discovered by Ophir/BG and the Tangawizi-Zafarani-Lavani's 15-17 Tcf gas discovered by Statoil/Exxon Mobil in order to supply energy-hungry Asian markets.

Tanzania discoveries



Source: Company's presentation

Annexe 2

Infrastructure

Exploration success since 2010 has raised Tanzania's profile as a potential supplier of LNG to Asian markets along with its neighbour Mozambique.

Tanzania has signed a \$1.2 bn finance package with the Chinese Export Import Bank (EXIM) for gas infrastructure which will include:

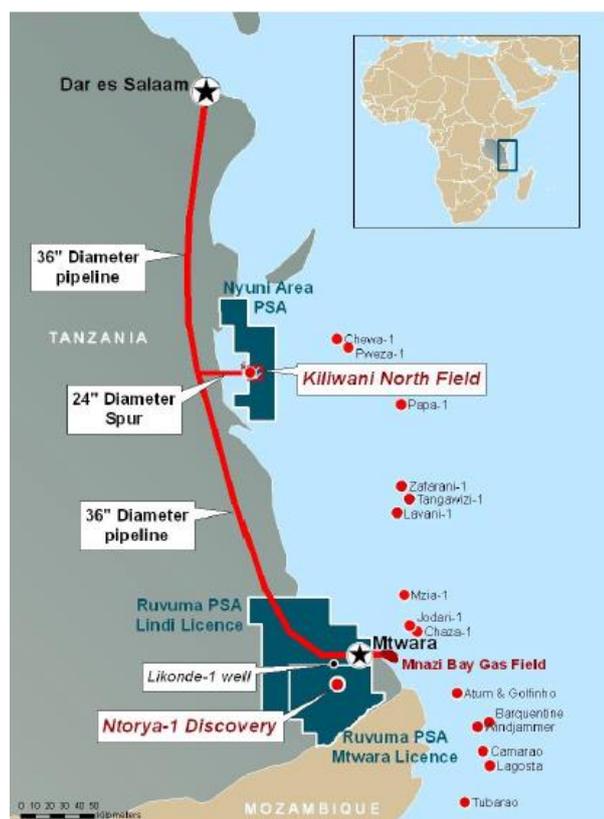
- 785 mmcfpd capacity, 542km 36" line running from Dar es Salaam to Mnazi Bay
- 2 new processing plants
 - Songo Songo with a 140 mmcfpd capacity
 - Madimba (Mtwara) with a 210 mmcfpd capacity

This pipeline will provide access to market for both Aminex's Kiliwani North gas Field and Aminex's Ntorya-1 gas discovery and is expected to be completed by the end of 2014.

The strategic location of the Aminex licences could also benefit from the construction of Statoil/BG Tanzania's first liquefied natural gas plant in Lindi; these companies are due to meet with authorities about the project's schedule and details in April 2014.

In addition, Statoil announced last year its plan to construct a US\$10bn East African LNG terminal for exports to Asia.

Tanzania Coastal pipeline



Source: Company's presentation

Annexe 3

Fiscal terms

The company's licences are subject to the terms of a PSA (Producing Sharing Agreement) model and differ depending on the licence.

The Government of Tanzania issued a long awaited new model Production Sharing Agreement to coincide with the launch of a 4th licensing round for seven deep offshore blocks and a block in Lake Tanganyika launched in October 2013. The new Production Sharing Agreement (PSA 2013) has more onerous fiscal terms for investors than its predecessor, the 2008 model Production Sharing Agreement (PSA 2008). However, it will only apply to the licences acquired through the 2013 licensing round which gives more value to the licences granted prior to the bid round, including Aminex's licences.

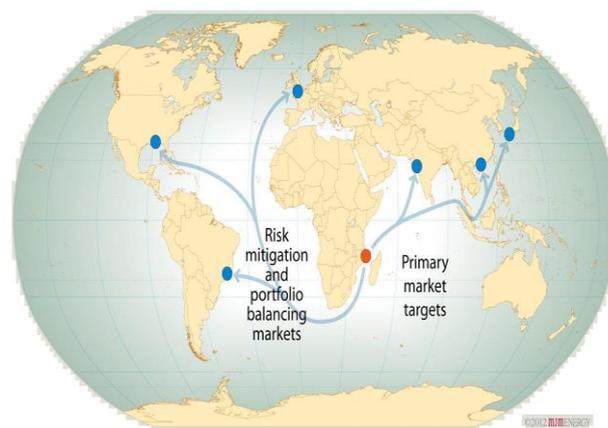
Pricing

The government is working on establishing an appropriate pricing structure for the gas to supply and demand.

Having a large domestic demand, the country will doubtlessly require contractors to sell a part of their production to the domestic market, although domestic prices are likely to be lower than export prices.

The location of Aminex's licences may constitute a strategic advantage as all discoveries made would have a route for immediate commercialisation.

East Africa LNG export market



Source: 2012 mjm energy

Annexe 4

Aminex PLC Management Team

Brian Hall (Chairman)

Brian is a Chartered Accountant and has spent a 40 year career in the upstream oil and gas industry. He has served as Chief Executive and subsequently as Chairman of Aminex since it was created in its present form in 1991. Under his management the company has worked in Russia, the USA, Tanzania, Kenya, Egypt, Madagascar, Tunisia and Pakistan, in a majority of cases as operator. He serves or has served on the boards of five publicly-traded resources companies and has held executive roles in others. In 2012 Brian Hall joined the Boards of AIM-listed Great Western Mining Corporation PLC and the privately-owned Canyon Oil & Gas Ltd., in both cases as a non-executive director.

Jay Bhattacharjee (Chief Executive Officer)

Jay is a reservoir engineer with 15 years' experience in the oil and gas industry and has worked with Apache, Pengrowth, Scotia Waterous and Longreach Oil & Gas. He holds a B.Sc in Chemical and Petroleum Engineering from the University of Calgary. He was VP Operations at Longreach and was instrumental in its early stages of growth and development both technically and commercially, which culminated in Longreach successfully becoming listed on the TSX-V. Strategic farm-ins and financings helped to double Longreach's market cap during his time there. He was also part of Apache's unconventional gas programme and was integral in expanding Pengrowth through strategic acquisitions and optimisation of operations. He was the CEO of Canyon Oil and Gas Ltd. which he co-founded in April 2011.

Philip Thompson (Chief Operations Officer)

Philip is a geophysicist and has 30 years' oil and gas experience with Exxon, San Leon Energy, Oryx Energy and Vanco Energy, including 15 years working on African projects. He holds a B.Sc and M.Sc in Geophysics from Texas A&M and Southern Methodist University. Philip Thompson founded and became CEO of San Leon Energy (SLE) in 2002 which grew from private to a £275m market cap company between 2007 and 2011. He expanded SLE, with original assets in Morocco and Italy, into an unconventional European Shale Gas leader. In 2011 Philip Thompson co-founded Canyon Oil & Gas Ltd. which was acquired by Aminex in 2013.

Max Williams ACA (Finance Director and Company secretary)

Max Williams is a Chartered Accountant. After working in the accounting profession, he joined Aminex as Group Financial Controller in 1994, becoming Chief Financial Officer in 2010 and Finance Director in March 2014. During that time, he has been involved with Aminex's operations in Russia, the USA, Tanzania, Kenya and Tunisia. Mr Williams was appointed Company Secretary in 1999. He is a graduate of the University College of Wales, Aberystwyth, and holds a degree in Accounting and Law.

Non-Executive Directors:

David Hooker (Senior non-exec)

Derek Tughan

Andrew Hay

Keith Phair

Shareholders

Institutions	Position ('000)	%
Standard Life Investments	140,000,000	7.59

Insiders	Position ('000)	%
Thompson, William Arthur Philip	153,525,869	8.33
Bhattacharjee, Jayanta	38,221,620	2.07
Hall, Brian Arthur	13,594,804	0.74
Tughan, Frederick David	7,390,866	0.40
Phair, Keith James	5,564,422	0.30
Hooker, David Symonds	2,886,518	0.16
Williams, Max Vincent	2,723,973	0.15

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