Annual Report & Accounts 2018

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◆ Ntorya-2 drilling operations

Chairman's Statement

Dear Shareholder,

I am pleased to present my first statement as Chairman of your Company for the period of 2018. 2018 was a year of both highs and lows. The Company experienced highs in agreeing a Farm-Out of a 50% interest of our Ruvuma PSA to The Zubair Corporation ("Farm-Out") ("Zubair"), who are a well-capitalised group and have the intention to carry Aminex through to material levels of cashflow, without further recourse to Aminex capital. The Company also experienced frustration with continuing delays, much of which was outside of our control, that affected our ability to conduct operations and the closing of the Farm-Out. The outlook for the Company, however, remains positive and we have a reasonable expectation that the Farm-Out will close this year, thereby allowing the Company to drill the much anticipated Chikumbi-1 well and acquire 3D seismic while we continue to pursue new venture opportunities with the intent of providing low-risk, robust, growth opportunities for shareholders.

2018 Progress

In February 2018 the Company announced a material and independently assessed resource upgrade by RPS Energy Consultants Limited ("RPS Energy"), which was in excess of previously announced management estimates, ascribing 2C gross contingent resources of 763 BCF and a mean GIIP of 1.87 TCF over the Ntorya Appraisal Area for the Cretaceous aged formation. Later in December, the Company announced that an updated audit by RPS Energy added a further gross 936 BCF 2U (Prospective Resource) to the deeper undrilled Jurassic formation. The Chikumbi-1 well has been designed to test this deeper Jurassic target and to leave the well capable of producing from the proven Ntorya Cretaceous play.

In July 2018, we announced the Ruvuma Farm-Out with The Zubair Corporation. The Farm-Out is expected to accelerate development of the Ntorya Field and carry Aminex through to material levels of cashflow with no further recourse to Company capital. ARA Petroleum Tanzania Limited, an associated company of Zubair, as the new operator, intends to drill Chikumbi-1 and acquire the 3D programme following close-out of the deal which, following a positive well result, is anticipated to lead to a multi-well full-field development programme. We look forward to working with The Zubair Corporation in this new collaboration. In January of 2019 shareholders overwhelmingly voted in favour of proceeding with the Farm-Out and your Board believes that this is the best solution to achieve material levels of cashflow in the shortest timeframe.

During 2018 the Company conducted remedial works in the Kiliwani North-1 well with the intent to bring the well back into production. Operational activities related to this work experienced significant delays due to a lack of services being available in a cost effective and timely manner. Aminex considers the licence area to be prospective and in February 2019 raised funds for the reprocessing of 2D seismic and planning for the acquisition of 3D seismic over the Kiliwani South lead and sees further exciting opportunities to exploit the new prospects and leads identified during 2018. If successful, a well could be tied back quickly and cost effectively to the existing infrastructure on Songo Songo Island.

In Nyuni, the Company remains focused on exploiting near-term cash-flow opportunities which include areas surrounding Songo Songo Island which are located in close proximity to the Kiliwani North Development Licence and which can be tied back to the gas plant in a cost-effective manner. Aminex approached and received initial support from the Tanzanian authorities to modify its work programme from a deep-water 3D seismic acquisition programme to a programme designed to cover those areas in more proximal shallower water which will allow for a combined Kiliwani and Nyuni 3D seismic survey in order to reduce costs. The Company remains in discussion with the Tanzanian authorities to progress this programme but received notification that the current Nyuni Licence would end in October 2019 and that we should not progress any further work over the Nyuni PSA currently. As a result, the Company has decided to impair the carrying value of the Nyuni asset. We are seeking a resolution to issues surrounding Nyuni to the mutual benefit of both Aminex and the Tanzanian stakeholders.

Corporate and Outlook

We remain fortunate to have a supportive cornerstone investor in Eclipse Investments LLC ("Eclipse"), part of The Zubair Corporation, with whose support we were able to finalise the recent placing. In addition to developing our existing assets, the Board remains active in seeking new investment opportunities for Aminex. The management team is screening assets considered capable of providing material production with development upside for the Group. Consequently, we seek low-risk investment opportunities capable of providing robust returns to shareholders while diversifying the current asset base and risk profile.

Finally, I would like to thank our shareholders and my fellow Directors for their continued support and look forward to progressing our Tanzanian projects and introducing new growth opportunities for your Company during 2019.

Yours sincerely,

John Bell
Chairman

Chief Executive's Review

◆ Ntorya-2 drilling operations

During 2018, the Company announced the Farm-Out transaction that will introduce significant development capital into the Ntorya Project and is intended to give Aminex a full carry through to material levels of free cash flows, with no further recourse to funding. The Company looks forward to closing out the remaining conditions precedent in order to monetise the significant Ruvuma resources. The Company intends to create further value from its Kiliwani acreage and is actively screening new venture opportunities intended to diversify the risk profile of our business.

Review of operations

At the start of the year, we saw a significant resource upgrade, following the completion of the RPS Energy Competent Persons Report ("CPR") conducted over the Company's Tanzanian asset base. The principal results from the CPR were the increase in the Cretaceous Ntorya gross mean GIIP to 1.87 TCF and gross 2C contingent resources to 763 BCF, estimating mean GIIP of 30.8 BCF in the Kiliwani North structure, where 6.4 BCF has been produced to date; and, a new lead was identified, Kiliwani South, which was ascribed a gross 57 BCF mean GIIP. A further CPR by RPS Energy in December 2018 increased the prospective gas resources at Ntorya with an additional 936 BCF attributed to the deeper undrilled Jurassic play which will be targeted in the forthcoming Chikumbi-1 well. The upgrade in the Ntorya resources, taken together with the results of the Ntorya Gas Commercialisation Study prepared by io oil & gas consulting in 2017, confirms the feasibility of developing the Ntorya gas field for commercial production. This has enabled us to attract significant investment through the Farm-Out transaction with The Zubair Corporation, which through its investment company, Eclipse Investments LLC, is already a significant shareholder in Aminex. Aminex expects this investment will see the Ntorya Project potentially taken to full field development, with Aminex fully carried through to gas production up to gross levels of 140 MMcf/d in a P50 scenario. We are working with The Zubair Corporation and the Tanzanian authorities to deliver the remaining conditions precedent and complete the transaction.

The application for the Ntorya Development Licence was submitted in September 2017 and award is pending negotiation of gas terms and a gas sales agreement. During 2018 we were notified by the Tanzanian authorities that a gas negotiating team has been formed and we look forward to conducting negotiations with them in 2019.

While much of our focus during 2018 has been occupied by the Ruvuma Farm-Out, we have reviewed and are looking to further develop our Kiliwani assets. In December, we successfully carried out remediation work on our Kiliwani North-1 ("KN-1") gas well. During this process, gas was flowed to the plant for a short period. The Company is working on finding suitable services to allow it to lift the fluid in the wellbore and perforate a lower zone to test for additional reserves. Our work on the remediation of the well and plans to perforate involves the close cooperation of the licence holder and customer, the Tanzania Petroleum Development Corporation ("TPDC").

Technical work over the Kiliwani North licence area led to the identification of a potential new lead, Kiliwani South, which management estimates contains an estimated 57 BCF mean GIIP. The Company is reprocessing existing 2D seismic in order to obtain a better image of the Kiliwani South prospect and surrounding leads and to aid in the design of a 3D seismic programme intended to transition Kiliwani South to a drill-ready prospect. The 3D seismic will also image the Kiliwani North structure in more detail, thereby identifying potentially undrained compartments and de-risking numerous other leads on the licence. Production from a discovery in this area could be tied back to the Songo Songo Island Gas Processing Plant, which has significant ullage, relatively quickly and economically due to its proximity to this infrastructure. This work reflects the Company's focus on near-term cash flows.

We continue to work closely with the Tanzanian authorities to progress the development of all our Tanzanian assets.

Financial Position

The Company has taken the decision to impair the Nyuni exploration assets by US$43.5 million against the carrying value. The focus of the Company remains its Ruvuma and Kiliwani assets and it will continue to pursue any operations within Nyuni that can be quickly monetised through production into the Songo Songo gas plant. Given the large capital exposure and long-term prospects of the Nyuni Area which could potentially require a LNG terminal, the Company is naturally focussing its resources on our other Tanzanian assets at this time. Taking into account the full Nyuni impairment, the Group's net loss for the period was US$48.5 million, compared with a loss of US$2.28 million for 2017 and is considered in more detail in the Financial Review.

At 31 December 2018, Aminex had cash and cash equivalents amounting to US$1.86 million with no corporate debt. On 14 February 2019, Aminex completed a placing to raise approximately US$2.4 million to fund a work programme for the reprocessing of 2D seismic, primarily over the Kiliwani North block, and to plan for the acquisition of 3D seismic to assist in high-grading leads on Aminex's licenced acreage around Songo Songo Island.

New Opportunities

Although we remain focussed on the development of our Tanzanian assets, we recognise the importance and expectation to diversify our portfolio and are actively seeking new development-led opportunities which could provide near-term revenues to the Group. The Ruvuma Farm-Out provides us with the flexibility to look at such opportunities.

I would like to thank our shareholders for their continued support.

Jay Bhattacherjee
Chief Executive

◆ Songo Songo Island Gas Processing Plant

Financial Review

Financing and future operations

In July 2018, Aminex signed a farm-out agreement with The Zubair Corporation which the Board of Aminex believes will accelerate development of and production from the Ntorya field. Under the Farm-Out, an associate of Zubair, ARA Petroleum Tanzania Limited will acquire a 50% interest in and become operator of the Ruvuma PSA. The Ruvuma PSA includes the Ntorya field for which Aminex made an application for a development licence in 2017 to the Tanzanian government. Under the terms of the Farm-Out, Aminex will receive cash consideration of US$5 million in two tranches, US$3 million on completion and US$2 million 180 days thereafter, and a net US$35 million carry for its remaining 25% interest on the development programme through to production. The Farm-Out Agreement provides for the new operator to drill the Chikumbi-1 well, acquire 3D seismic and bring the Ntorya field on to production. The Board believes the carry amount should finance the Group for a multi-well drilling programme and provides the Group with an excellent opportunity to participate in an accelerated development programme for the Ntorya field with the support of The Zubair Corporation. The transaction was approved by shareholders at an extraordinary general meeting held on 4 January 2019 but remains subject to other conditions precedent including approval by the Tanzanian authorities and the award of the Mtwara Licence extension.

Since the period end, Aminex completed a placing raising approximately US$2.4 million before transaction expenses to provide funding for its Kiliwani North Development Licence, with the work to focus on the reprocessing of 2D seismic and to enable the planning of 3D seismic to be acquired. The Board considers the development of leads and prospects near to the Songo Songo Island Gas Processing Plant, which currently has available ullage, is an additional value driver for the Group following the funding of the expected development activities at Ntorya.

Revenue Producing Operations

Revenues from continuing operations amounted to US$0.62 million (2017: US$6.63 million). Gross production from the Kiliwani North-1 well was 0.03 BCF of which Aminex's share was 0.01 BCF. Following the application of the agreed indexation allowance at the start of the year, the average sales price is US$3.33 per MCF for 2018, resulting in gas revenues of US$0.05 million for the period (2017: US$5.95 million). Gas revenues were significantly lower than the comparative period following a decline in production rates and wellhead pressure from the second half of 2017. Revenues also arose from oilfield services comprising the provision of technical and administrative services to joint venture operations: the revenues were US$0.57 million for the year ended 31 December 2018 (2017: US$0.68 million). Cost of sales was US$2.02 million (2017: US$5.46 million). The cost of sales for Kiliwani North operations amounted to US$1.41 million (2017: US$0.26 million) and included reservoir and production engineering work to identify a way to stimulate the reservoir and remedial work to open the sub-surface safety valve. The depletion charge for Kiliwani North production amounted to US$0.04 million (2017: US$4.57 million). The balance of the cost of sales amounting to US$0.57 million (2017: US$0.63 million) related to the oilfield services operations. Accordingly, there was a gross loss of US$1.40 million for the period compared with a gross profit of US$1.17 million for the comparative period.

In reviewing the carrying value of the Nyuni asset, the Directors took into account the notification from the Tanzania Ministry of Energy that the current licence period is to end in October 2019. This is against previous advice received from the relevant Tanzanian authorities. As the Company cannot now plan for works on the Nyuni Area Licence acreage, the Directors have concluded that the asset is impaired and have provided against the carrying value of US$43.47 million in full.

Group administrative expenses, net of costs capitalised against projects, were US$3.64 million (2017: US$2.29 million). The expenses for the current period include a share-based payment charge of US$0.58 million relating to options granted in January 2018 (2017: US$0.29 million). On a like-for-like basis, excluding the share-based payment charge, the Group's administrative expenses for the period under review were US$3.06 million, an increase of US$1.06 million over the administrative expenses of US$2.00 million for 2017. The increase included a full year of additional payroll costs following the strengthening the Group's technical team in the second half of 2017 and the cost of obtaining shareholder approval required for the Farm-Out Agreement with The Zubair Corporation. While the Company plans for the future, it maintains strict expenditure controls. The Group's resulting net loss from operating activities was US$48.51 million (2017: US$1.12 million).

Finance costs of US$0.06 million related to the decommissioning interest charge. The charge of US$1.17 million for the comparative period included an interest expense of US$0.54 million on a corporate loan which was fully repaid in June 2017, a loss on foreign exchange amounting to US$0.55 million and the decommissioning interest charge of US$0.08 million. Finance income amounted to US$0.07 million of which, US$0.06 million arose on gains from foreign exchange and US$0.01 million was deposit interest. Finance income for 2017 was US$0.02 million from deposit interest.

The Group's net loss for the period amounted to US$48.51 million (2017: US$2.28 million).

Balance sheet

The Group's investment in exploration and evaluation assets decreased from US$99.59 million at 31 December 2017 to US$58.53 million at 31 December 2018. The decrease reflects the impairment provision of US$43.47 million against the carrying value of the Nyuni asset offset by the expenditure related to the ongoing well planning for Chikumbi-1, the costs of two independent resource reports and a commercialisation study, as well as licence expenses for the Ruvuma PSA. The Directors reviewed and have concluded that, other than for the Nyuni asset, there is no impairment to the carrying value of the Ruvuma and Kiliwani South assets. This opinion takes into account ongoing discussions with the Tanzanian authorities for the extension to the Mtwara Licence, the grant

◆ Kiliwani North-1 wellhead

of a development licence for Ntorya under the Ruvuma PSA and the planned work on Kiliwani South. The carrying value of property, plant and equipment has decreased marginally from US$2.43 million at 31 December 2017 to US$2.39 million at 31 December 2018. Current assets amounted to US$9.90 million with trade and other receivables of US$8.04 million, which as operator includes joint venture parties' interests in gas revenues, and cash and cash equivalents of US$1.86 million.

Trade payables amounted to US$10.52 million compared with US$8.97 million at 31 December 2017. This balance included amounts payable to the TPDC and joint venture partners for their profit shares under the terms of the PSA governing Kiliwani North. Payables also include VAT and excise tax payable on gas receivables. The non-current decommissioning provision increased by US$0.06 million at 31 December 2018 to US$0.70 million (31 December 2017: US$0.64 million), the increase relating to the unwind discount charge during the period.

Total equity has decreased by US$47.80 million between 31 December 2017 and 31 December 2018 to US$59.61 million (31 December 2017: US$107.41 million). The net movement comprises a net increase of US$0.17 million to the share option reserve, an increase of US$0.12 million in the foreign currency translation reserve and the movement of US$48.10 million in retained earnings arising on the loss of US$48.51 million for the period and the release from the share option reserve of US$0.41 million for expired options.

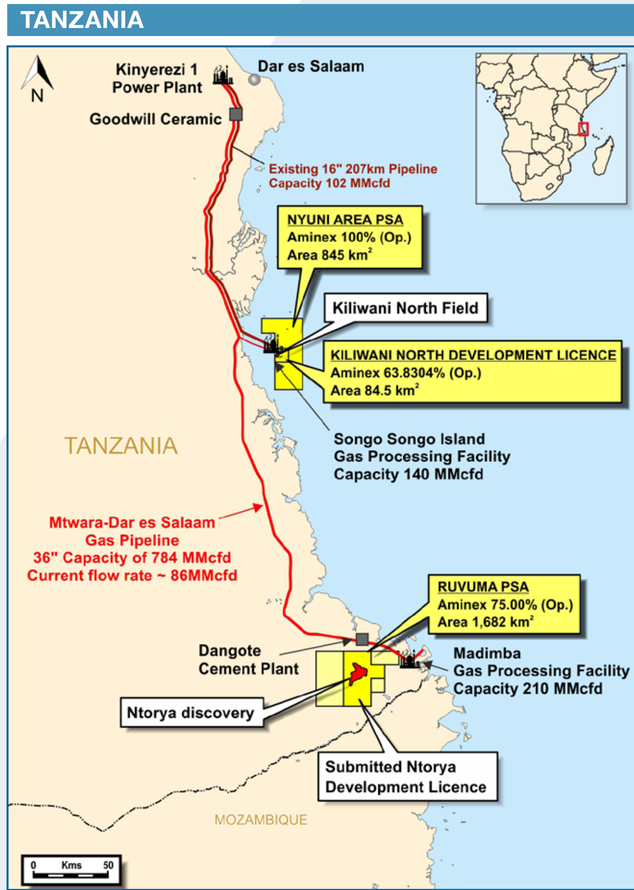
Cash Flows

The net outflow in cash from operating activities was US$2.46 million (2017: net inflow US$0.60 million), after a decrease in debtors of US$0.57 million primarily arising from joint venture partners paying amounts cash called in the period, offset by an increase in creditors of US$1.37 million. Net cash outflows from investing activities amounted to US$1.96 million (2017: US$10.63 million). Expenditure on exploration and evaluation assets in the reporting period amounted to US$1.94 million, relating to the technical work to support resource estimates, as independently audited by RPS Energy in reports issued in February and December 2018, planning and tendering for the Chikumbi-1 well on the Mtwara Licence and the review of leads on the Nyuni Area Licence and Kiliwani North Development Licence, the latter related to the Kiliwani South lead, together with continuing licence costs. Expenditure on property, plant and equipment was US$0.03 million in the year. The Group received US$0.01 million in interest during the year. Overall the decrease in net cash and cash equivalents for the year ended 31 December 2018 was US$4.42 million compared with US$12.79 million for the comparative period. After a foreign exchange gain of US$0.06 million (31 December 2017: loss of US$0.55 million), the balance of net cash and cash equivalents at 31 December 2018 was US$1.86 million (31 December 2017: US$6.23 million).

Max Williams

Finance Director

TANZANIA



Ruvuma PSA – Onshore Appraisal and Exploration

Aminex (operator)	75%
Solo Oil plc	25%

Resource Summary – Ntorya Field

Gross Licence Basis (BCF)[1]					
Licence	Gas Resource	1C	2C	3C	Gross Mean unrisked GIIP (BCF)
Mtwara[2]	Development Pending	26	81	213	1,870
Mtwara[3]	Development Unclarified	342	682	950	
			Total 763		

Source: RPS Energy CPR of December 2018
[1] Assuming Development is ratified
[2] Based on 3-Well development
[3] Based on additional 8-Well development

Resource Summary excluding Ntorya Field

Prospective Resources (Bscf)[1]					Pg (%)
Gross on Licence					
Prospect/ Lead	1U (P90)	2U (P50)	3U (P10)	Mean unrisked (GIIP)	
Chikumbi Jurassic	399	936	1,798	1,351[2]	8[3]
Namisange	56	325	1,925	1,183	8[3]
Likonde Updip	39	166	702	444	10[3]
Ziwani NW	8	35	153	68	<5[3,4]
Ziwani SW	12	54	236	105	<5[3,4]

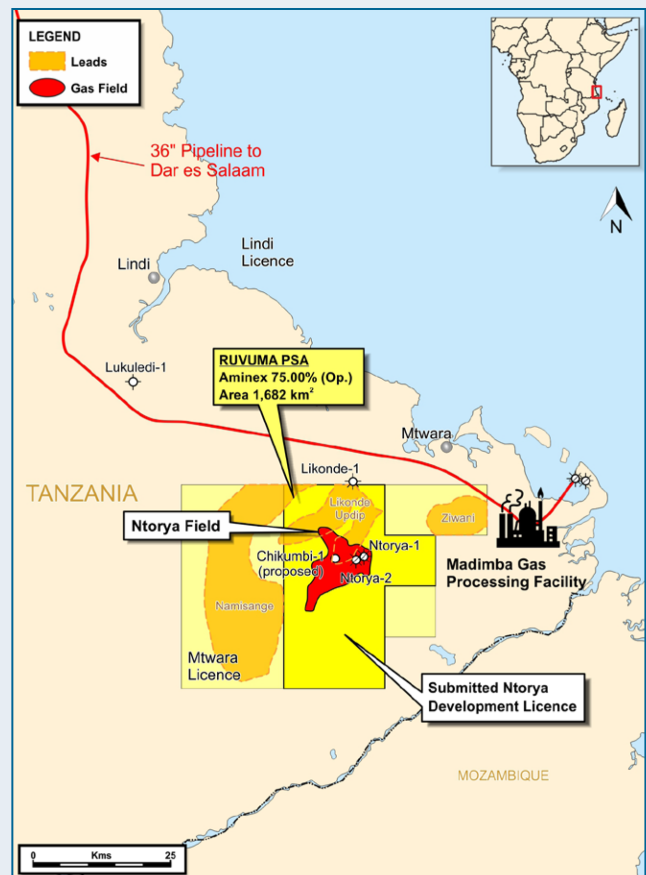
1. Assuming Development Licence is ratified
2. P50
3. RPS assessment of Pg (RISC did not include risking)
4. Pg is Chance of Geological Discovery

Source RPS Energy CPR of December 2018 includes resources from several leads identified in previous reports: LR Senergy CPR of May 2015 and RISC Consultants CPR of June 2012

Aminex recognised the underlying value and opportunities that could be gained in the Ruvuma basin early on and therefore took a substantial early-mover position in the Ruvuma PSA approximately 17 years ago.

Since that time, the Company has actively progressed in a wildcat basin to a point where monetisation of the asset is imminent through a fully carried farm-out to ARA Petroleum Tanzania Limited, an associate of The Zubair Corporation which has a significant interest in Aminex though Eclipse Investments LLC. The Farm-Out is expected to carry Aminex through to full field development of the Ntorya gas field and to relieve Aminex of all capital requirements associated with the field, including costs related to the acquisition, processing and interpretation of 3D seismic, drilling multiple wells commencing with Chikumbi-1 and the construction, if required, of a pipeline to the Madimba gas processing facilities. According to a commercialisation report compiled for the Company by io oil & gas consultants in 2018, the Ntorya field, in a P50 scenario, is estimated to be able to produce 140 MMcfd and therefore generate up to US$40 million per annum in net revenues to Aminex.

Following the drilling of Likonde-1 in 2010, which confirmed prospective reservoirs and proved the presence of an active petroleum system, the Company utilised a limited 2D seismic database and basin reconstruction to identify and drill the Ntorya-1 exploration well in 2012. The well was the first commercial onshore discovery in the Ruvuma basin and was drilled to a total depth of 3,150 metres. The well was tested and flowed from the Albian aged sandstone on an open choke at 20 MMcfd with minor condensate.



The following years saw the acquisition and interpretation of additional 2D seismic and culminated in the drilling and testing of the Ntorya-2 appraisal well in early 2017. The appraisal well encountered a significantly thicker, 51-metre reservoir section located 74 metres up-dip from Ntorya-1. Ntorya-2 was flow tested at a stabilised rate of 17 MMcfd and proved the presence of a substantial gas column for the field. Further to the success of Ntorya-2, the Company employed additional senior technical staff who integrated the data acquired from the appraisal well into a new basin model and the Company remapped the field leading to a substantial increase in resource estimates for Ntorya. This work culminated in a new independently compiled CPR by RPS Energy in February 2018, which ascribed 1.87 TCF of mean GIIP and total 2C Resources of 763 BCF to the Ntorya field. In addition to the significant increase in the Ntorya gas field resource estimates, in December 2018 RPS Energy also assigned the deeper Chikumbi prospect 936 BCF of 2P resources.

Using the new resource estimates Aminex engaged io oil & gas consultants to prepare a commercialisation report for the Ntorya gas field. The report confirmed the commerciality of several options including an early production system which included using Ntorya-1, Ntorya-2 and a third well. A full field development option was also identified and would require an additional five wells in a P50 case, estimated to produce at 140 MMcfd.

With the new resource numbers and confirmation of project commerciality, Aminex submitted a development plan for the Ntorya appraisal area and applied for the grant of a 25-year development licence in September 2017. Review and approval of the Development Licence application remains with the Tanzanian authorities pending negotiation of gas terms and a gas sales agreement.

During the latter part of 2017 and into early 2018, Aminex built the case and put forth a proposal for a new delineation well. While progressing the technical merit of the new location, the team identified a deeper Jurassic-aged prospect underlying the Ntorya gas field. The prospect was named the Chikumbi prospect and the Chikumbi-1 well has been reclassified as an exploration well.

While awaiting the Mtwara Licence extension to be granted, Aminex has progressed the drilling programme for Chikumbi-1 and has designed and received early environmental approvals for a 3D seismic programme over the Ntorya development. The Company also ran a competitive tender for a drilling rig and selected Sakson drilling to drill Chikumbi-1. The Company is well-placed to commence preparation activities for a Chikumbi drilling campaign to delineate the Ntorya gas field and to test the deeper Jurassic Chikumbi prospect.

The Ntorya field lies approximately 33 kilometres from the Madimba gas processing plant in south-eastern Tanzania, which distributes gas into the Tanzanian National Gas Pipeline system. The gas plant is known to have significant ullage which can supply the increasing demand from new industry adjacent to the pipeline route.

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

Kiliwani North Development Licence – Production

Aminex (operator)	63.8304%
RAK Gas LLC	27.7778%
Solo Oil plc	8.3918%

Reserve and Resource Summary

Kiliwani North Reserves

Gas Reserves Gross (100%) Licence Basis (BCF)				
Field	Licence Status	1P	2P	3P
Kiliwani North [1]	Production	1.06	1.94	3.75

Source: [1] RPS Energy CPR of February 2018

Kiliwani North GIIP

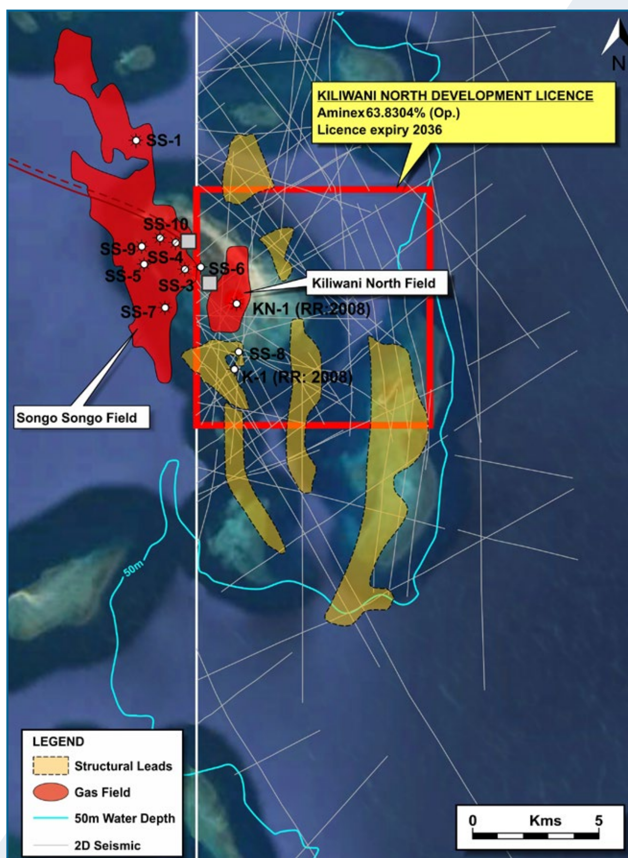
Gross Licence Basis (BCF)[1]					
Field	Licence Status	P90	P50	P10	Mean
Kiliwani North [1]	Production	17.4	29.5	45.9	30.8

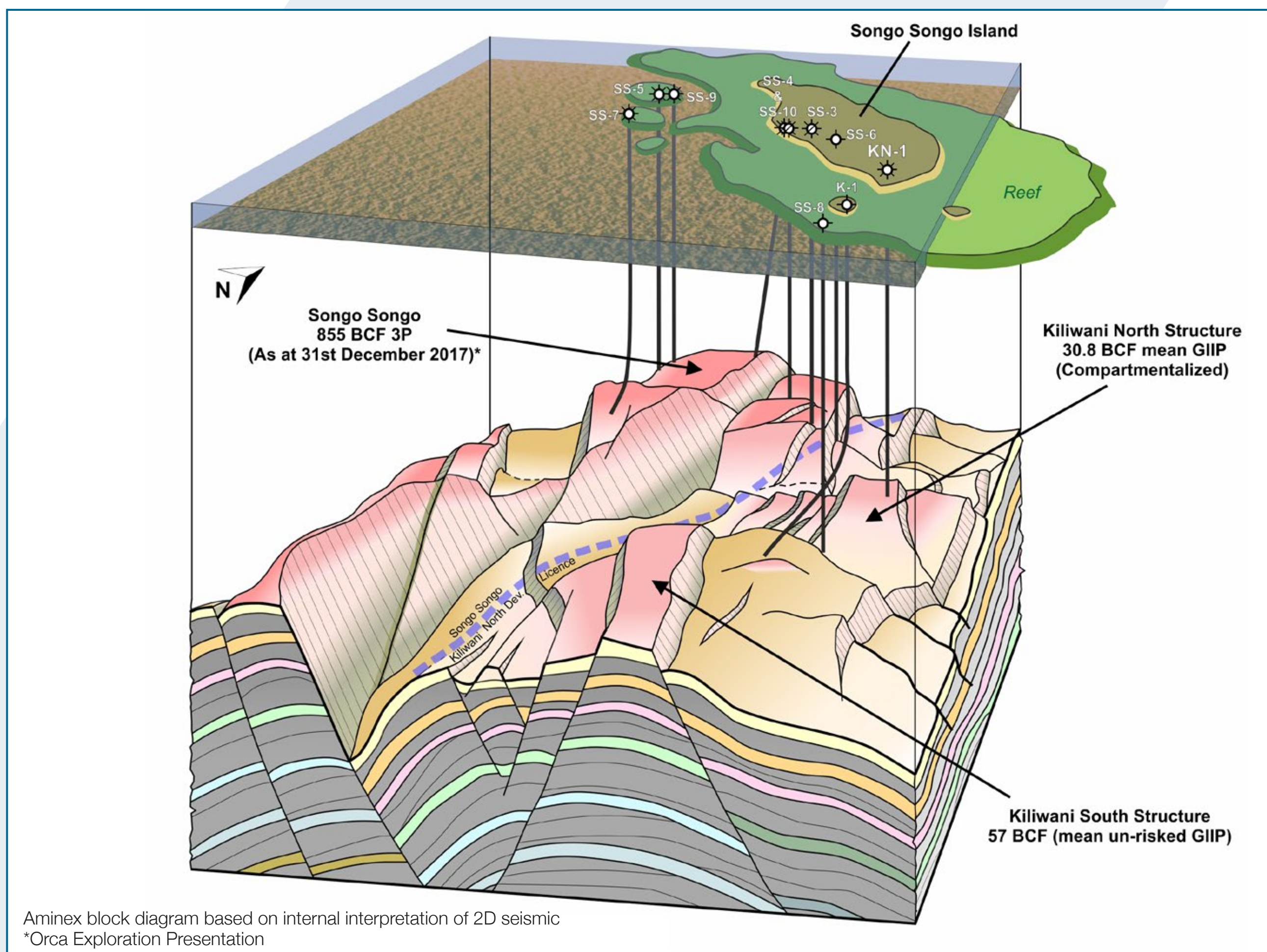
Source: [1] RPS Energy CPR of February 2018

Prospective GIIP Kiliwani South Prospect

Gross Licence Basis (BCF)[1]					
Prospect	Licence Status	P90	P50	P10	Mean
Kiliwani South [2]	Exploration	34	54	84	57

Source: [1] RPS Energy CPR of February 2018
[2] Management Estimates





Aminex block diagram based on internal interpretation of 2D seismic
*Orca Exploration Presentation

The Kiliwani North-1 well was drilled in 2008 and commenced production in April 2016 following the commissioning of the Songo Songo Island Gas Processing Plant ("SSIGPP"). Since commencing production the well has produced 6.4 BCF. Due to a higher than specified calorific value for the gas and an advantageous effect of the sales contract's indexation allowance, gas has been sold during the reporting period at approximately US$3.33 per MCF.

The SSIGPP has a 140 MMcfd processing capacity. Gas from Kiliwani North-1 is sold at the wellhead which limits operational expenses and is eventually delivered into the Tanzanian National Gas Gathering System. A 24-inch spur line from the SSIGPP connects Kiliwani North to a 532 km 36-inch pipeline which transmits gas to Dar es Salaam.

During the year as a result of the re-interpretation of existing data, the Company identified the Kiliwani South prospect which has an estimated 57 BCF of mean un-risked GIIP. With a short connection to the SSIGPP where there is significant ullage, the Kiliwani South prospect is of keen interest as a discovery that could be monetised in the short-term. The Company has made plans to reprocess 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. Re-interpretation of the data also confirmed that the Kiliwani North-1 well is likely to be only draining a small compartment of a larger structure which is still estimated to contain 30.8 BCF of mean un-risked GIIP. The well has drained 6.4 BCF to date indicating that there remains significant resource to be recovered from the structure.

The Kiliwani North-1 well produced intermittently through the first quarter of the year mainly as a result of increased water production, natural reservoir depletion and a relatively high inlet pressure at the SSIGPP. Around the middle of 2018, analysis of the well concluded that the sub-surface safety valve had become stuck in the closed position. A plan to remediate the faulty valve was developed and later in 2018, Schlumberger was engaged to troubleshoot and remediate the valve. The work was successful and during the operation a small amount of gas flowed to the plant. The Company has identified the possibility of perforating a lower and potentially gas saturated section of the reservoir, analysis of which indicates the possibility of providing up to 8 BCF of additional resource from the same well. The plans for 3D seismic acquisition over Kiliwani North would aid in identifying further drilling or side-track opportunities required to drain the remainder of the structure.

Early in 2018, the RPS Energy CPR assigned 1.94/0.95BCF (gross/net) of 2P reserves remaining to be produced from the Kiliwani North-1 well, with the Kiliwani North structure estimated to contain 30.8 BCF of mean un-risked GIIP.

Under the terms of the Nyuni East Songo Songo PSA, which governs the Kiliwani North Development Licence, the TPDC may elect to contribute 5% of development costs in order to obtain a participating interest of 5% in production and revenues.

Nyuni Area PSA - Onshore, Shelf and Deepwater Exploration

Aminex (operator) 100%

Resource Summary

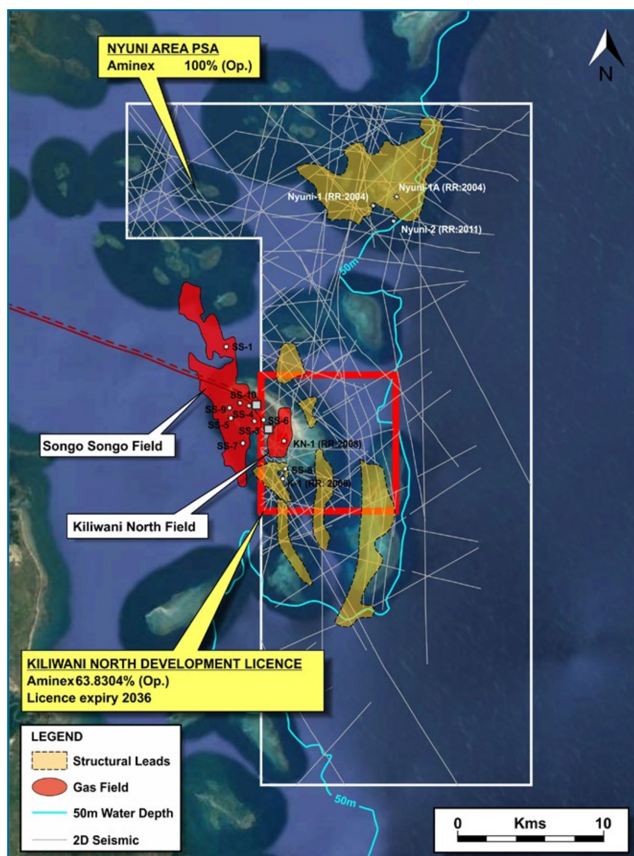
PSA	Licence Status	Gross Mean unrisked GIIP (BCF)
Nyuni Area	Exploration	4,858

Source: RPS Energy CPR of February 2018, RISC Consultants CPR of June 2012

Following a review of the Group's assets, the Board has concluded that the carrying value of the Nyuni asset as at 31 December 2018 is impaired, as detailed in the Financial Review on pages 5 and 6 and Note 10 to the financial statements. Aminex remains focused on projects which will deliver commercial gas in the near term. A new 3D seismic programme area has been identified with the intent to de-risk "leads" capable of being economically drilled and tied into the SSIGPP.

However, Aminex has identified significant upside through the re-interpretation of existing 2D seismic over the licence area and would want to high-grade leads with the potential to deliver gas into the National Gas Gathering System. In the deep-water part of the licence, the Company is unlikely to be in a position to drill a high-cost well without the participation of a larger company as a farm-in partner. Despite the high potential in the deep-water areas, drilling in the shallow transition zone remains the most economically near-term viable option.

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



Other assets

Egypt

Aminex retains a 1% gross overriding royalty on all sales revenues from the South Malak-2 gas discovery well in excess of US$2.5 million. This well is not yet on production.

◆ Songo Songo Island Gas Processing Plant

Corporate and Social Responsibility

◆ Supporting Local Education in Kilwa District.

Environmental Policy

Successful environmental management is dependent on recognising, and avoiding or minimising, environmental impacts. Aminex is aware that protection of the environment requires careful planning and commitment from all levels within the Company. Best practice environmental management demands a continuing, integrated process through all phases of a project.

Environmental management is a core business requirement for Aminex, essential to long-term success. Aminex complies with all relevant legislative requirements and commitments applicable to its operations and where practical, exceeds these requirements. In addition, Aminex is committed to good environmental management and continuous improvement in its performance.

Health, Safety, Security and Environment Policy

The health, safety and security of all our employees, contractors and the wider community in which it operates is of paramount importance to Aminex.

As standard practice, the Company:

- does not compromise on safety;
- complies with legislative requirements;
- identifies, assesses and manages environmental health, safety and security hazards, risks and impacts;
- promotes continuous improvement practices within all aspects of the business;
- minimises work place exposure to hazards; and
- understands and works to meet the expectations of the community and provides appropriate training to employees and contractors to ensure health, safety and security responsibilities are understood.

Community

Aminex believes that continuous improvement in the areas of environment, community and safety is fundamental to ongoing sustainability and success.

The Company's good reputation as a worthy corporate citizen has been achieved by:

- working closely with neighbours and co-occupiers of the land;
- supporting local community through sponsorship and resources;
- providing public information about environmental, community, health, safety and security aspects of the business; and
- encouraging the services of local suppliers where possible.

Aminex has strived to foster a lasting and tangible relationship with the local communities and stakeholder groups where it works and is aware that in addition to regulatory operating approvals, the Company also requires a community acceptance to operate, and that acceptance has to be earned. Aminex is committed to working in an effective and collaborative manner with local communities that co-exist with its operations.

To achieve this Aminex has and will continue to:

- establish and maintain positive and meaningful communication with all affected groups;
- consult with the people whose land may be affected by its activities; and
- engage with relevant groups on various community projects.

Aminex supports local community initiatives where possible. The Company is a major supporter of the Tanzanian registered NGO Australia Tanzania Society (ATS) which includes the provision of surgical missions for free to Tanzanians (www.asanterafiki.com) and the capacity for building the local surgeries. It also supports the Australia Tanzania Young Ambassadors (ATYAwwwyoungambassadorscom.au) in helping community schools and education. Our principal contribution is directed to community projects that add sustainable benefit in the education and medical sectors of the community. Aminex has strict anti-bribery procedures and policies in place and ensures that its employees and contractors observe these at all times in carrying out the Company's business.

◆ Providing water to a School in Mtwara

Board of Directors

John Bell, (53) (UK)
Chairman (N)
John Bell is a Chartered Engineer with over 30 years' experience in the energy sector having worked at Vice President level or Managing Director level with BP, Statoil AS and Suncor Energy (Syria). He graduated with a First Class Honours degree in Engineering from Strathclyde University and studied Executive Leadership at Haas Business School, University of Berkeley California. Previous public company directorships include Gulf Keystone Petroleum and Tethys Petroleum where he was Executive Chairman. John is currently the Managing Director at Gulfsands Petroleum PLC. He was appointed a Director of Aminex in November 2017 and Chairman in February 2019.

Jay Bhattacherjee, (41) (Canada)
Executive Director, Chief Executive Officer
Jay Bhattacherjee, a reservoir engineer, has nearly 20 years' experience in the oil and gas industry during which he has worked for Apache, Pengrowth, Scotia Waterous and Longreach Oil & Gas Ltd. He was appointed VP Operations at Longreach and was instrumental in its growth and development both technically and commercially which culminated in Longreach successfully becoming listed on the TSX Venture Exchange in Canada. He was a co-founder and Chief Executive at Canyon Oil & Gas Ltd. which was acquired by Aminex in 2014. He holds a B.Sc in Chemical Engineering with Petroleum Engineering from the University of Calgary. He was appointed a Director of Aminex in March 2014.

Max Williams, (55) (UK)
Finance Director
Max Williams is a Chartered Accountant. After working in the accounting profession, he joined Aminex as Group Financial Controller in 1994, was subsequently appointed 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. He is a graduate of the University College of Wales, Aberystwyth, and holds a degree in Accounting and Law.

Tom Mackay, (62) (UK)
Non-Executive Director (A, N, R)
Tom Mackay is a Geologist/Petroleum Engineer with a successful career in petroleum operations, management and financing. With a BSc (Hons) in geology from Durham University, he began his career as a Petroleum Engineer with Shell and subsequently moved to Clyde Petroleum PLC where he became Manager, Existing Ventures until it was acquired by Gulf Canada in 1997. Since then he has been an active petroleum consultant on acquisition and new venture projects with a wide range of clients, including Petrofac and Enquest. For a period he served as CEO of a private E&P company, Oil Quest Holdings Limited and from 2002 to 2007 he held senior management positions at Stratic Energy Corporation. He is currently a Partner in Gemini Oil & Gas Advisors LLP which acts as technical and financial advisor to the Gemini Oil & Gas Funds, investing in global appraisal and development projects. He was appointed a Director of Aminex in September 2014.

Ola Fjeld, (61) (Norway)
Non-Executive Director
Ola Fjeld has over 30 years of diverse industry experience in Norway and internationally. He has worked for large international service companies as well as starting an oil and gas software company VoxelVision. The company was acquired by Schlumberger and the technologies from VoxelVision and GigaViz form the seismic interpretation parts of the world leading G&G software package Petrel. He is currently the Chief Operating Officer of ARA Petroleum LLC. He holds a Master's degree from NTNU, Norway. He was appointed a Director of Aminex in August 2016.

Sultan Al-Ghaithi, (43) (Oman)
Non-Executive Director (N)
Sultan Al-Ghaithi has over 19 years of industry experience and is currently Chief Executive Officer of ARA Petroleum LLC where he is responsible for two subsidiary E&P companies operating in Oman. He is a wellsite engineer by background and has previously worked with Petroleum Development Oman and Weatherford International where he was Country and Area Manager in Oman. He was appointed a Director of Aminex in October 2017.

Linda Beal, (57) (UK)
Non-Executive Director (A, R)
Linda Beal is a Chartered Accountant and has over 30 years' experience with PwC including over 16 years as partner, during which time she led services to various international resources groups and advised on many transactions. She was also a partner at Grant Thornton for two years, where she led the global energy and natural resources group, with a significant focus on Africa. She is currently non-executive director at San Leon Energy plc and Kropz plc.

A Member of Audit and Risk Committee
N Member of Nominations Committee
R Member of Remuneration Committee

Directors' Report

The Directors present their annual report and audited financial statements for Aminex PLC ("the Company") and its subsidiary undertakings ("the Group") prepared in US dollars for the year ended 31 December 2018.

Principal activities

The principal activities of the Group are the production, appraisal and development, with exploration potential, of oil and gas assets, reserves and resources. The Group operates through subsidiary undertakings, details of which are set out in Note 12 to the financial statements. The Group's principal area of activity is in Tanzania.

Results and dividends

As set out in the Group Income Statement on page 33, the Group loss after tax amounted to US$48.51 million which compares with a loss after tax of US$2.28 million for 2017. No dividends were paid during the year (2017: US$nil).

Share capital

At 31 December 2018, the Company had two classes of shares which were divided into Ordinary Shares of €0.001 each and Deferred Shares of €0.059 each. The number of Ordinary Shares of €0.001 and Deferred Shares of €0.059 in issue were 3,643,458,062 and 818,658,421 respectively (2017: 3,643,458,062 Ordinary Shares of €0.001 each and 818,658,421 Deferred Shares of €0.059 each). The Company's authorised share capital was €64,000,000 (2017: €64,000,000) comprising 5,000,000,000 Ordinary Shares of €0.001 each and 1,000,000,000 Deferred Shares of €0.059 each (2017: 5,000,000,000 Ordinary Shares of €0.001 each and 1,000,000,000 Deferred Shares of €0.059 each). On 14 February 2019, Aminex completed a placing of 127,226,781 Ordinary Shares. As a result of the placing, as at the date of this report, the number of Ordinary Shares of €0.001 in issue are 3,770,684,843. The Ordinary Shares are in registered form. For further details see post balance sheet event on page 62.

Resolutions have been proposed to renew the Directors' authority to allot share capital of the Company, as are set out more fully in the Notice of Annual General Meeting. The Directors were granted authority at the 2017 Annual General Meeting to consolidate the existing ordinary shares at a ratio of 1 new ordinary share for every 20 existing Ordinary Shares and to cancel the Deferred Shares of €0.059 each and this authority remains at the Directors' discretion.

Additional information in respect of shares and directors as required by the European Communities (Takeover Bids (Directive 2004 25/EC)) Regulations 2006 are set out on pages 16 to 17.

Directors and their interests

Biographies of all Directors are set out on page 12. In accordance with the Articles of Association, Mr. O. Fjeld and Mr. T.A. Mackay retire from the Board and being eligible offer themselves for re-election. Mrs. L. Beal was appointed to the Board on 9 January 2019, since the last Annual General Meeting, and is therefore required to seek election at the forthcoming Annual General Meeting. Mr B.A. Hall retired from the Board on 31 August 2018, having served on the Board in various capacities since 1991. Having served over nine years on the Board, Mr. K.J. Phair retired from the Board on 4 February 2019.

With the exception of the transactions stated in Note 26 to the financial statements, there were no other significant contracts, other than Executive Directors' contracts of service, in which any Director had a material interest.

The Directors who held office at or have been appointed since 31 December 2018 had no beneficial interests in any of the shares of the Company and Group companies other than Ordinary Shares in Aminex PLC as follows:

Director		Number of Ordinary Shares	
	30 April 2019	31 December 2018	31 December 2017
S. Al-Ghaithi	-	-	-
L. Beal	1,034,482	-	-
J. Bell	1,034,482	-	-
J.C. Bhattacherjee	47,441,297	46,406,815	45,914,474
O. Fjeld	-	-	-
T.A. Mackay	1,028,947	1,028,947	1,028,947
K.J. Phair	n/a	9,019,401	9,019,401
M.V. Williams	5,519,130	4,484,648	3,993,006

Details of the Directors' share options are set out in the Remuneration Report on pages 25 to 26.

Substantial shareholdings in the Company

As of the date of this report, the following was a holder of 3% or more of the Company's issued Ordinary Share capital:

	Number of shares	Per cent
Eclipse Investments LLC	1,069,161,293	28.35
Majedie Asset Management Limited and Majedie Asset Management Investment Fund Company	357,061,624	9.47

The Directors have not been made aware of any other beneficial shareholdings of 3% or more of the issued Share Capital as at the date of this report.

Directors' Report continued

Financial Review

A review of current year financial activities is set out in the Financial Review on pages 5 to 6. Key performance indicators principally relate to production, net oil and gas reserves and the Group's exploration licences, as detailed within the Chairman's Statement, the Chief Executive's Review, the Financial Review and the Operations Report.

Operations Report

A review of exploration and production activities during 2018 and outlook for 2019 are set out in the Chairman's Statement on page 2, the Chief Executive's Review on page 3 to 4 and in the Operations Report on pages 7 to 10.

Payment of Suppliers

The Company's policy is to agree payment terms with individual suppliers and to abide by such terms.

Electoral Act 1997

The Group did not make any political donations during the current or previous year.

Corporate Governance Statement

Statements by the Directors in relation to the Company's application of corporate governance principles, compliance with the principles of the UK Corporate Governance Code published in April 2016 and the Irish Corporate Governance Annex, the Group's system of internal controls and the adoption of the going concern basis of preparation of the financial statements are set out on pages 18 to 24. The report on Directors' remuneration is set out on pages 25 to 26. Principal risks and uncertainties are set out on pages 22 and 23 to comply with Companies Act 2014 requirements.

Audit Committee

The Group has established an Audit and Risk Committee that is chaired by an independent Director and whose terms of reference include the:

a) monitoring of the financial reporting process;

b) reviewing the accounting policies and significant financial reporting issues and judgements;

c) monitoring of the effectiveness of the Group and Company's systems of internal control and risk management;

d) monitoring the need for or the effectiveness of the internal audit function;

e) overseeing the relationship with the statutory auditors and reviewing and monitoring of the statutory audit of the Group and Company's statutory financial statements;

f) review and monitoring of the independence of the statutory auditors and in particular the provision of additional services to the Group and Company;

g) ensuring the integrity of the financial statements; and

h) review of the Group's financial and operating risks and ensuring that appropriate procedures are in place for mitigating risk.

Further details are provided in the Corporate Governance Statement on pages 18 to 24.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group statutory auditors are aware of this information. In so far as they are aware there is no relevant audit information of which the Group's statutory auditors are unaware.

Directors' Compliance Statement

The Directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, and tax laws ('relevant obligations'). The directors confirm that:

- A compliance policy statement has been drawn up setting out the Company's policies that in their opinion are appropriate with regard to such compliance;
- Appropriate arrangements and structures have been put in place that, in their opinion, are designed to provide reasonable assurance of compliance in all material respects with those relevant obligations; and
- A review has been conducted, during the financial year, of those arrangements and structures.

Post balance sheet events

On 4 January 2019, the Company announced that shareholders approved the Farm-Out of a 50% interest in the Ruvuma PSA to The Zubair Corporation at an extraordinary general meeting. The Farm-Out remains subject to other conditions precedent including approval by the Tanzanian authorities and the award of the Mtwara Licence extension. Accordingly, Aminex and The Zubair Corporation agreed to extend the long-stop date to 31 July 2019.

On 14 February 2019, the Company raised approximately GB£1.85 million (approximately US$2.40 million) before expenses through the issue of 127,226,781 new ordinary shares in the capital of Aminex at a price of Stg 1.45p per share. The funds are to help accelerate development over its Kiliwani North Development Licence. The net proceeds of the Placing will finance the reprocessing of the existing 2D seismic, to plan for the acquisition of new 3D seismic and to transition Kiliwani South from a prospect to a drill ready target (with management estimates of 57 BCF GIIP).

On 14 February 2019, the Company granted 6,411,000 options over Ordinary Shares to Mr. J. Bell. The exercise price is Stg1.56p with the exercise period not exceeding ten years from date of grant. The share-based payment charge arising from the grant will be charged to the income statement in the year ending 31 December 2019.

Brexit

It is the view of the Board that, given the Group's focus on Tanzania, Aminex will not be materially affected by the proposed exit from the European Union by the UK. Aminex currently has one gas sales agreement in place which ensures that any gas produced from the Kiliwani North Field is sold at an agreed price not linked to the global oil and gas market. Any future production from other fields in Tanzania is expected to operate under similar agreements. The Board also recognises that a no-deal Brexit could give rise to regulatory, legal and financial concerns for Aminex PLC in respect of its listing on the London Stock Exchange and for its UK subsidiary company, Aminex Petroleum Services Ltd and to the members of staff employed by that company and monitors the risks accordingly.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at Kings Buildings, 16 Smith Square, London, SW1P 3JJ, UK.

Auditor

In accordance with Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, have indicated their willingness to continue in office.

On behalf of the Board

J.C. Bhattacherjee
Director

M.V. Williams
Director

30 April 2019

Additional Information for Shareholders

Additional information in respect of shares and Directors as required by the European Communities (Takeover Bids (Directive 2004 25/EC)) Regulations 2006 are set out below.

Amendment to the Articles of Association

Any amendment to the Articles of Association ('Articles') of the Company requires the passing of a special resolution in accordance with the provisions of the Companies Act.

Rights attaching to shares

The rights attaching to the Ordinary and Deferred Shares are defined in the Company's Articles. A shareholder whose name appears on the register of members can choose whether the shares are evidenced by share certificates (i.e. in certificated form) or held in electronic form (i.e. uncertificated form) in CREST (the electronic settlement system in Ireland and the UK).

At any general meeting, a resolution put to the vote shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of the meeting, or by at least three shareholders present in person or by proxy, or by any shareholder or shareholders present in person or by proxy and representing not less than 10% of the total voting rights of all the shareholders having the right to vote at the meeting, or by a shareholder or shareholders holding shares in the Company conferring the right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than 10% of the total sum paid up on all the shares conferring that right to vote.

The shareholders may declare dividends by passing an ordinary resolution in general meeting but the amount of the dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment of interim dividends. No dividend shall be paid unless the distributable profits of the Company justify the payment.

Notice of each dividend declared and/or other monies payable to members (including, without prejudice to the generality of the foregoing, on a return of capital) shall be given to each member in the manner provided for under Articles 137 and 138. All dividends and/or other monies payable to members (including, without prejudice to the generality of the foregoing, on a return of capital) unclaimed for a period of 12 years after the declared date of payment thereof may by resolution of the Board be forfeited for the benefit of the Company.

If the Company is wound up, the liquidator may allocate, with the sanction of a special resolution passed in general meeting and any other sanction required by the Companies Act 2014, between the shareholders in specie or in kind the whole or any part of the assets of the Company. The liquidator may value the assets and determine how to divide the assets between shareholders or different classes of shareholders. The liquidator may transfer the whole or any part of the assets into trust for the benefit of the shareholders.

Voting at general meetings

Subject to any rights or restrictions for the time being attached to any class of shares, shareholders may attend any general meeting and, on a show of hands, every shareholder present in person or by proxy shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for each share of which he/she is the holder.

Votes may be given either personally or by proxy. The form of proxy shall be signed by the appointer or his/her duly authorised attorney or if the appointer is a body corporate either under the seal or signed by an officer of the body corporate duly authorised.

The form of proxy must be delivered to the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting as notified in the notice of general meeting at which the person named in the form of proxy proposes to vote.

No shareholder shall be entitled to vote at any general meeting unless all calls or other sums payable in respect of his/her shares have been paid.

Transfer of shares

The Directors may decline to register the transfer of a share which is not fully paid. The Directors may also refuse to register a transfer unless the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right to transfer and the instrument of transfer is in respect of one class of share only.

The Directors have the power to implement any arrangements they think fit for evidencing the title to and transfer of shares in accordance with statutory obligations made from time to time. Transfers of uncertificated shares must be carried out using CREST and the Directors may refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST. Transfers of shares in certificated form must be executed by or on behalf of the transferor and the transferee.

Under the terms of the Aminex PLC Executive Share Option Scheme, option holders who obtain shares on the exercise of options must retain, subject to the Directors' discretion and to an offer for the whole or a specified portion of the share capital, beneficial ownership of those shares for a minimum period of three years unless otherwise determined by the Board.

Additional Information for Shareholders continued

Variation of rights

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special right or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine.

If at any time the share capital is divided into different classes of shares, the rights attached to any class may be varied or abrogated with the written consent of the holders of at least 75% of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

Appointment and replacement of Directors

There will be no less than two Directors. Directors may be appointed by the Company by ordinary resolution (provided not less than 7 days or more than 42 days before the day appointed for the meeting, notice is given to the Company of the intention to propose a person for election) or by the Board. A Director appointed by the Board shall hold office only until the following annual general meeting and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. At each annual general meeting of the Company, one-third of the Directors shall retire by rotation or if their number is not a multiple of three then the number nearest one-third shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

The Company may, by ordinary resolution of which extended notice has been given in accordance with the Companies Act 2014, remove any Director before the expiration of his period of office.

Powers of the Directors

The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not required by the Companies Act 2014 or by the Articles to be exercised by the Company in general meeting. The Directors are, subject to the provisions of the Companies Act 2014, authorised to allot shares in accordance with an offer or agreement for the number of authorised shares not yet issued and also to issue shares for cash. Resolutions to renew these authorities are set out in the Notice of Annual General Meeting. Under the Aminex PLC Executive Share Option Scheme, the Directors are authorised, in the event of an offer for the whole or a specified portion of the share capital, to request option holders to exercise unexercised options.

The Directors are committed to maintaining high standards of corporate governance. The Corporate Governance Statement describes how the Company applied the principles of the UK Corporate Governance Code (the “Code”) published in April 2016 as adopted by Euronext Dublin (formerly, the Irish Stock Exchange) and the London Stock Exchange (“LSE”) throughout the financial year ended 31 December 2018. The Directors note that Euronext Dublin introduced the Irish Corporate Governance Annex (the “Annex”) to apply to companies listed on Euronext Dublin and which supplements the Code with additional corporate governance provisions. Except where otherwise stated, the Directors believe that the Group has complied with the provisions of the Code and the Annex throughout the year under review. A new UK Corporate Governance Code (the “New Code”) was published in July 2018 and applies to accounting periods beginning on or after 1 January 2019. Accordingly, the Company will be reporting and disclosing against the New Code from next year.

A copy of the Code and the New Code can be obtained from the Financial Reporting Council’s (“FRC”) website: www.frc.org.uk. A copy of the Annex can be obtained from Euronext Dublin’s website: www.ise.ie.

Corporate Governance

Compliance with the provisions of the UK Corporate Governance Code (the "Code") and the related Irish Corporate Governance Annex (the "Annex")

The Directors consider that Aminex PLC has complied throughout the year with the provisions of the Code and the Annex except for the following matters:

- The terms and conditions of appointment of Non-Executive Directors were not publicly available during the year. Such terms and conditions are now publicly available.
- A performance evaluation of the Board, its Committees and its Directors was not undertaken during the year.
- As stated in the Directors' Remuneration Report, during 2018 three of the Company's Non-Executive Directors held options over the Ordinary Shares of the Company. The Board considers that this is in the Group's best interests to attract and retain high calibre directors and that, with limited cash resources, this can be achieved by the granting of options. Accordingly, the Company does not have at least two independent non-executive directors as set out in provision B1.2 of the Code. However, given the nature of such options held by, and the calibre and experience of, such Non-Executive Directors, the Board viewed these Non-Executive Directors as sufficiently independent of management and as being capable of exercising independent judgement.
- The Company did not engage an external search consultancy nor conduct any open advertising in sourcing a permanent replacement Chairman after the retirement of Mr. B.A. Hall. Given the Company's finances at the time, it was deemed appropriate and prudent not to incur such expense

The Board of Directors

The Company is controlled through its Board of Directors. The Board's main roles are to create value for shareholders, to provide entrepreneurial leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable the Group to meet its objectives.

There are matters which are specifically reserved for the Board which include setting and monitoring business strategy; evaluating exploration opportunities and risks; approving all capital expenditure on exploration and producing oil and gas assets; approving all investments and disposals; approving budgets and monitoring performance against budgets; reviewing the Group's health and safety policy and considering and appointing new Directors and the Company Secretary.

The Board consists of seven members and comprises a Non-Executive Chairman, two Executive Directors and four Non-Executive Directors. The Chairman, Mr. J. Bell, and one Non-Executive Director, Mr. T.A. Mackay have a beneficial interest in the Company and participate in the Aminex PLC Executive Share Option Scheme. Mrs. L. Beal also has a beneficial interest in the Company. Mr. S. Al-Ghaithi and Mr. O. Fjeld do not have a beneficial interest in the Company and do not participate in the Aminex PLC Share Option Scheme. It was reported last year that the Board did not intend to grant any further options to any current or future Non-Executive Directors after the grant of options in January 2018, however, after due and careful consideration of, and taking into account, his overall remuneration package, options were granted to Mr. J. Bell on his appointment as Chairman on 4 February 2019. The Board considers each of the current Non-Executive Directors to be independent in character and judgement. The Board also considers Mr. J. Bell, Mr. T.A. Mackay and Mrs. L. Beal are free from any business relationships or circumstances that could materially interfere with the exercise of their independent judgement. It is noted that Mr. J. Bell is also the Managing Director of Gulfsands Petroleum PLC however the Company does not regard there to be any conflict of interest. Mr. S. Al-Ghaithi and Mr. O. Fjeld are the Chief Executive Officer and Chief Operating Officer of ARA Petroleum LLC, respectively, which is part of The Zubair Corporation and an associate company of Eclipse Investments LLC and were nominated by Eclipse Investments LLC to be Non-Executive Directors. The Board recognises this potential conflict of interest and procedures are in place to ensure that the obligations of Mr. S. Al-Ghaithi and Mr. O. Fjeld as Directors of Aminex are observed. Brief biographies of the Directors are set out on page 12.

There is a clear division of responsibilities between the roles of Chief Executive Officer and Non-Executive Chairman. The Senior Independent Director is Mr. T.A. Mackay.

The Board plans to meet at least six times a year. All Directors are expected to attend these scheduled meetings, however other meetings are held in between each scheduled meeting to ensure that Non-Executive Directors are kept informed of corporate developments. All Directors receive reports and papers on a timely basis for Board and Committee meetings. All Directors have access to the advice and services of the Company Secretary and may obtain independent professional advice at the Group's expense.

Under the terms of the Company's Articles, at least one third of the Board must seek re-election to the Board at the Annual General Meeting each year. All new Directors appointed since the previous Annual General Meeting are required to seek election at the next Annual General Meeting and in accordance with this the Directors will propose a resolution to elect Mrs. L. Beal. The Directors required to seek re-election at the forthcoming Annual General Meeting are Mr. O. Fjeld and Mr. T.A. Mackay. Mr B.A. Hall retired from the Board on 31 August 2018, having served on the Board in various capacities since 1991, and Mr. K.J. Phair became interim Chairman from the same date. Having served over nine years on the Board, Mr. K.J. Phair retired from the Board on 4 February 2019.

The Directors have access to a regular supply of financial, operational and strategic information to assist them in the discharge of their duties. Such information is provided as part of the normal management reporting cycle undertaken by senior management.

The Company arranges appropriate insurance cover in respect of legal action against its Directors.

Diversity Information

The Company is committed to ensure that the Board is sufficiently diverse and appropriately balanced. In its work in the area of Board renewal, the Nominations Committee looks at a number of criteria when considering non-executive Director candidates, including:

- international business experience, particularly in the regions in which the Group operates or into which it intends to expand;

- skills, knowledge and expertise (including educational or professional background) in areas relevant to the operation of the Board;
- diversity, including nationality and gender; and
- the need for an appropriately sized Board.

During the ongoing process of Board renewal, each, or a combination, of these factors can take priority. The Board appointed its first female Director in January 2019. Four nationalities are represented on the Board, providing a range of backgrounds and experiences. The Board has not set any policy regarding age and the ages of the Directors range from 41 to 62. The average tenure of service by a Director is three years.

Board Committees

During 2018, the Board had an Audit Committee, a Remuneration Committee, a Risk Committee, a Nominations Committee and a Technical Committee, each of which has formal terms of reference approved by the Board. From January 2019, the Audit Committee has taken on the responsibilities of the Risk Committee, to form a new Audit and Risk Committee and the role of the Technical Committee has been taken on by the Board. In this section, references to the Audit Committee refers to either the Audit Committee or the Audit and Risk Committee.

Audit Committee

Composition of the Audit Committee

During the year, the Audit Committee comprised Mr. K.J. Phair (Chair), Mr. O. Fjeld and Mr. T.A. Mackay. After the year-end and the retirement of Mr. K.J. Phair as a Non-Executive Director, Mrs. L. Beal assumed the role of Chair of the Audit Committee and Mr. O. Fjeld retired from the Audit Committee. All members of the Committee are deemed to be financially competent and suitably qualified. The terms of reference for the Audit Committee are available for inspection on the Company's website www.aminex-plc.com. The Audit Committee met twice during the year. Each committee meeting was attended, by invitation, by the Group Chairman, the Group Chief Executive Officer and the Group Finance Director. The external auditor also attended part of these meetings as required.

Activities of the Audit Committee

During the year, the Audit Committee discharged its responsibilities as follows:

Integrity of the financial statements

The Audit Committee met twice during the year to review the interim and annual financial statements prior to Board approval; to review the appropriateness of the Group's key accounting policies; to review the potential impact on the Group's financial statements of certain matters such as impairment of non-current asset values; to review and approve the audit and non-audit fees due to the Group's external auditor; to approve the external auditor's letter of engagement and to review the external auditor's report to the Audit Committee. In undertaking this review, the Audit Committee discussed with management and the external auditor the critical accounting policies and judgements that had been applied.

The Audit Committee determined that the key risks of misstatement of the Group's financial statements related to the carrying value of exploration and evaluation assets, the carrying value of production assets held under property, plant and equipment, the recognition of contingent liabilities, including certain amounts sought by the TPDC, and the presumption of going concern.

These issues were discussed with management during the year when the Committee considered the half-year financial statements in September 2018 and the financial statements for the year ended 31 December 2018 in March 2019. These issues and how they were addressed are set out in further detail below:

Carrying value of exploration and evaluation assets

The total carrying value of exploration and evaluation assets at 31 December 2018 is US$58.53 million. The Audit Committee assessed the carrying value of exploration and evaluation assets by applying the industry-specific indicators of impairment set out in IFRS 6 "Exploration for and Evaluation of Mineral Resources". The Audit Committee considered the expiry of and prospect of extensions to each licence, continuance of activity and planned expenditure and data indicating the likelihood that the carrying cost could be recovered from a successful development or sale.

As a result of the assessment of the status of the Nyuni Area PSA, the Audit Committee confirmed management's conclusion that an impairment trigger, in accordance with IFRS 6, had occurred in relation to the Group's Nyuni Area PSA asset following the notification from the Tanzanian authorities that the licence would end in October 2019. The asset has therefore been fully impaired.

The Audit Committee considered the continuing discussions with the Tanzanian authorities for a new production sharing agreement for the Lindi Licence. The carrying value for the Lindi Licence, which includes the cost of the Likonde-1 well is approximately US$10.4 million. The Audit Committee considered whether, in the event that a new production sharing agreement is not granted for the Lindi Licence, an impairment of the carrying value might be necessary, but further noted that the recoverable cost pool for the Lindi Licence would be transferable to the Mtwara Licence under the Ruvuma PSA and therefore concluded that the asset was not impaired. The Audit Committee considered the drilling success at Ntorya in the Mtwara Licence and the status of the Mtwara Licence for which the Company has a reasonable expectation of being granted an extension, and the application for a development licence for Ntorya which is pending approval by the Tanzanian authorities, as well as other matters, in assessing the conclusion by management that no additional adjustments to the impairment provision for exploration and evaluation assets is required for the period under review.

Carrying value of property plant and equipment

The total carrying value of producing and development assets classified as property, plant and equipment assets at 31 December 2018 is US$2.39 million. The Audit Committee assessed the carrying value of the development asset at Kiliwani North in Tanzania. The Committee considered the value in use based on a management estimate which itself is based on independent resource estimates for the Kiliwani North Development Licence and compared these valuations with the expected realisable value of the cash-generating unit. The Audit Committee took into consideration the expectation of further production at the Kiliwani North-1 well, and also reviewed and challenged the assumptions used in management's assessment, discussed these in detail with senior management and, based on the above, was satisfied that the carrying value was not deemed to be impaired.

Carrying value of intra-group loans

Following the impairment of the Nyuni Area PSA, the Audit Committee assessed the carrying value of the Company's intra-group loans with its subsidiaries and management's recommendation for an impairment provision. The assessment took into consideration the ability of the subsidiary undertakings to service the loans that are repayable on demand and are not subject to interest. The Audit Committee concluded that the Company's intercompany loan due from its subsidiary Ndovu Resources Limited was impaired and made a provision accordingly (see Note 13).

Recoverability of the TPDC trade receivable

The Audit Committee considered the status of the trade receivables balance of US$7.41 million, of which Aminex's share amounted to US$3.04 million, due from the TPDC for invoiced gas sales and interest for late payment thereon. The Committee took into account third party legal advice and concluded that the balance was receivable in full with no impairment required. The Committee noted that the delay in settlement of the balance was connected with requests from the TPDC for certain payments, the basis of which Aminex does not agree, and that the TPDC is seeking to offset these amounts against the trade receivables balance.

Recognition of contingent liabilities

The Audit Committee considered and assessed the status of management's discussions with the TPDC concerning requests for payments of certain amounts sought by the TPDC in relation to gas revenues from Kiliwani North-1 (see Note 23). The assessment took into account third party legal advice. The Audit Committee concluded that adequate provisions had been made and the disclosure of the matter as a contingent liability was appropriate.

Going concern and viability

The Audit Committee considered the Group's ability to continue as a going concern. The Audit Committee reviewed and challenged the cash flow projections and sensitivity analysis performed, together with the key assumptions on which they were based, prepared by management for the 12-month period from the date of approval of the financial statements to 30 April 2020. The Audit Committee also reviewed and challenged management cash flow projections, the key assumptions on which they were based and sensitivity analysis performed to support the viability statement for the period ending 31 December 2021. The Committee noted the completion of the Placing in February 2019 for approximately US$2.40 million before transaction expenses. The Committee considered the recoverability of and expected timing of receivables amounting to US$7.41 million, of which Aminex's share is US$3.04 million, due from the TPDC. The Audit Committee took into account the notification for payment of US$5.97 million by the TPDC received on 11 April 2018 (see Note 23), together with more recent correspondence and external legal advice on certain matters arising therefrom. The Committee considered the Group's ability to meet its operational and capital expenditure planned for 2019 and 2020 and the options available to the Company to assist cash flow. The Audit Committee reviewed the timing of the expected completion of the remaining conditions precedent relating to the Farm-Out and the receipt of US$5.00 million from The Zubair Corporation, assessing the risks of and implications arising from non-completion of the transaction. The Committee was satisfied that it was appropriate for the financial statements to be prepared on a going concern basis assuming that either the Farm-Out completed or that the TPDC settled the amounts due to the Group. However the Committee also concluded that there is no certainty that the Farm-Out will complete or the payment from the TPDC will be received and therefore there existed a material uncertainty on the Group's ability to continue as a going concern and accordingly may not be able to realise its assets and discharge its liabilities in the ordinary course of business. The Committee reviewed management's cost mitigation plans in the event that the Group was unable to complete the Farm-Out and the TPDC did not settle the trade receivable because of withholding balances against potential liabilities claimed and concluded that the plans were appropriate.

Misstatements

Management confirmed to the Audit Committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation.

Discussions with the auditor

The Audit Committee has received and discussed a report from the external auditor on the findings from the audit, including those relating to the risks noted above.

Conclusion

After reviewing the presentations and reports from management and taking into account views expressed by the external auditor, the Audit Committee is satisfied that the financial statements appropriately address the critical accounting judgements and key sources of estimation uncertainty (both in respect of amounts reported and the disclosures). The Audit Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust.

Work by and independence of external auditor

The Audit Committee has a policy to monitor the level of audit and non-audit services provided by the Group's external auditor. This policy sets out that non-audit services, which need to be agreed in advance, are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. An analysis of the fees paid to the external auditor in respect of audit and non-audit work is included in Note 5 of the financial statements. In addition to processes and safeguards put in place to ensure segregation of audit and non-audit roles, as part of the assurance process in relation to the audit, the external auditor is required to confirm to the Audit Committee that they have both the appropriate independence and objectivity to allow them to continue to serve the members of the Group. The external audit engagement partner is replaced every five years and other senior audit staff are rotated every seven years. A new audit engagement partner has been responsible for the 2018 audit. No matters of concern were identified by the Audit Committee.

The Audit Committee invites Executive Directors and representatives of the external auditor to the meetings as appropriate. Members of the Audit Committee have an opportunity to meet in private without the presence of either the Executive Directors or the external auditor.

Corporate Governance continued

The Audit Committee also has an opportunity to discuss in private any matters with the external auditor without the presence of the Executive Directors.

Audit tendering and rotation

KPMG has been the Group's auditor for over 30 years. The Committee acknowledges the provisions relating to audit reforms and audit tendering contained in the UK Corporate Governance Code and the EU Directive passed by the European parliament effective from June 2016.

The Audit Committee continues to monitor these legislative developments governing auditor rotation and tendering which would require the Group to meet the mandatory rotation of KPMG as auditor by no later than 2023.

Internal audit function

The Audit Committee reviews the necessity for the establishment of an internal audit function. At present, the Audit Committee does not consider that an internal audit function is required because of the small size of the Group and the direct involvement of senior management in setting and monitoring controls.

Remuneration Committee

During the year, the Remuneration Committee comprised Mr. T.A. Mackay (Chair), Mr. O. Fjeld and Mr. K.J. Phair. The Remuneration Committee met twice during the year to consider the remuneration of the Group's Executive Directors and the granting of options under the Aminex PLC Executive Share Option Scheme ("the Scheme"). Options were granted in January 2018 to Directors and staff and, subsequent to the year-end, in February 2019. Details of Directors' remuneration and options held is set out in the Directors' Remuneration Report on pages 25 to 26.

Risk Committee

A Risk Committee, which during the year comprised Mr. B.A. Hall (until 31 August 2018), Mr. J. Bhattacherjee (from 31 August 2018), Mr. M.V. Williams, and three members of the management team, Mr. A.R.G. LeBlanc, Mr. B. Cassidy and Mr. M.V. Bates, was charged with the review of the key risks inherent in the business and the system of control necessary to manage such risks and presents its findings to the Board. Exploration risk, the main corporate risk to which the Group is exposed, is monitored and reviewed regularly by the Board. The Board considers exploration risk to be acceptable for the Group taking into account the industry in which it operates. From January 2019, the new Audit and Risk Committee is to oversee the process for review and monitoring of risks, and implementation of mitigating actions, by management.

Nominations Committee

During the year, the Nominations Committee comprised all the Directors. The Committee met twice during the year to consider the replacement of Mr. B.A. Hall as Chairman and to consider the appointment of Mrs. L. Beal as a Director of the Company.

Directors' attendance at Board and Committee Meetings

The table below sets out the attendance record of each Director at scheduled Board and Committee meetings during 2018.

	Board (Main)	Audit Committee	Remuneration Committee	Risk Committee	Technical Commitee
Number of meetings	7	2	2	2	1
	Meetings attended	Meetings attended	Meetings attended	Meetings attended	Meetings attended
S. Al-Ghaithi	7	n/a	n/a	n/a	n/a
J. Bell	7	n/a	n/a	n/a	n/a
J.C. Bhattacherjee	7	n/a	n/a	1	n/a
O. Fjeld	7	2	2	n/a	1
B.A. Hall	4*	n/a	n/a	1*	n/a
T.A. Mackay	7	2	2	n/a	1
K.J. Phair	7	2	2	n/a	n/a
M.V. Williams	7	n/a	n/a	2	n/a

Key: n/a = not applicable (where a Director was not a member of the Committee); * = until his retirement on 31 August 2018.

During 2018, certain Directors who were not committee members attended meetings of the Audit, Remuneration and Technical Committees by invitation. These details have not been included in the table above.

Relations with shareholders

The Company communicates regularly with shareholders including the release of the interim and annual results and following significant developments. The Annual General Meeting is normally attended by all Directors. Shareholders, including private investors, are invited to ask questions on matters including the Group's operations and performance and to meet with the Directors after the formal proceedings have ended.

The Group maintains a website (www.aminex-plc.com) on which all announcements, financial statements and other corporate information are published. The Directors are available to meet institutional shareholders for ad hoc discussions. The Senior Independent Director is available to meet with shareholders if they have concerns which contact through the normal channels of the Chairman and Chief Executive Officer has failed to resolve or for which such contact is inappropriate.

Internal control

The Directors are responsible for the Group's system of internal controls, the setting of appropriate policies on those controls, the regular assurance that the system is functioning effectively and that it is effective in managing business risk.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Audit Committee monitors the Group's internal control procedures, reviews the internal controls processes and risk management procedures and reports its conclusions and recommendations to the Board.

The Directors consider that the frequency of Board meetings and the information provided to the Board in relation to Group operations assists the identification, evaluation and management of significant risks relevant to its operations on a continuous basis.

Preparation and issue of financial reports to shareholders and the markets, including the consolidated financial statements, is overseen by the Audit Committee. The Group's financial reporting process is controlled using documented procedures. The process is supported by a Group finance team based in the UK and finance personnel in Tanzania who have responsibility and accountability to provide information in keeping with agreed policies. Aminex's processes support the integrity and quality of data by arrangements for segregation of duties. Each reporting entity's financial information is subject to scrutiny at reporting entity and Group level by the Chief Executive Officer and Finance Director. The half-year and annual consolidated reports are also reviewed by the Audit Committee in advance of being presented to the Board for its review and approval.

Following the monitoring and review of the internal control process and the risk management procedures, the Board considers that the system of internal control operated appropriately during the year and up to the date of signing the Annual Report.

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 has been assisted by the Risk Committee, now the Audit and Risk Committee, which seeks to identify risks for Board consideration and which monitors other risks, the responsibility for those risks and how they are managed. The following are considered to be the key risks facing the Group at the year-end that may affect the Group's business, although there are other risks which they currently deem to be less material that may impact the Group's performance.

Strategic Risks

Development of assets to production – The Group may fail to expand through the exploration and development of its licences for which it acts as operator with joint venture partners. The failure of joint venture partners to pay their working interests may impact on Aminex's strategy. Aminex has entered into a Farm-Out agreement to accelerate the development of and production from the Ruvuma PSA acreage for which shareholder approval was obtained at an extraordinary general meeting held on 4 January 2019, but which remains subject to certain approvals.

Mitigation – Aminex seeks to develop its assets to derive production and the growth of cash generative business streams such that it can meet its commitments with internally-generated funds. The Board considers that the focus of Aminex's activities on development projects, with exploration potential, will provide value creation for shareholders rather than an exploration-led strategy. The Group identifies joint venture partners who are capable of contributing to operations. Pending completion of the Farm-Out, Aminex has maintained a majority interest in each of its licences which offers greater upside potential to shareholders or the possibility of further farm-out opportunities to assist with funding. Aminex has a reasonable expectation that the approvals required for the Farm-Out will be received by the long stop date of 31 July 2019.

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

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

Operational Risks

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

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

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

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

Maintaining licence interests – The Group may be unable to meet or agree amendments to its work programme commitments which may give rise either to minimum work obligations needing to be paid or the implementation of default procedures against the Group as operator which may lead to a licence being rescinded or financial penalties. In respect to the Nyuni Area PSA, the Group received notification from the Tanzanian authorities that Nyuni Area Licence period is to end in October 2019, earlier than expected by the Group, which led to impairment of the Nyuni asset. In the case of the Ruvuma PSA, Aminex has applied for an extension to the Mtwara Licence and is seeking a new production sharing agreement for the Lindi Licence. The terms of a new PSA for the Lindi licence may be on less favourable terms than the existing PSA or may not be granted. Aminex has applied for a development licence for the Ntorya Prospect under the terms of the Ruvuma PSA. The grant of new licences or extensions to new licences are at the discretion of the Tanzanian authorities. The TPDC holds security over up to 15% of profit share for the Kiliwani North Development Licence in the event that part or all of the work commitments under the terms of the Ruvuma PSA relating to either the Mtwara or Lindi Licences are not fulfilled.

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

Compliance Risks

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

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

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

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

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

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

Financial Risks

Credit risk – All of the Group's revenues arising from the sale of natural gas is to one customer, the TPDC, which is the gas aggregator and operator of the National Gas Pipeline in Tanzania. Sales of natural gas and the credit terms relating to the sales are governed by a gas sales agreement. The recoverability and timing of receipts are therefore dependent on one customer. As at 31 December 2018, the Kiliwani North partners in jointly controlled operations were owed US$7.41 million in respect of gas sales and interest on overdue invoices. Delays in payment have arisen largely in relation to various requests for payment made by the TPDC which the Company does not accept and for which the parties are in discussion (see Note 14).

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

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

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

Corporate Governance continued

Going concern basis

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 April 2020, review of the key assumptions on which these are based and sensitivity analysis. The Directors have taken into account the Farm-Out of a 50% interest in the Ruvuma PSA signed with The Zubair Corporation on 11 July 2018, for which shareholder approval was obtained at an extraordinary general meeting held on 4 January 2019 but which remains subject to the satisfaction of the remaining conditions including the extension of the Mtwara Licence and government consent. On 21 March 2019, the long stop date under the Farm-Out was extended to 31 July 2019. The Ruvuma PSA includes the Ntorya prospect for which Aminex has submitted a development licence application. The Directors concluded that, provided the Farm-Out completes or the Group receives payment in respect of a trade receivable balance due from the TPDC in a reasonable timeframe, the Group would have sufficient resources to continue as a going concern for the foreseeable future, that is a period of not less than 12 months from the date of approval of the consolidated financial statements.

The Directors believe that the Group's ability to make planned capital expenditure on its main licence interests in Tanzania and to fund its ongoing operational expenditure, can be assisted if necessary by the successful sale of assets, deferral of planned expenditure and capital commitments or by raising additional capital.

The Directors have a reasonable expectation that the Group will be able to complete the Farm-Out with The Zubair Corporation, obtain payments from the TPDC and also to implement other mitigating actions as required.

However, there is no certainty that (i) the Farm-Out with The Zubair Corporation will take place or (ii) the payment by the TPDC of the trade receivable balance due from the TPDC to the Group at 31 December 2018 as disclosed in Note 14 to the consolidated financial statements will be received. These matters indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. As a consequence of the Farm-Out not completing and the TPDC not paying outstanding receivables, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

Viability Statement

In accordance with Provision C.2.2 of the 2016 UK Corporate Governance Code, the Board has assessed the viability of the Group over a period longer than the period of twelve months from the date of the approval of the financial statements as provided in the Going Concern statement. The Board has determined that a three-year period to 31 December 2021 is reasonable for the Group at its current stage of development and has therefore assessed whether the Group will continue to operate and will be able to meet its liabilities as they fall due during that period. The assessment has taken into account the Group's current balance sheet, the reasonable expectation of the completion of the Farm-Out of the Ruvuma PSA and the receipt of payment in respect of a trade receivable balance due from the TPDC, other strategic plans and principal risks in the evaluation of the business.

The review of the Group's strategic plans covered the three-year period to December 2021 and conducted a sensitivity analysis of and considered the impact of certain principal risks on those plans. As an exploration and production business, the Group may enter into binding agreements with national governments which may give rise to work commitments which are required to be met in order to protect the Group's interests and which would need to be financed from internal revenues, asset management or external sources of capital. While each of the principal risks, including work commitments from time to time, may have an impact on the Group, the Board assumed the availability and effectiveness of mitigating factors and actions which are either currently in the process of being undertaken or could be entered into and which the Board believes could reasonably be concluded to support the Group's long-term viability.

The Directors also undertook a review of the Group's principal risks as set out above. In carrying out the review, the Board considered the inherent risk associated with the oil and gas exploration industry and concluded that by its nature the Group undertook risks inherent in the activities required for the exploration, development and production of hydrocarbon resources, in particular, drilling exploration wells. In considering the Group's principal risks, the Board has also sought to mitigate those risks by seeking a strategy which will help to minimise the impact of high-risk exploration through the development of its own production opportunities, which started with gas production from Kiliwani North in 2016 and with the proposed development of the Ntorya field, which has two gas wells and for which the Company has applied for a 25-year development licence. The Board also has a reasonable expectation the Company will benefit from the Farm-Out of the Ruvuma PSA and the continuing support of its strategic investor, Eclipse Investments LLC, for the development of the Group's projects.

In evaluating the risks and mitigating actions, the Board took into account the regular review and conclusions of the Group's Audit and Risk Committees.

As a result of the assessment, the Board has a reasonable expectation that the Group, with the completion of the Farm-Out and the receipt of payment in respect of a trade receivable balance due from the TPDC, will continue to operate and will be able to meet its liabilities as they fall due during the three-year period to December 2021.

On behalf of the Board,

L. Beal

Director
30 April 2019

Directors' Remuneration Report

In preparing this Report, the Remuneration Committee ("the Committee") has followed the provisions of the UK Corporate Governance Code published in April 2016, unless otherwise stated.

Following a review of its remuneration policy by an independent external consultancy in 2017, and subsequent recommendation by the Remuneration Committee, it was resolved that the Executive Directors' remuneration package should have a combination of the following components:

- Base Salary;
- Annual Performance Bonus Award; and
- Award of Options under the Aminex PLC Executive Share Option Scheme.

Base Salary should be benchmarked against comparable companies in the Company's peer group. Any Annual Bonus Award is to be set against key business performance indicators to be set at the beginning of each year and the Committee will continue to consider the award of options under the Aminex PLC Executive Share Option Scheme.

When determining the total remuneration of the Executive Directors, the Committee takes into account the remuneration practices adopted in the general market.

Remuneration of Directors

The Non-Executive Directors' fees were as follows:

	Fees	
	2018 US$'000	2017 US$'000
S. Al-Ghaithi(i)	**40**	-
J. Bell	**47**	5
O. Fjeld(i)	**40**	-
B.A. Hall(ii)	**167**	82
A.N.J. Hay	**-**	11
T.A. Mackay	**47**	34
K.J. Phair	**68**	39
Total	**409**	171

(i) Fees are paid to Eclipse Investments LLC.
(ii) Includes termination benefits.

The remuneration of the Executive Directors was as follows:

	Basic Salary		Bonus		Benefits in kind		Sub total		Pension		Total	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000	**2018 US$'000**	2017 US$'000
J.C. Bhattacherjee	**387**	338	**-**	72	**3**	3	**390**	413	**13**	10	**403**	423
M.V. Williams	**287**	262	**-**	57	**6**	6	**293**	325	**13**	21	**306**	346
Total	**674**	600	**-**	129	**9**	9	**683**	738	**26**	31	**709**	769

There were no bonuses awarded to the Executive Directors in 2018. Salaries are reviewed annually with effect from 1 January. Benefits in kind comprise life insurance and health insurance. Contributions are made to the private pension plans of the Executive Directors. As at 31 December 2018, there were two Executive Directors (2017: two) and five Non-Executive Directors (2017: five). There was an average number of two Executive Directors and six Non-Executive Directors holding office during the year.

Share options

Certain Directors participate in the Aminex PLC Executive Share Option Scheme and are granted options over the Company's Ordinary Shares at prevailing market prices at the time of the grant. Options are exercisable not later than ten years after the date of grant, with options granted between May 2016 and January 2018 being limited to exercise within either two or three years of date of grant. The Scheme was established in 1980 and subsequently extended with shareholders' approval at the Annual General Meetings held in 1996, 1999, 2004, 2009 and 2014. A further extension of five years is proposed this year and a resolution to that effect is set out in the Notice of Annual General Meeting.

The Scheme does not comply in all respects with current best practice of the Code and the Annex. As stated elsewhere in this report, certain of the Company's Non-Executive Directors hold options over the Ordinary Shares of the Company. The Board considers that it is in the Group's best interests to attract and retain high calibre directors. With limited cash resources, the Board has previously granted options to Non-Executive Directors, and despite stating in January 2018 that the Board did not intend to grant any further options to any current or future Non-Executive Directors, after due and careful consideration of, and taking into account his overall remuneration package, options were granted to Mr. J. Bell on his appointment as Chairman.

The Directors who held office at 31 December 2018 had the following beneficial interests in options over the Company's Ordinary Shares:

Name	Options held at 1 January 2018 Number	Options granted/ (lapsed) during the year Number	Options held at 31 December 2018 Number	Exercise price Sterling	Period of exercise From	To
J. Bell	-	2,000,000	2,000,000	Stg3.08p	Jan-18	Jan-20
J.C. Bhattacherjee	30,000,000	-	30,000,000	Stg1.34p	May-16	May-19
	-	8,000,000	8,000,000	Stg3.08p	Jan-18	Jan-21
T.A. Mackay	6,000,000	-	6,000,000	Stg1.34p	May-16	May-19
K.J. Phair	200,000	-	200,000	Stg8.50p	Jan-10	Jan-20
	6,000,000	-	6,000,000	Stg1.34p	May-16	May-19
M.V. Williams	100,000	(100,000)	-	Stg22.00p	May-11	May-18
	1,000,000	-	1,000,000	Stg8.50p	Jan-13	Jan-20
	29,000,000	-	29,000,000	Stg1.34p	May-16	May-19
	-	7,000,000	7,000,000	Stg3.08p	Jan-18	Jan-21
	72,300,000	**16,900,000**	**89,200,000**			

Mr. S. Al-Ghaithi and Mr. O. Fjeld have no beneficial interest in any options. Mr. B.A. Hall, at the date of his retirement, had an interest in 9,500,000 options at prices ranging from Stg1.34p to Stg8.50p and with periods of exercise ending no later than January 2021. Mr. B. Cassidy, the Company Secretary, has an interest in 6,000,000 options with an exercise price of Stg3.08p.

No options were exercised and 100,000 options lapsed during the year. No options were granted during the year at below market value. Since the year end, 6,411,000 options have been granted at Stg1.56p to Mr. J. Bell.

Service contracts

Both Executive Directors have a service agreement and either party may terminate the agreement with notice of twelve months; neither agreement contains provisions which could result in either Director receiving compensation on termination in excess of one year's remuneration and benefits in kind.

Non-Executive Directors

Fees paid to Non-Executive Directors are determined by the Board. Each Non-Executive Director has a letter of appointment and either party may terminate the agreement with notice of one month or less, except in the case of the Chairman, Mr. J. Bell, who is entitled to twelve months' notice. Under his letter of appointment, Mr. J. Bell is entitled to either (i) annual fees of £75,000; or (ii) annual fees of £50,000 and a further grant of options over ordinary Shares in the Company.

Statement of Directors’ Responsibilities in Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Company Financial Statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law, the Directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the European Union and applicable laws including Article 4 of the IAS Regulation. The Directors have elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the European Union as applied in accordance with the Companies Acts 2014.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group and Company’s profit or loss for that year. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, and as regards the Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company, and which enable them to ensure that the Financial Statements of the Company comply with the provisions of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by the subsidiary companies which enable them to ensure that the financial statements of the Group comply with the provisions of the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors’ Report which complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s and Company’s website www.aminex-plc.com. Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement as required by the Transparency Directive and the UK Corporate Governance Codes

Each of the Directors, whose names and functions are listed on page 12 of this Annual Report, confirm that, to the best of each person’s knowledge and belief:

- The Group Financial Statements, prepared in accordance with IFRS as adopted by the European Union, and the Company financial Statements, prepared in accordance with the IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 31 December 2018 and of the profit or loss of the Group for the year then ended;
- The Directors’ Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- The Annual Report and financial statements, taken as a whole, provides the information necessary to assess the Group’s performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company’s position and performance, business model and strategy.

Relevant audit information

The Directors believe that they have taken all steps necessary to make themselves aware of the relevant audit information and have established that the Group’s statutory auditors are aware of that information. In so far as the Directors are aware, there is no relevant audit information of which the Group’s statutory auditors are unaware.

On behalf of the Board

J.C. Bhattacherjee	**M.V. Williams**
Director	Director

Independent Auditor's Report to the Members of Aminex PLC

Report on the audit of the financial statements

Opinion

We have audited the Group and Company financial statements of Aminex PLC ("the Company") for the year ended 31 December 2018 set out on pages 33 to 62 which comprise the Group income statement, the Group and Company balance sheets, the Group and Company statement of changes in equity, the Group and Company statement of cashflows and the related notes, including the summary of significant accounting policies set out in Note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors prior to 6 July 1995. The period of total uninterrupted engagement is the 23 years ended 31 December 2018. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA) as applied to public interest entities. No non-audit services prohibited by that standard were provided.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the Group's and Company's ability to continue as a going concern is dependent on the receipt of payment in respect of a trade receivable balance due from the Tanzania Petroleum Development Corporation (Notes 14 and 16) or the completion of a Farm-Out of a 50% interest in the Ruvuma PSA. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Going Concern

Refer to page 37 (accounting policy) and page 53 (financial disclosures).

The key audit matter

There is little judgement involved in the Directors' conclusion that risks and circumstances described in note 1 to the financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

However clear and full disclosure of the facts and the Directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

There are a number of factors impacting on the Group's ability to continue as a going concern and to generate cash flows including:

- finalising the Ruvuma Farm-Out agreement;
- receipt of the TPDC debtor.

The cash flow projections on which the directors have based their going concern assessment identify that, without the receipt of the TPDC debtor and completion of the Ruvuma farm out agreement, the Group will need to raise further funds to complete certain exploration activities scheduled to take place in 2019 and 2020.

How the matter was addressed in our audit

Our audit procedures included, among others, assessing the completeness and accuracy of the matters in the going concern disclosure by:

- Inspecting management's going concern paper which outlines the status of the various factors impacting on going concern, the risks attaching to the various potential outcomes and the likely future developments.
- Inspecting management's assessment of the cash flow projections and key underlying assumptions prepared by Group management for a period of 24 months from 1 January 2019 to 31 December 2020 for the 'base case' and 'worse case' scenarios;
- Inspecting and challenging the key assumptions made and corroborating these assumptions with supporting evidence;
- Performing a sensitivity analysis on management's cash flow forecasts;
- Performing inquiries of management and the Audit Committee;
- Considering the Group's work commitments under each of the Group's Tanzanian Production Sharing Agreements and the status of its licence renewals;

- Inspecting the correspondence between the TPDC and the Group regarding the outstanding debtor amount to support the assumptions made by management in its going concern paper;
- Inspecting legal correspondence with the Company’s legal advisors in Tanzania to confirm their position on this matter;
- Performing inquiries with the Group’s internal legal counsel on the potential liabilities identified by the TPDC;
- Inspecting management’s analysis of the alternative funding options available to the Group;
- Considering the adequacy of the Group’s disclosures within the basis of preparation note on page 37 in respect of going concern, and whether the disclosures properly reflected the risks that the Group faces in respect of its ability to continue as a going concern.

Based on the audit evidence obtained, we found management’s conclusion to prepare the financial statements on a going concern basis with the disclosure of a material uncertainty to be reasonable. We found the disclosure of the material uncertainty to be acceptable.

We are required to report to you if the Directors’ going concern statement under the Listing Rules set out on page 37 is materially inconsistent with our audit knowledge. We have nothing to report in this respect.

Other key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty related to going concern section, in arriving at our audit opinion above, the other key audit matters, in decreasing order of audit significance, were as follows:

Recoverability of the TPDC debtor US$7.41m (2017 - US$6.94m)

Refer to page 44 (accounting policy) and page 53 (financial disclosures).

The key audit matter

There is a risk that the Group’s debtor balance with the TPDC will not be recovered. As at 31 December 2018, the Group is owed US$7.41 million by TPDC of which Aminex’s share amounted to US$3.04 million. The Group expects this to be fully recoverable as the TPDC are not disputing the gas sales value owed. However, the TPDC have identified potential liabilities for separate amounts it believes are due to them by the Group and is seeking to offset these amounts against the debtor balance. There has been no resolution to date on this matter.

How the matter was addressed in our audit

Our audit procedures included, among others;

- Inspecting management’s impairment paper which summarises the ongoing communications between the TPDC and the Group with regard to both the debtor balance and the potential liabilities identified by the TPDC for amounts it believes are due to it and which considers the need for an impairment provision at 31 December 2018 and certain contingent liability disclosures;
- Inspecting the correspondence between the TPDC and the Group regarding the outstanding debtor amount to understand the status of discussions and negotiations around amounts owed by and deemed owed to the TPDC;
- Inspecting external legal correspondence with the Company’s legal advisors in Tanzania to confirm their position on this matter;
- Inquiring of the Group’s internal legal counsel on the potential liabilities identified by the TPDC they believe are owed to them;
- Challenging management in determining the need for a provision and corroborated the information within management’s paper;
- Considering the impact of this continued non payment of the debtor balance on the ability for the Group to continue as a going concern;
- Inquiring of management to ensure no negative confirmation was received from the TPDC on the outstanding debtor balance which would suggest that the recoverability of the sales value of the TPDC debtor balance was in dispute;
- Considering the adequacy of the Group’s disclosures within the trade receivables note on page 53 in respect of the TPDC debtor, and whether the disclosures properly reflected the risks that the Group faces in respect of its ability to continue as a going concern as a result of this matter.

Based on the audit evidence obtained we found that management’s assessment that the carrying value of the TPDC debtor to be recoverable as at 31 December 2018 was reasonable.

Valuation of Exploration and Evaluation Assets US$58.53m (2017 - US$99.59m)

Refer to pages 41 and 42 (accounting policy) and pages 50 to 51 (financial disclosures).

The key audit matter

There is a risk that the Group’s exploration and evaluation assets in Tanzania will not be recovered due to the inherent uncertainties which exist with oil and gas exploration activities. IFRS requires management to assess whether there are indicators of impairment based on consideration of factors such as the status of licences and the expectation of their extension where they have expired, the Group’s intention to proceed with future work programmes for each licence area and the evaluation of drilling and geological data.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Performing a detailed evaluation of management’s impairment assessment for each exploration asset performed at the year end based on the criteria set out in IFRS 6 “Exploration for and Evaluation of Mineral Resources” and the Group’s accounting policy on exploration and evaluation assets to consider the existence of impairment indicators at year-end;
- Evaluating and challenging the key assumptions and corroborated the information through other information obtained during the course of the audit;
- Challenging management to provide evidence to support the expected continuance of exploration and evaluation activity in each licence area and to support their expectation that the Lindi and Mtwara licences which have expired as at year-end, will be renewed;
- Considering if there was any contradictory evidence to management’s assessment that they are not planning to discontinue activities on the respective sites through review of board minutes, press releases and search of media;
- Considering the exploration activity undertaken in the year, the results of the seismic interpretation carried out and the future plans for each of the licence areas;
- Inspecting the most recent Competent Person’s Report, a report is prepared by an external expert which gives readings on the Group’s Tanzanian producing and exploration assets in Tanzania which was commissioned by the Board and issued subsequent to the year end;
- Inspecting a copy of the entity’s budget to determine if substantive expenditure is planned on each of the licence areas. We compared the budget received for the purpose of this analysis with the entity’s cash flows provided for other analysis on the file to determine if it is consistent;
- Considering the adequacy of the Group’s disclosures (see Note 10) in respect of impairment assessment.

Based on the audit evidence obtained, we found that the carrying value of the exploration and evaluation assets at 31 December 2018 has been properly assessed by management for impairment in accordance with IFRS 6 “Exploration for and Evaluation of Mineral Resources” and that the key assumptions used by management in that assessment are reasonable.

Valuation of Property, Plant and Equipment (Producing Assets) US$2.39m (2017 - US$2.43m)

Refer to page 42 (accounting policy) and pages 51 to 52 (financial disclosures).

The key audit matter

There is a risk that the Group’s property, plant and equipment (principally its Kiliwani North-1 gas producing well) will not be recovered due to the inherent uncertainties which exist with gas production activities. The valuation of these assets requires significant judgement and the application of estimation techniques in determining the existence of gas reserves, the expected remaining useful life of the gas producing asset, the future capital expenditure required to recover the reserves and the timing of collection of cash receipts from the Group’s sole customer for the gas. There is a specific risk around the Group not being able to physically access the gas required to recover the reserves as a result of technical issues. Any changes to the above assumptions could have a significant impact on the valuation of these assets.

How the matter was addressed in our audit

Our audit procedures included, among others:

- Inspecting the Directors’ impairment assessment for the producing asset performed at the year-end;
- Obtaining the Competent Person’s Report for the Group’s producing asset and agreed this to the key inputs making up the carrying value of the asset;
- Agreeing key inputs in the discounted cashflow model to internally and externally derived sources. Certain of the key inputs, specifically mineral resource, the life of the well, together with capital and operating costs require significant estimation and judgement in their selection and can have a significant impact on the derived net present value;
- For these key inputs we assessed the reasonableness of the assumptions used by management by reference to internal data and forecasts and to the Competent Person’s Report referred to above;
- Considering the production activity undertaken in the year, the results of technical reviews by management and the future plans for the producing asset having regard to the requirements of IAS 16 “Property, Plant and Equipment” and IAS 36 “Impairment of Assets”;
- Inquiring of senior management and the in-house technical expert and obtained an external confirmation from the external engineer to understand the progress being made with regard to recovering the gas from the KN well and recommencing production;
- Considering the adequacy of the Group’s disclosures (see Note 11) in respect of impairment testing, and whether disclosures about the outcome of the impairment assessment properly reflected the judgements inherent in the valuations.

Based on the audit evidence obtained, we found that the carrying value of the property, plant and equipment (producing) assets at 31 December 2018 has been properly assessed by management for impairment in accordance with IAS 36 “Impairment of Assets” and that the key assumptions used by management are reasonable.

Company Audit Matter

Carrying value of amounts due from subsidiary undertakings US$71.42m (2017: US$99.55m)

Refer to page 43 (accounting policy) and page 53 (financial disclosures).

The key audit matter

There is a risk that the Company's subsidiary undertakings will not be able to repay the amounts due to the Company which has provided finance to those entities to fund their activities, including exploration and evaluation (this has no impact on the Group's financial position).

How the matter was addressed in our audit

Our audit procedure included, among others:

- Assessing the carrying value of the amounts due from the subsidiary undertakings for any indicators of impairment and recalculating the impairment charge booked by the Company itself during the year.

Based on the audit evidence obtained, we found that the outcome of management's impairment testing of the carrying value of amounts due from subsidiary undertakings was within an acceptable range.

Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at US$571,947 (2017: US$575,000). This has been calculated with reference to a benchmark of Group total assets of which it represents approximately 0.5%, which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of US$28,597 (2017: US$29,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality for the Company financial statements as a whole was set at US$457,558 (2017: US$575,000), determined by reference to a benchmark of the Company's total assets of which it represents approximately 0.5%.

The Group finance function based in London centrally maintains the accounting records of each of the Group's subsidiaries.

The audit work in respect of 100% of Group revenue; 100% of Group profit before taxation and 100% of Group total assets was conducted by the Group audit team.

Other information

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Directors' Report and the diversity report included on the Company's website. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other Information.

Based solely on our work on the other information:

- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements;
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, other than the material uncertainty related to the going concern disclosure referred to above we have nothing further which is material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation within the viability statement on page 24 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- Fair, balanced and understandable: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' Statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- Report of the Audit Committee: if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee;
- Statement of compliance with UK Corporate Governance Code: if the Directors' Statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 18 to 24, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC) Regulations 2016 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit we have not identified any material misstatements in that information; and
- the Corporate Governance Statement contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, other information required by the Act is contained in the Corporate Governance Statement.

Our opinions on other matters prescribed by the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

The Listing Rules of the Irish Stock Exchange and UK Listing Authority require us to review:

- the Directors' Statement, set out on page 24, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 18 to 24 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review; and;
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

Respective responsibilities and restrictions on use

Directors' responsibilities

As explained more fully in their statement set out on page 27, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation and not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

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

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Eamon Dillon
for and on behalf of

KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

30 April 2019

Group Income Statement

for the year ended 31 December 2018

	Notes	2018 US$'000	2017 US$'000
Continuing operations			
Revenue	2	**617**	6,633
Cost of sales		**(2,017)**	(5,463)
Gross (loss) / profit		**(1,400)**	1,170
Administrative expenses		**(3,636)**	(2,291)
Impairment against exploration and evaluation assets	10	**(43,474)**	-
Impairment loss on financial assets		**-**	(4)
Loss from operating activities		**(48,510)**	(1,125)
Finance income	6	**65**	20
Finance costs	7	**(64)**	(1,173)
Loss before tax	5	**(48,509)**	(2,278)
Income tax expense	8	**-**	-
Loss for the financial year attributable to equity holders of the Company		**(48,509)**	(2,278)
Basic and diluted loss per Ordinary Share (in US cents)	9	**(1.33)**	(0.06)

Group Statement of Other Comprehensive Income

for the year ended 31 December 2018

	2018 US$'000	2017 US$'000
Loss for the financial year	**(48,509)**	(2,278)
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Currency translation differences	**124**	876
Total comprehensive income for the financial year attributable to the equity holders of the Company	**(48,385)**	(1,402)

On behalf of the Board

J.C. Bhattacherjee
Director

M.V. Williams
Director

30 April 2019

Group and Company Balance Sheets

at 31 December 2018

	Notes	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
Assets					
Non-current assets					
Exploration and evaluation assets	10	**58,534**	99,587	**-**	-
Property, plant and equipment	11	**2,393**	2,429	**-**	-
Investments in subsidiary undertakings	12	**-**	-	**6,591**	5,207
Amounts due from subsidiary undertakings	13	**-**	-	**71,420**	99,554
Total non-current assets		**60,927**	102,016	**78,011**	104,761
Current assets					
Trade and other receivables	14	**8,043**	8,777	**21**	24
Amounts due from subsidiary undertakings	13	-	-	**3,950**	5,628
Cash and cash equivalents	15	**1,860**	6,226	**483**	3,182
Total current assets		**9,903**	15,003	**4,454**	8,834
Total assets		**70,830**	117,019	**82,465**	113,595
Equity					
Issued capital	19	**69,062**	69,062	**69,062**	69,062
Share premium		**122,267**	122,267	**122,267**	122,267
Other undenominated capital		**234**	234	**234**	234
Share option reserve		**2,710**	2,540	**2,710**	2,540
Foreign currency translation reserve		**(2,018)**	(2,142)	**-**	-
Retained earnings		**(132,649)**	(84,551)	**(112,477)**	(80,617)
Total equity		**59,606**	107,410	**81,796**	113,486
Liabilities					
Non-current liabilities					
Decommissioning provision	17	**700**	636	**-**	-
Total non-current liabilities		**700**	636	**-**	-
Current liabilities					
Trade and other payables	16	**10,524**	8,973	**669**	109
Total current liabilities		**10,524**	8,973	**669**	109
Total liabilities		**11,224**	9,609	**669**	109
Total equity and liabilities		**70,830**	117,019	**82,465**	113,595

On behalf of the Board

J.C. Bhattacherjee
Director

M.V. Williams
Director

30 April 2019

Group Statement of Changes in Equity

for the year ended 31 December 2018

	Attributable to equity shareholders of the Company							
	Share capital US$'000	Share premium US$'000	Other undenominated capital US$'000	Share option reserve US$'000	Share warrant reserve US$'000	Foreign currency translation reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2017	68,874	120,274	234	3,894	3,436	(3,018)	(87,341)	106,353
Transactions with shareholders of the Company recognised directly in equity								
Shares issued	188	1,993	-	-	-	-	(15)	2,166
Share-based payment charge	-	-	-	293	-	-	-	293
Share option reserve transfer	-	-	-	(1,647)	-	-	1,647	-
Share warrants exercised	-	-	-	-	(3,436)	-	3,436	-
Comprehensive income:								
Currency translation differences	-	-	-	-	-	876	-	876
Loss for the financial year	-	-	-	-	-	-	(2,278)	(2,278)
At 1 January 2018	69,062	122,267	234	2,540	-	(2,142)	(84,551)	107,410
Transactions with shareholders of the Company recognised directly in equity								
Share-based payment charge	**-**	**-**	**-**	**581**	**-**	**-**	**-**	**581**
Share option reserve transfer	**-**	**-**	**-**	**(411)**	**-**	**-**	**411**	**-**
Comprehensive income:								
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**124**	**-**	**124**
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**(48,509)**	**(48,509)**
At 31 December 2018	**69,062**	**122,267**	**234**	**2,710**	**-**	**(2,018)**	**(132,649)**	**59,606**

Company Statement of Changes in Equity

for the year ended 31 December 2018

	Attributable to equity shareholders of the Company						
	Share capital US$'000	Share premium US$'000	Other undenominated capital US$'000	Share option reserve US$'000	Share warrant reserve US$'000	Retained earnings US$'000	Total US$'000
At 1 January 2017	68,874	120,274	234	3,894	3,436	(83,848)	112,864
Transactions with shareholders recognised directly in equity							
Shares issued	188	1,993	-	-	-	(15)	2,166
Share-based payment charge	-	-	-	293	-	-	293
Share option reserve transfer	-	-	-	(1,647)	-	1,647	-
Share warrants exercised	-	-	-	-	(3,436)	3,436	-
Comprehensive income:							
Loss for the financial year	-	-	-	-	-	(1,837)	(1,837)
At 1 January 2018	69,062	122,267	234	2,540	-	(80,617)	113,486
Transactions with shareholders of the Company recognised directly in equity							
Share-based payment charge	**-**	**-**	**-**	**581**	**-**	**-**	**581**
Share option reserve transfer	**-**	**-**	**-**	**(411)**	**-**	**411**	**-**
Comprehensive income:							
Loss for the financial year	**-**	**-**	**-**	**-**	**-**	**(32,271)**	**(32,271)**
At 31 December 2018	**69,062**	**122,267**	**234**	**2,710**	**-**	**(112,477)**	**81,796**

Group and Company Statements of Cashflows

for the year ended 31 December 2018

	Notes	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
Operating activities					
Loss for the financial year		**(48,509)**	(2,278)	**(32,271)**	(1,837)
Depreciation and depletion	11	**58**	4,577	**-**	-
Equity-settled share-based payments	4	**581**	293	**24**	-
Finance income	6	**(65)**	(20)	**(8)**	(20)
Finance costs	7	**64**	1,173	**27**	1,094
Impairment of exploration and evaluation assets	10	**43,474**	-	**-**	-
Impairment of financial assets	5	**-**	4	**-**	4
Loss on disposal of fixed asset		**2**	-	**-**	-
Impairment provision against amounts due from subsidiary undertakings	13	**-**	-	**31,351**	1,276
Decrease in trade and other receivables		**566**	403	**3**	1
Increase / (decrease) in trade and other payables		**1,365**	(3,008)	**560**	6
Net cash (used in) / generated by operations		**(2,464)**	1,144	**(314)**	524
Interest paid		**-**	(540)	**-**	(540)
Net cash (outflows) / inflows from operating activities		**(2,464)**	604	**(314)**	(16)
Investing activities					
Acquisition of property, plant and equipment		**(26)**	(23)	**-**	-
Expenditure on exploration and evaluation assets		**(1,941)**	(10,623)	**-**	-
Increase in amounts due from subsidiary undertakings		**-**	-	**(2,366)**	(8,495)
Interest received		**8**	20	**8**	20
Net cash outflows from investing activities		**(1,959)**	(10,626)	**(2,358)**	(8,475)
Financing activities					
Proceeds from the issue of share capital		**-**	2,181	**-**	2,181
Payment of transaction costs on issue of share capital		**-**	(15)	**-**	(15)
Loans repaid		**-**	(4,931)	**-**	(4,931)
Net cash outflows from financing activities		**-**	(2,765)	**-**	(2,765)
Net decrease in cash and cash equivalents		**(4,423)**	(12,787)	**(2,672)**	(11,256)
Cash and cash equivalents at 1 January	15	**6,226**	19,567	**3,182**	14,992
Foreign exchange gain / (loss)		**57**	(554)	**(27)**	(554)
Cash and cash equivalents at 31 December	15	**1,860**	6,226	**483**	3,182

Notes Forming Part of the Financial Statements

for the year ended 31 December 2018

1 Statement of Accounting Policies

Aminex PLC (the "Company") is a company domiciled and incorporated in Ireland. The Group financial statements for the year ended 31 December 2018 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group"). The Group has consistently applied the following policies to all periods presented in these financial statements.

Basis of preparation

The Group and Company financial statements (together the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU).

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 April 2020, review of the key assumptions on which these are based and sensitivity analysis. The Directors have taken into account the Farm-Out of a 50% interest in the Ruvuma PSA signed with The Zubair Corporation on 11 July 2018, for which shareholder approval was obtained at an extraordinary general meeting held on 4 January 2019 but which remains subject to the satisfaction of the remaining conditions including the extension of the Mtwara Licence and government consent. On 21 March 2019, the long-stop date under the Farm-Out was extended to 31 July 2019. The Ruvuma PSA includes the Ntorya prospect for which Aminex has submitted a development licence application. The Directors concluded that, provided the Farm-Out completes or the Group receives payment in respect of a trade receivable balance due from the TPDC in a reasonable timeframe, the Group would have sufficient resources to continue as a going concern for the foreseeable future, that is a period of not less than 12 months from the date of approval of the consolidated financial statements.

The Directors believe that the Group's ability to make planned capital expenditure on its main licence interests in Tanzania and to fund its ongoing operational expenditure, can be assisted if necessary by the successful sale of assets, deferral of planned expenditure and capital commitments or by raising additional capital.

The Directors have a reasonable expectation that the Group will be able to complete the Farm-Out with The Zubair Corporation, obtain payments from the TPDC and also to implement other mitigating actions as required.

However, there is no certainty that (i) the Farm-Out with The Zubair Corporation will take place or (ii) the payment by the TPDC of the trade receivable balance due from the TPDC to the Group at 31 December 2018 as disclosed in Note 14 to the consolidated financial statements will be received. These matters indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. As a consequence of the Farm-Out not completing and the TPDC not paying outstanding receivables, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if this basis were inappropriate.

Statement of compliance

The Group financial statements have been prepared and approved by the Directors in accordance with IFRS and their interpretations as adopted by the EU ("EU IFRS"). The individual financial statements of the Company ("Company financial statements") have been prepared and approved by the Directors in accordance with EU IFRS and as applied in accordance with the Companies Acts 2014 which permits a company that publishes its company and group financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its company income statement and related notes that form part of the approved Company financial statements.

i) New accounting standards and interpretations adopted

Below is a list of standards and interpretations that were required to be applied in the year ended 31 December 2018:

- Amendments Annual Improvements to IFRS 2014 - 2017 Cycle *(Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures) (issued on 8 December 2017)* - effective 1 January 2018
- IFRS 9: Financial Instruments *(24 July 2014)* - effective 1 January 2018
- Amendments to IFRS 4: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* - effective 1 January 2018
- IFRS 15: *Revenue from contracts with customers (Note – including amendments to IFRS 15: Effective date of IFRS 15 (11 September 2015) and clarifications to IFRS 15 (12 April 2017))* - effective 1 January 2018
- Amendments to IFRS 2: *Classification and measurement of share-based payment transactions* (20 June 2017) - effective 1 January 2018
- IFRIC Interpretation 22: *Foreign Currency Transactions and Advance Consideration* - effective 1 January 2018
- Amendments to IAS 40: Transfers of Investment Property (issued December 2017) - effective 1 January 2018

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

1 Statement of Accounting Policies (continued)

ii) Standards not affecting the reported results or the financial position

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 9: Financial Instruments

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

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

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

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

The IFRS 9 impairment model requires the recognition of 'expected credit losses' ("ECL"), in contrast to the requirement to recognise 'incurred credit losses' under IAS 39. The Group adopted the simplified approach in calculating the Group's exposure to credit risk and ECLs on its trade receivables. This did not have a material impact on the Group's financial statements. Trade receivables are generally short-term, and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition. The Company adopted the general approach in calculating ECLs on its intercompany loans. As there was an indicator of a significant increase in expected credit risk following the Board's assessment of the carrying value of the Nyuni Area PSA asset and the subsequent recognition of an impairment (see Note 10), the Company assessed its exposure to credit risk by calculating the impact of lifetime expected credit losses on its intercompany loans which resulted in an impairment (see Note 13).

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

IFRS 15: Revenue from Contracts with Customers

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

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

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

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

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

ii) Standards not affecting the reported results or the financial position

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

1 Statement of Accounting Policies (continued)

At the date of authorisation of these Financial Statements, the following Standards and Interpretations which have not been applied in these Financial Statements, but may have an impact on future Financial Statements, were in issue but not yet effective and in some cases had not yet been adopted by the EU:

- IFRS 14: Regulatory Deferral Accounts
- IFRS 16: Leases
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures
- Annual improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan amendment, Curtailment or Settlement
- Amendments to references to the Conceptual Framework in IFRS Standards
- IFRS 17: Insurance Contracts
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

Of those standards that are not yet effective, IFRS 16 is expected to require significant new disclosures and recognise new assets, liabilities and expenses on the Group's Financial Statements in the period of initial application. The others are not expected to have a material impact on the Group.

IFRS 16: Leases

The Group is required to adopt IFRS 16: "Leases" from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single on-balance sheet lease accounting model for leases. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

IFRS 16 replaces existing lease guidance, including IAS 17: Leases, IFRIC 4 determining whether an Arrangement contains a Lease, SIC-15: Operating Leases – Incentives and SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for operating leases of office space. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for a right-of-use asset and an interest expense on a lease liability.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous. Instead, the Group will include the payments due under the lease in its lease liability.

The Group currently has no finance leases and therefore no impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of US$590,000 and right of use assets of US$615,000 as at 1 January 2019.

Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

Basis of consolidation

The Group financial statements consolidate the financial statements of Aminex PLC and its subsidiaries. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Financial statements of subsidiaries are prepared for the same reporting year as the parent company.

The statutory individual financial statements of subsidiary companies have been prepared under the accounting policies applicable in their country of incorporation but adjustments have been made to the results and financial position of such companies to bring their accounting policies into line with those of the Group for consolidation purposes.

All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that there is evidence of impairment.

1 Statement of Accounting Policies (continued)

Jointly controlled operations

Jointly controlled operations are those activities over which the Group exercises joint control with other participants, established by contractual agreement. The Group recognises, in respect of its interests in jointly controlled operations, the assets that it controls, the liabilities that it incurs, the expenses that it incurs and the share of the income that it earns from the sale of goods or services by the joint operation.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Details of the Group's sources of revenue from contracts with customers and details on when control passes are detailed in Note 2.

The effect of initially applying IFRS 15 is described under new accounting standards and interpretations adopted on page 38.

Employee benefits

(a) Pensions and other post-employment benefits

The Group contributes towards the cost of certain individual employee and Director defined contribution pension plans. Annual contributions are based upon a percentage of gross annual salary or as otherwise agreed, managed on an individual basis. Pension contributions are recognised as an expense in the income statement and are accounted for on an accruals basis based on the employee's related service.

(b) Share-based payment

The Group operates a share option scheme. For equity-settled share-based payment transactions (i.e. the issuance of share options), the Group measures the services received by reference to the value of the option or other financial instrument at fair value at the measurement date (which is the grant date) using a recognised valuation methodology for the pricing of financial instruments (i.e. the binomial model). If the share options granted do not vest until the completion of a specified period of service, the fair value assessed at the grant date is recognised in the income statement over the vesting period as the services are rendered by employees with a corresponding increase in equity. For options granted with no vesting period the fair value is recognised in the income statement at the date of the grant. Where share options granted do not vest until performance-related targets, which include targets outside management's control, have been achieved, the fair value assessed at the grant date is recognised in the income statement over a vesting period estimated by management.

The share options issued by the Company are not subject to market-based vesting conditions as defined in IFRS 2. Non-market vesting conditions are not taken into account when estimating the fair value of share options at the grant date; such conditions are taken into account through adjusting the number of equity instruments included in the measurement of the amount charged to the income statement over the vesting period so that, ultimately, the amount recognised equates to the number of equity instruments that actually vest. The expense in the income statement in relation to share options represents the product of the total number of options anticipated to vest and the fair value of these options at the date of grant. This amount is allocated to accounting periods on a straight-line basis over the vesting period. Given that the performance conditions underlying the Company's share options are service-related and non-market in nature, the cumulative charge to the income statement is reversed only where an employee in receipt of share options leaves the Group prior to completion of the service period and forfeits the options granted and/or the performance conditions are not expected to be satisfied. The proceeds received by the Company on the exercise of share entitlements are credited to share capital and share premium. Where share options are awarded by the Company to employees of subsidiary companies, the value of the share-based payment is credited to the Company's share option reserve and charged through investments in subsidiary undertakings to the income statement of the relevant subsidiary company. When share options which have not been exercised reach the end of the original contractual life, the value of the share options is transferred from the share option reserve to retained earnings. The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

Share capital

Ordinary shares and deferred shares are classified as equity. Proceeds received from the issue of ordinary shares above the nominal value is classified as Share Premium. Costs directly attributable to new shares are shown in equity as a deduction from retained earnings from June 2015 in accordance with the provisions of the Companies Act 2014. Prior to that date costs were deducted from Share Premium.

Warrants reserve

Warrants granted are fair valued using an appropriate option pricing model, taking into account the terms and conditions upon which the warrants are granted.

The fair value of the warrants granted is credited to a warrants reserve. Where the warrants granted relate to equity, the fair value is charged against Share Premium. Where warrants granted relate to debt finance, the fair value is charged against the balance of the loan and forms part of the effective interest rate charged on the debt and is recognised over the expected life of the loan. The warrants reserve is non-distributable and is transferred to the Share Premium account or retained earnings upon the exercise of warrants. Any balance of warrants reserve in relation to unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, the unwinding of the discount on the decommissioning provision and foreign exchange losses.

1 Statement of Accounting Policies (continued)

Finance income

Finance income comprises interest income, which is recognised in the income statement as it accrues using the effective interest rate method, and foreign exchange gains.

Tax

The tax expense in the income statement represents the sum of the current tax expense and deferred tax expense.

Tax currently payable is based on taxable profit for the year and any adjustments to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The liability for current tax is calculated using rates that have been enacted or substantively enacted at the balance sheet date.

Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except those arising from non-deductible goodwill or on initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realised or the liability to be settled based on laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised for all deductible differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised.

Earnings per ordinary share

Basic earnings per share is computed by dividing the net profit for the financial period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial period.

Diluted earnings per share is computed by dividing the profit for the financial period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue after adjusting for the effects of all potential dilutive ordinary shares that were outstanding during the financial period.

Foreign currency translation

The presentation currency of the Group and the functional currency of Aminex PLC is the US dollar ("US$"), representing the currency of the primary economic environment in which the Group operates. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange at the balance sheet date. All translation differences are taken to the income statement with the exception of differences on foreign currency borrowings that are designated as a hedge against a net investment in a foreign operation. These are recognised in other comprehensive income to the extent they are effective together with the exchange difference on the net investment in the foreign operation.

Results and cash flows of non-dollar subsidiary undertakings are translated into US dollars at average exchange rates for the year and the related assets and liabilities (including goodwill and fair value adjustments) are translated at the rates of exchange ruling at the balance sheet date. Adjustments arising on translation of the results of non-dollar subsidiary undertakings at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency borrowings. Proceeds from the issue of share capital are recognised at the prevailing exchange rate on the date that the Board of Directors ratifies such issuance; any foreign exchange movement arising between the date of issue and the date of receipt of funds is charged or credited to the income statement.

The principal exchange rates used for the translation of results, cash flows and balance sheets into US dollars were as follows:

	Average		Year-end	
US$1 equals	**2018**	2017	**2018**	2017
Pound sterling	**0.7491**	0.7765	**0.7831**	0.7402
Australian dollar	**1.3394**	1.3045	**1.4168**	1.2788

On loss of control of a foreign operation, accumulated currency translation differences are recognised in the income statement as part of the overall gain or loss on disposal.

Exploration and evaluation assets

Expenditure incurred prior to obtaining the legal rights to explore an area is written off to the income statement. Expenditures incurred on the acquisition of a licence interest are initially capitalised on a licence by licence basis. Exploration and evaluation expenditure incurred in the process of determining exploration targets on each licence is also capitalised. These expenditures are held undepleted within the exploration licence asset until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

1 Statement of Accounting Policies (continued)

Exploration and evaluation assets (continued)

Exploration and evaluation drilling costs are capitalised on a well by well basis within each licence until the success or otherwise of the well has been established. Unless further evaluation expenditures in the area of the well have been planned and agreed or unless the drilling results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial, drilling costs are written off on completion of a well.

Property, plant and equipment – *developed and producing oil and gas assets (stated at cost)*

Following appraisal of successful exploration wells and the establishment of commercial reserves, the related capitalised exploration and evaluation expenditures are transferred into a single field cost centre within developed and producing properties after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, the entire carrying amount of the related assets is written off to the income statement.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the developed and producing properties or replaces part of the existing developed and producing properties. The carrying amounts of the part replaced are expensed to the income statement. Interest on borrowings for development projects is capitalised by field up to the time that the asset commences to produce commercial reserves.

Disposal of exploration and evaluation assets and developed and producing oil and gas assets

The net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Where non-cash consideration is received, for instance where the Group enters an asset swap agreement, the fair value of the asset disposed of represents the consideration. Any surplus proceeds are credited to the income statement. The net proceeds from any disposal of developed and producing properties are compared with the previously capitalised cost on a field by field basis. A gain or loss on disposal of the developed and producing properties is recognised in the income statement to the extent that the net proceeds exceed or are less than the carrying amounts of the assets disposed of.

Depletion

The Group depletes capitalised costs calculated at price levels ruling at the balance sheet date on developed and producing properties on a unit of production basis, based on proved and probable reserves on a field by field basis. In certain circumstances, fields within a single development may be combined for depletion purposes.

Amortisation is calculated by reference to the proportion that production for the period bears to the total of the estimated remaining commercial reserves as at the beginning of the period. Changes in reserves quantities and cost estimates are recognised prospectively.

Impairment

Exploration and evaluation assets are reviewed at each reporting date for indicators of impairment and tested for impairment where such indicators exist such as: whether the licence term has expired or is near expiry and is not expected to be renewed; whether significant expenditures on further exploration and evaluation assets are budgeted or planned: whether the entity has decided to discontinue exploration and evaluation activities due to lack of exploration success; and whether the entity has sufficient data indicating that the book cost is unlikely to be recovered in full from a successful development or from a sale. If the test indicates that the carrying value might not be recoverable the asset is written down to its recoverable amount. Any such impairment arising is recognised in the income statement for the year. In cases where no developed and producing properties exist, the impairment of exploration costs is recognised immediately in the income statement.

Impairment reviews on developed and producing properties are carried out on each cash-generating unit identified in accordance with IAS 36 “Impairment of Assets”. The Group’s cash-generating units are those assets which generate largely independent cash inflows and are normally, but not always, single development areas or fields.

Where there has been a charge for impairment in an earlier period that charge will be reversed in a later period where there has been a change in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior periods.

Decommissioning costs

A liability is recognised once there is an obligation for the decommissioning of oil and gas wells. Decommissioning cost estimates are measured based on current requirements, technology and price levels, which is inflated to estimate the future cost at the expected abandonment date; the present value is calculated using amounts discounted over the useful economic life of the assets. This amount is included within the related exploration and evaluation or developed and producing assets by field and the liability is included in provisions. Such cost is depleted over the life of the field on a unit of production basis and charged to the income statement. The unwinding of the discount is reflected as a finance cost in the income statement over the remaining life of the well. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related exploration and evaluation or property, plant and equipment.

1 Statement of Accounting Policies (continued)

Property, plant and equipment – other

Other property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the original cost of other property, plant and equipment less its estimated residual value over their expected useful lives on a straight line basis.

The estimated useful lives applied in determining the charge to depreciation are as follows:

Leasehold property	remaining life of lease
Plant and equipment	3-5 years
Fixtures and fittings	3-5 years

The useful lives and residual values are reassessed annually.

On disposal of other property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount less any proceeds is taken to the income statement.

The carrying amounts of other property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Financial assets - financial investments

From 1 January 2018, financial assets are initially recognised at fair value, normally being the transaction price, and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is determined by the contractual cash flows and where applicable the business model for managing the financial assets. The Group derecognises financial assets when the contractual rights to the cash flows expire or the financial asset is transferred to a third party.

Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired and when interest is recognised using the effective interest method. This category of financial assets includes trade and other receivables.

Investments in securities

Investments in equity securities are classified as financial assets held at fair value through profit and loss, unless an irrevocable election has been made to classify the instrument at fair value through other comprehensive income. If an investment is quoted, its fair value is the quoted market price at the balance sheet date. Unquoted investment fair values are determined using other methods.

Investments in and loans to subsidiary undertakings are stated at cost less provision for impairment in the Company's balance sheet.

Gains and losses arising on disposal of financial assets are credited or charged to the result from operating activities in the income statement.

Impairment of financial assets

From 1 January 2018, the expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost or at fair value through other comprehensive income. The loss allowance for the financial asset is measured at an amount equal to the 12-month expected credit losses. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. Changes in loss allowances are recognised in profit and loss. For trade receivables, a simplified impairment approach is applied recognising expected lifetime losses from initial recognition.

Critical accounting judgements

The Group assesses critical accounting judgements annually. The following are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Carrying value of intangible exploration and evaluation assets (Note 10):

The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established, or the determination process is not completed and there are no indications of impairment in accordance with the Group's accounting policy. The process of determining whether there is an indicator for impairment or calculating the impairment requires critical judgement.

The key areas in which management has applied judgement are as follows: the Group's intention to proceed with a future work programme for a prospect or licence; the likelihood of licence renewal or extension; the assessment of whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale and the success of a well result or geological or geophysical survey.

1 Statement of Accounting Policies (continued)

Carrying value of intangible exploration and evaluation assets (Note 10): (continued)

The most material area to which this judgement was applied during 2018 was the assessment and identification of impairment triggers, in accordance with IFRS 6, related to the Group's Nyuni Area PSA asset, where management concluded that an impairment trigger event had occurred and resulted in the asset being fully impaired.

Carrying value of property plant and equipment assets (Note 11):

During oil and gas operations production from a well is subject to a rate of decline as the reservoir is depleted and the pressure naturally decreases. There are various mechanical options available to the business to remedy such decline and to increase production from an existing well. Management's critical judgements in deciding whether they can remediate a decline in production relate to: whether the technology and technical expertise is available at its operating locations to remedy the production decline, whether the chosen remedial action will be successful and whether it will be economical to perform the remediation work. If management decides, after reviewing all available options, that there is no economical method for remediating a well, an asset would potentially be impaired.

During 2018, due to declining production and ongoing remedial work on the Kiliwani North-1 well, management assessed the asset for impairment in accordance with IAS 36, applying the key assumptions set out in Note 11. Management concluded that there was no impairment following review of various remediation scenarios available to the Group and therefore no provision was recognised.

Recoverability of trade receivable (Note 14)

The TPDC owes the Group trade receivables amounting to US$7.41 million, of which Aminex's share amounts to US$3.04 million (see Note 14). Judgement is required to determine whether these amounts are recoverable or whether any impairment provision is needed. Critical judgements relate to confirmation that gas production has been invoiced and interest for late payment charged in accordance with the Kiliwani North Gas Sales Agreement and that the TPDC has an obligation to pay the amounts due.

Recognition of contingent liabilities (Note 23):

The Group received notification from the TPDC requesting payment of certain amounts (see Note 23). Judgement is required to determine whether these amounts should be provided for or disclosed as contingent liabilities. Critical judgements relate to the application of certain criteria in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" that include: whether the Group has a present obligation as a result of a past event, whether there is a probable outflow of economic resources, and whether that outflow can be measured reliably.

Presumption of going concern:

Refer to page 37.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Carrying value of property, plant and equipment (Note 11):

Management performs impairment reviews on the Group's property, plant and equipment assets at least twice annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators of impairments or impairment reversals are present and an impairment or impairment reversal test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices, discount rates, commercial reserves and the related cost profiles.

The most material impact of assumptions applied by management to the estimation of future cash flows arise from the estimates of commercial reserves and the related cost profiles. Such assumptions may change from time to time due to market forces or more data being available.

Completion of the remediation work on the Kiliwani North-1 well may give rise to alternative assumptions which could impact the Group's financial statements.

Commercial reserves estimates used in the calculation of depletion, depreciation and amortisation, and impairment of property, plant and equipment (Note 11):

Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Group's oil and gas assets. The Group estimates its reserves using standard recognised evaluation techniques. The estimate is annually reviewed by independent consultants. A significant reduction in reserve estimates would indicate an impairment trigger for the related developed and producing assets which could materially impact the financial statements of the Group.

Decommissioning estimates (Note 17):

There is uncertainty around the cost of decommissioning as cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope and amount of expenditure required may also change. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning.

The estimated decommissioning costs are reviewed annually by an internal expert. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and management's estimate of costs with reference to current price levels.

1 Statement of Accounting Policies (continued)

Uncertain tax and regulatory positions:
The Group is subject to various tax and regulatory audits from time to time in the ordinary course of business, which may give rise to assessments and the potential for items considered to be available for cost recovery to be disallowed in the jurisdictions in which the Group operates. In order to assess whether these amounts should be provided for in the Financial Statements management has assessed these matters in the context of the laws and operating agreements of the countries in which it operates. Management has applied judgement in assessing the likely outcome of these matters and has estimated the financial impact based on external tax and legal advice and prior experience of such audits.

2 Segmental Information

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 Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. However, 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 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 TPDC, the operator of the Songo 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. Revenue from Oilfield Services has been recategorised from Tanzania in the prior year to the UK to reflect where the revenue is generated.

Operating segment results - 2018

	Tanzania Producing oil and gas properties 2018 US$'000	Tanzania Exploration activities 2018 US$'000	UK Oilfield services 2018 US$'000	Unallocated Corporate Aminex Group 2018 US$'000	Total 2018 US$'000
Revenue	47	-	570	-	617
Cost of sales	(1,411)	-	(570)	-	(1,981)
Depletion	(36)	-	-	-	(36)
Gross loss	(1,400)	-	-	-	(1,400)
Depreciation	-	-	-	(22)	(22)
Administrative expenses	(835)	-	(1,294)	(1,498)	(3,627)
Impairment against exploration and evaluation assets	-	(43,474)	-	-	(43,474)
Other gains	-	-	-	13	13
Operating loss	(2,235)	(43,474)	(1,294)	(1,507)	(48,510)
Finance costs	(20)	(44)	-	-	(64)
Finance income	-	-	-	8	8
Foreign exchange gains	-	-	-	57	57
Loss before tax	(2,255)	(43,518)	(1,294)	(1,442)	(48,509)
Taxation	-	-	-	-	-
Loss after tax	(2,255)	(43,518)	(1,294)	(1,442)	(48,509)
Segment assets	8,552	59,186	-	3,092	70,830
Segment liabilities	(6,009)	(2,714)	-	(2,501)	(11,224)
Capital expenditure additions	-	2,421	-	26	2,447
Other material non-cash items					
Share based payments (Note 4)	-	-	-	(581)	(581)
Unwinding of discount on decommissioning provision (Note 17)	(20)	(44)	-	-	(64)

2 Segmental Information (continued)

Operating segment results - 2017

	Tanzania Producing oil and gas properties 2017 US$'000	Tanzania Exploration activities 2017 US$'000	UK Oilfield services 2017 US$'000	Unallocated Corporate Aminex Group 2017 US$'000	Total 2017 US$'000
Revenue	5,950	-	633	50	6,633
Cost of sales	(264)	-	(633)	-	(897)
Depletion	(4,566)	-	-	-	(4,566)
Gross profit	1,120	-	-	50	1,170
Depreciation	-	-	-	(11)	(11)
Administrative expenses	(527)	-	(1,191)	(562)	(2,280)
Other losses	-	-	-	(4)	(4)
Operating profit / (loss)	593	-	(1,191)	(527)	(1,125)
Finance costs	(20)	(59)	-	(540)	(619)
Finance income	-	-	-	20	20
Foreign exchange losses	-	-	-	(554)	(554)
Profit / (loss) before tax	573	(59)	(1,191)	(1,601)	(2,278)
Taxation	-	-	-	-	-
Profit / (loss) after tax	573	(59)	(1,191)	(1,601)	(2,278)
Segment assets	11,508	101,919	-	3,592	117,019
Segment liabilities	(8,021)	(784)	-	(804)	(9,609)
Capital expenditure additions	309	10,344	-	23	10,676
Other material non-cash items					
Share based payments (Note 4)	-	-	-	(293)	(293)
Unwinding of discount on decommissioning provision (Note 17)	(20)	(59)	-	-	(79)

Total non-current assets and liabilities by geographical region are set out in Notes 10,11 and 17 to the financial statements.

3 Employment

Employment costs charged against the Group operating loss are analysed as follows:

	2018 US$'000	2017 US$'000
Salaries and wages	**2,301**	1,981
Social security costs	**25**	336
Other pension costs	**72**	51
Share based payment charge	**581**	293
	2,979	2,661
Employment costs capitalised (Note 10)	**(958)**	(1,318)
Employment costs charged against the Group operating loss	**2,021**	1,343

A proportion of the Group's employment costs charged against the Group operating loss are recharged to partners in jointly controlled operations by the Group acting as operator, a proportion is allocated to the Group's cost of sales with the remainder classified under administrative expenses.

The Group's average number of employees, including Executive Directors, during the year was:

	2018 US$'000	2017 US$'000
Europe	**9**	9
Tanzania	**8**	8
	17	17

Employment costs charged against the Company operating loss are analysed as follows:

	2018 US$'000	2017 US$'000
Share based payment charge	**24**	-

The Company incurs no other employment costs and has no employees.

Directors' emoluments (which are included in administrative expenses) and interests are shown in the Directors' Remuneration Report on pages 25 to 26.

4 Share based payments

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

Options are granted at market price, in accordance with the Scheme rules, with reference to the average closing price for the fourteen days prior to the grant of options. Options granted during 2010 will expire at a date no later than 10 years after their grant date. These options vested if employees remained in service for 3 years from the date of grant and Directors' options vested immediately. No options were granted between 2011 and 2015. Options granted in 2016, 2017 and 2018 vest immediately and will expire at a date no later than 3 years after their grant date.

The fair value of the grant date is measured using a recognised valuation methodology for the pricing of financial instruments i.e. the binomial method.

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

	2018 US$'000	2017 US$'000
Share based payment charge	**581**	293

The fair value of options granted for Directors and staff in the period were calculated using the following inputs into the binomial option-pricing model:

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

	Number of options	Average exercise price
Outstanding at 1 January 2017	128,475,000	Stg3.02p
Granted	15,000,000	Stg4.99p
Expired	(5,725,000)	Stg21.0p
Outstanding at 1 January 2018	137,750,000	Stg2.18p
Granted	**42,000,000**	**Stg3.08p**
Expired	**(1,500,000)**	**Stg22.0p**
Outstanding at 31 December 2018	**178,250,000**	**Stg2.46p**
Exercisable at 31 December 2017	137,750,000	Stg2.18p
Exercisable at 31 December 2018	**178,250,000**	**Stg2.46p**

On 31 December 2018, there were options over 178,250,000 (2017: 137,750,000) Ordinary Shares outstanding which are exercisable at prices ranging from Stg1.34 pence to Stg9.0 pence per share and which expire at various dates up to 2021. The weighted average remaining contractual life of the options outstanding is 0.85 years (2017: 1.39 years). The average share price for the year ended 31 December 2018 was Stg2.27pence/€0.02607 (2017: Stg3.89pence/€0.0407).

5 Loss before tax

The loss before tax has been arrived at after charging / (crediting) the following items:

	2018 US$'000	2017 US$'000
Depletion of producing asset	**36**	4,566
Depreciation of other property, plant and equipment	**22**	11
Auditor's remuneration – audit Ireland (i)	**97**	97
Auditor's remuneration – audit overseas	**51**	49
Auditor's remuneration – interim review	**21**	20
Auditor's remuneration – tax advisory services	**49**	10
Auditor's remuneration – non-audit services	**97**	8
Impairment of equity instruments	**-**	4
Operating lease payments – land and buildings	**262**	138
Loss on disposal of fixed assets	**2**	-
Receipt of US production payments	**(15)**	-

(i) Audit comprises audit work performed by KPMG Ireland on the consolidated financial statements. In 2018, US$7,000 (2017: US$7,000) of audit fees related to the audit of the Company.

6 Finance income

	2018 US$'000	2017 US$'000
Deposit interest income	**8**	20
Foreign exchange gain	**57**	-
	65	20

7 Finance costs

	2018 US$'000	2017 US$'000
Interest expense on financial liabilities measured at amortised cost	**-**	540
Unwinding of discount on decommissioning provision (see Note 17)	**64**	79
Foreign exchange loss	**-**	554
	64	1,173

Included in finance costs in the comparative period was an interest charge of US$540,000 in respect of the US$8.0 million corporate loan facility that was fully repaid in 2017.

8 Income tax expense

The components of the income tax expense for the years ended 31 December 2018 and 2017 were as follows:

	2018 US$'000	2017 US$'000
Current tax expense:		
Current year	-	-
Deferred tax expense:		
Origination and reversal of temporary differences	-	-
Total income tax expense for the Group	-	-

A reconciliation of the expected tax benefit computed by applying the standard Irish tax rate to the loss before tax to the actual benefit is as follows:

	2018 US$'000	2017 US$'000
Loss before tax	(48,509)	(2,278)
Irish standard tax rate	12.5%	12.5%
Taxes at the Irish standard rate	(6,064)	(284)
Effect of different tax rates in foreign jurisdiction	(616)	214
Expenses not deductible for tax purposes	5,249	510
Losses carried forward / (utilised)	1,431	(440)
	-	-

The following deferred tax assets have not been recognised in the balance sheet as it is currently considered uncertain that the assets will be realised in the future.

	2018 US$'000	2017 US$'000
Tax losses	19,473	15,762

The gross amount of unused tax losses carried forward with their expiry dates is as follows:

	Ireland 2018 US$'000	UK 2018 US$'000	ROW 2018 US$'000	Total 2018 US$'000
One year	-	-	-	-
Two years	-	-	-	-
Three years	-	-	-	-
Four years	-	-	-	-
Five years	-	-	-	-
More than five years	12,537	21,390	47,539	81,466
Total	12,537	21,390	47,539	81,466

	Ireland 2017 US$'000	UK 2017 US$'000	ROW 2017 US$'000	Total 2017 US$'000
One year	-	-	-	-
Two years	-	-	-	-
Three years	-	-	-	-
Four years	-	-	-	-
Five years	-	-	-	-
More than five years	12,809	18,941	36,471	68,221
Total	12,809	18,941	36,471	68,221

These losses can be carried forward indefinitely but may only be offset against taxable gains or taxable profits earned from the same trade or trades.

9 Loss per Ordinary Share

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

The calculations for the basic and diluted loss per share for the years ended 31 December 2018 and 2017 are as follows:

	2018	2017
Loss for the financial year (US$'000)	**(48,509)**	(2,278)
Weighted average number of Ordinary Shares ('000)	**3,643,458**	3,578,729
Basic and diluted loss per Ordinary Share (US cents)	**(1.33)**	(0.06)

There is no difference between the basic loss per Ordinary Share and the diluted loss per Ordinary Share for the years ended 31 December 2018 and 2017 as all potential Ordinary Shares outstanding are anti-dilutive. There were 178,250,000 (2017: 137,750,000) share options issued which are anti-dilutive as at 31 December 2018.

10 Exploration and evaluation assets

Group

	Tanzania and Total US$'000
Cost	
At 1 January 2017	94,243
Additions	9,026
Employment costs capitalised	1,318
Increase in decommissioning provision	81
At 1 January 2018	104,668
Additions	**1,463**
Employment costs capitalised	**958**
At 31 December 2018	**107,089**
Provisions for impairment	
At 1 January 2017 and 1 January 2018	5,081
Increase in impairment provision	**43,474**
At 31 December 2018	**48,555**
Net book value	
At 31 December 2018	**58,534**
At 31 December 2017	99,587

The additions to exploration and evaluation assets during the period relate mainly to own costs capitalised for geological, geophysical and administrative 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 Ruvuma PSA, the Nyuni Area PSA and ongoing exploration work on Kiliwani South within the Kiliwani North Development Licence. These assets are carried at historical cost except for provisions against Nyuni exploration for the Nyuni-1 well, the cost of seismic acquired over relinquished blocks and obsolete stock. These assets have been assessed for impairment and in particular with regard to the remaining licence terms, likelihood of renewal, likelihood of further expenditures and ongoing acquired data for each area.

Ruvuma PSA

The Mtwara Licence, which includes the Ntorya appraisal area, was extended to January 2018 and Aminex is in discussions with the TPDC for, and has a reasonable expectation of, the Licence being extended. In September 2017, Aminex applied for a 25-year development licence for Ntorya following the successful testing of the Ntorya 2 appraisal well. In July 2018, Aminex announced it had signed a binding Farm-Out to farm-out 50% of the Ruvuma PSA to The Zubair Corporation ("Zubair"). The Farm-Out remains subject to conditions precedent including approval by the Tanzanian authorities and the award of the Mtwara Licence extension. In return for a 50% interest in the PSA, Zubair, will pay cash consideration of US$5.0 million in two

10 Exploration and evaluation assets (continued)

tranches and a net US$35.0 million carry for Aminex's 25% interest on the development programme, expected to be through to production. An associate of Zubair, ARA Petroleum Tanzania Limited, will become operator under the Ruvuma PSA and is required to drill the Chikumbi-1 well, acquire at least 200 km^2 of 3D seismic over the Ntorya Prospect and implement an early production system (or proceed directly to a full production system as may be required). The purpose of the Farm-Out is to accelerate production from and development of the Ntorya field. The Board has a reasonable expectation that the Farm-Out will be completed no later than 31 July 2019.

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

Nyuni Area PSA

In December 2016, the Tanzanian authorities granted an extension to the Nyuni Area Licence. Aminex believes that the four-year extension period should have started from the date of grant in December 2016 and sought clarification from the TPDC. Aminex recently received notification from the Tanzanian authorities that the Nyuni Licence period is to end in October 2019, the Company currently is unable to progress the work programme and, therefore, the Directors have concluded that the carrying cost of the Nyuni exploration asset should be fully impaired and have made provision for this accordingly.

Kiliwani South

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. The Directors are satisfied that with the work planned on the Licence there are no indicators of impairment.

11 Property, plant and equipment

Group

	Producing assets - Tanzania US$'000	Other assets US$'000	Total US$'000
Cost			
At 1 January 2017	7,896	127	8,023
Additions in the year	309	23	332
Disposed of during the year	-	(74)	(74)
Exchange rate adjustment	-	6	6
At 1 January 2018	8,205	82	8,287
Additions in the year	**-**	**26**	**26**
Disposed of during the year	**-**	**(34)**	**(34)**
Exchange rate adjustment	**-**	**(6)**	**(6)**
At 31 December 2018	**8,205**	**68**	**8,273**
Depreciation			
At 1 January 2017	1,237	113	1,350
Charge for the year	4,566	11	4,577
Disposed of during the year	-	(74)	(74)
Exchange rate adjustment	-	5	5
At 1 January 2018	5,803	55	5,858
Charge for the year	**36**	**22**	**58**
Disposed of during the year	**-**	**(32)**	**(32)**
Exchange rate adjustment	**-**	**(4)**	**(4)**
At 31 December 2018	**5,839**	**41**	**5,880**
Net book value			
At 31 December 2018	**2,366**	**27**	**2,393**
At 31 December 2017	2,402	27	2,429

11 Property, plant and equipment (continued)

As at 31 December 2018, "Other assets" comprises plant and equipment US$20,000 (2017: US$24,000), fixtures and fittings US$1,000 (2017: US$3,000) and leasehold property US$6,000 (US$ nil).

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 the depletion charge 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 Energy Consultants Limited 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 following a well intervention to open the sub-surface safety valve, further remediation is planned for 2019.

A plan to remediate the faulty valve was developed and, later in 2018, an independent contractor was engaged to troubleshoot and remediate the valve. The initial work was successful with a small amount of gas flowed to the plant and further work is planned. The Company has identified the possibility of perforating a lower and potentially gas saturated section of the reservoir, analysis of which indicates the possibility of providing up to 8 BCF of additional resource from the same well. The plans for 3D seismic acquisition over Kiliwani North would aid in identifying further drilling or side-track opportunities required to drain the remainder of the structure. Considering the ongoing remediation work and the reserves and resources ascribed to the Kiliwani North-1 well the Directors are satisfied no impairment charge is required against the carrying value. In accordance with IAS 36, the Group conducted an impairment test as at 31 December 2018 on a value in use basis. This did not result in an impairment. The key assumptions in the impairment test included the production profile, with commencement in the flow of gas in 2019, remediation work on the gas well being successful, the cost of remediation work and a fixed gas price in line with the Kiliwani North gas sales agreement.

12 Investments in subsidiary undertakings

Company	US$'000
At 1 January 2017 and 2018	5,207
Additions	**1,384**
At 31 December 2018	**6,591**

The Company's investment in subsidiary undertakings increased by US$1,384,000 (2017: US$nil). This includes a reclassification of share-based payment charges of US$827,000 relating to options granted in 2016 and 2017 which were previously treated as a receivable due from subsidiary undertakings.

Subsidiary undertakings

As at 31 December 2018 the Company had the following subsidiary undertakings, in which the Company directly or indirectly held ordinary shares:

	Proportion held by Company	Proportion held by Subsidiary	Country of Incorporation
Oil and Gas Exploration, Development and Production			
Aminex Petroleum Services Limited (1)	100%	-	UK
Amossco Holdings Limited (1)	-	100%	UK
Amossco Limited (1)	-	100%	UK
Amossco ODS Limited (1)	-	100%	UK
Halyard Offshore Limited (1)	-	100%	UK
Tanzoil N.L. (2)	100%	-	Australia
Ndovu Resources Limited (3)	-	100%	Tanzania
Osceola Hydrocarbons PLC (4)	100%	-	Ireland
Osceola Oil and Gas Limited (5)	-	100%	UK

Registered offices

1. Kings Buildings, 16 Smith Square, London SW1P 3JJ.
2. 6 Ling Court Atwell, WA 6164, Australia.
3. Plot 431 Mahando Street, Msasani Peninsular, Dar es Salaam, Tanzania.
4. Paramount Court, Corrig Road, Sandyford Business Park, Dublin 18, D18 R9C7, Ireland
5. The Soloist Building, 1 Lanyon Place, Belfast BT1 3LP, Northern Ireland

13 Amounts due from subsidiary undertakings

Company	US$'000
Cost	
At 1 January 2017	130,752
Advances to subsidiary undertakings	8,495
Equity-settled share-based payments	293
At 1 January 2018	139,540
Advances to subsidiary undertakings	**2,366**
Reversal of equity-settled share-based payments	**(827)**
At December 2018	**141,079**
Provisions for impairment	
At 1 January 2017	33,082
Increase in provision	1,276
At 1 January 2018	34,358
Increase in provision	**31,351**
At 31 December 2018	**65,709**
Net book value	
At 31 December 2018	**75,370**
At 31 December 2017	105,182

	2018 US$'000	2017 US$'000
Included in non-current assets	**71,420**	99,554
Included in current assets	**3,950**	5,628
At 31 December	**75,370**	105,182

Included in current assets are loans provided to subsidiary undertakings which are interest free and repayable on demand.

Included in non-current assets is US$71.42 million (2017: US$99.55 million) which represents loans provided to subsidiary undertakings which are repayable on demand. The Directors do not expect to call for repayment of these loans in the foreseeable future. At the reporting date, following a review of the recoverability of each loan to subsidiaries, an increase in the provision of US$31.35 million (2017: US$1.28 million) was made against these loans, which were considered to be unlikely to be repaid in full. After taking into account the provisions shown above, the Directors believe the carrying value of these loans to be fully recoverable.

14 Trade and other receivables

	Group		Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Current				
Trade receivables	**7,488**	6,956	**-**	-
Amounts due from partners in jointly controlled operations	**269**	1,359	**-**	-
VAT recoverable	**5**	30	**-**	-
Other receivables	**144**	314	**-**	-
Prepayments	**137**	118	**21**	24
	8,043	8,777	**21**	24

Trade and other receivables amounted to US$8.04 million at the period end (31 December 2017: US$8.78 million). The decrease largely relates to a reduction in amounts owing from the Group's partners in jointly controlled operations. Included in trade and other receivables is an amount of US$7.41 million due from the TPDC for gas sales from Kiliwani North and related late payment interest. Aminex's net share of the receivable is US$3.04 million (31 December 2017: US$2.70 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. Aminex has advised the TPDC that it does not agree with nor accept the payments sought and no provision has been made in the financial statements beyond amounts Aminex had already accrued. The TPDC has delayed settling its trade receivable balance while discussions continue, the potential impact of which has been considered as part of the going concern statement (see page 37). Aminex maintains that the trade receivables balance is payable in full. In accordance with IFRS 9, Aminex calculated its expected credit loss based on its exposure to credit risk on its trade receivables and this did not have a material impact on the Group's financial statements. All amounts fall due within one year.

15 Cash and cash equivalents

	Group		Company	
	2018 **US$'000**	2017 US$'000	**2018** **US$'000**	2017 US$'000
Cash and cash equivalents	**1,860**	6,226	**483**	3,182

Included in cash and cash equivalents is an amount of US$515,000 (2017: US$447,000) held on behalf of partners in jointly controlled operations.

16 Trade and other payables

	Group		Company	
	2018 **US$'000**	2017 US$'000	**2018** **US$'000**	2017 US$'000
Current				
Trade payables	**1,042**	1,236	**274**	19
Amounts due to partners in jointly controlled operations	**2,227**	2,076	**-**	-
Withholding tax payable	**593**	453	**-**	-
VAT payable and excise duty	**1,713**	2,116	**-**	-
Capital gains tax payable	**327**	327	**-**	-
Other payables	**1,292**	333	**-**	-
Accruals	**3,330**	2,432	**395**	90
	10,524	8,973	**669**	109

Amounts due to partners in jointly controlled operations, VAT payable and other payables include amounts arising on gas sales and are payable on receipt of gas revenues from the TPDC.

17 Provisions – decommissioning

Group	**US$'000**
At 1 January 2017	476
Discount unwound in the year (see Note 7)	79
Increase in decommissioning provision	81
At 1 January 2018	636
Discount unwound in the year (see Note 7)	**64**
At 31 December 2018	**700**

	2018 **US$'000**	2017 US$'000
Non-current	**700**	636
Total decommissioning provision	**700**	636

Decommissioning costs are expected to be incurred over the remaining lives of the wells, which are estimated to end between 2021 and 2042. The provision for decommissioning is reviewed annually and at 31 December 2017 and 2018 relates to wells in Tanzania. The provision has been calculated assuming industry established oilfield decommissioning techniques and technology at current prices which are inflated to future costs at a rate of 3.6% per annum and discounted at 9.2% per annum, reflecting the associated risk profile.

18 Financial instruments and risk management

Group

Financial Risk Management

The main risks arising from the Group's financial instruments are liquidity and interest rate risk, commodity price risk, foreign currency risk and credit risk.

The Group may from time to time enter into derivative transactions to minimise its exposure to interest rate fluctuations, foreign currency exchange rates and movements in oil and gas prices. There were no derivatives held at 31 December 2018 or 31 December 2017.

The Group's primary financial instruments comprise non-current trade and other receivables, non-current investments, working capital and cash and liquid resources. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group does not undertake any trading activity in financial instruments.

Policies for managing these risks are summarised as follows:

a) Liquidity/interest rate risk

The Group closely monitors and manages its liquidity risk using both short and long-term cash flow projections. Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, changes in asset production profiles and cost schedules. The Group finances its operations through a mixture of shareholders' funds, loans and borrowings and working capital. Board approval is required for all new borrowing facilities.

b) Commodity risk

The Group's activities expose it primarily to the financial risks of changes in gas commodity prices. The Group monitors and manages this risk where considered appropriate through the use of fixed price gas sales contracts.

The requirement for hedging instruments is kept under ongoing review. During the year, the Group did not enter into any hedging transactions.

c) Foreign currency risk

The Group reports in US dollars, which is the currency of a large proportion of its trading income.

The Group conducts and manages its business predominantly in US dollars, the operating currency of the industry in which it participates. The Group also routinely purchases on the spot market the currencies of the countries in which it operates. From time to time certain transactions are undertaken denominated in other currencies. The risk is managed wherever possible by holding currency in US Dollars and other internationally recognised fungible currencies, converted into less stable currencies as and when the need arises.

d) Credit risk

Credit risk to customers and to jointly operated activities arises on the outstanding receivables and outstanding cash calls due, as well as cash and cash equivalents, deposits with banks and outstanding production payments.

The carrying value of the Group's various financial assets, as presented within the fair value table set out below, represents the Group's maximum credit risk exposure.

Fair value

The accounting classification for each class of the Group's financial assets and financial liabilities, together with their associated fair values, is set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Loans and receivables at amortised cost 2018 US$'000	**Liabilities at amortised cost 2018 US$'000**	**Total carrying amount 2018 US$'000**	**Fair value 2018 US$'000**
Other financial assets and financial liabilities				
Current trade and other receivables	**7,906**	**-**	**7,906**	**7,882**
Cash and cash equivalents	**1,860**	**-**	**1,860**	**-**
Trade payables	**-**	**(1,042)**	**(1,042)**	**-**
Amounts due to partners in jointly controlled operations	**-**	**(2,227)**	**(2,227)**	**-**
Other payables	**-**	**(3,925)**	**(3,925)**	**-**

	Loans and receivables at amortised cost 2017 US$'000	Liabilities at amortised cost 2017 US$'000	Total carrying amount 2017 US$'000	Fair value 2017 US$'000
Other financial assets and financial liabilities				
Current trade and other receivables	8,659	-	8,659	8,633
Cash and cash equivalents	6,226	-	6,226	-
Trade payables	-	(1,236)	(1,236)	-
Amounts due to partners in jointly controlled operations	-	(2,076)	(2,076)	-
Other payables	-	(3,229)	(3,229)	-

18 Financial instruments and risk management (continued)

Estimation of fair values

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets;

Level 2: other techniques for which all inputs have a significant effect on the recorded fair value are observable either directly or indirectly; or

Level 3: techniques which use inputs that are not based on observable market data.

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities set out in the table above.

Investments held at fair value through profit and loss

Where the market value of other investments is available, the fair values are determined using the bid market price without deduction of any transaction costs. Where the market value of other investments is not available, the fair values are determined based on the expected future cash flows at current interest rates and exchange rates.

Amounts due from/(to) partners in joint operations

The amounts receivable from/payable to partners in jointly controlled operations are expected to be settled within less than six months and so the carrying value is deemed to reflect fair value.

Trade and other receivables/payables

For the receivables and payables with a remaining maturity of less than six months or demand balances, the contractual amount payable less impairment provisions, where necessary, is deemed to reflect fair value. For long term receivables greater than one year the contractual amount has been discounted to reflect fair value using a level 2 technique.

Cash and cash equivalents including short-term deposits

For short-term deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal value is deemed to reflect the fair value.

Loans and borrowings

Loans and borrowings relate to third party loan facilities. For loans and borrowings with a remaining maturity of less than one year, the contractual amount payable is deemed to reflect the fair value. For long term payables greater than one year the contractual amount has been discounted to reflect fair value.

Risk exposures

The Group's operations expose it to various financial risks that include credit risk, liquidity risk and market risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the Group's policy to manage these risks in a non-speculative manner.

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing the risk.

Trade and other receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. For trade receivables, credit checks are performed on new customers and appropriate payment terms are agreed with customers. There is a concentration of credit risk by dependence on the TPDC for revenues from gas sales. Trade receivables are monitored by review of the aged debtor reports.

The maximum gross exposure to credit risk for trade and other receivables arising from the Group as operator at the balance sheet date by geographic region was as follows:

Trade and other receivables

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. For trade receivables, credit checks are performed on new customers and appropriate payment terms are agreed with customers. There is a concentration of credit risk by dependence on the TPDC for revenues from gas sales. Trade receivables are monitored by review of the aged debtor reports.

The maximum exposure to credit risk for trade and other receivables at the balance sheet date by geographic region was as follows:

	2018	2017
	US$'000	US$'000
Tanzania	**7,408**	6,938

The Group's net exposure is reduced by related amounts due to its partners in jointly controlled operations (see Note 16).

Amounts due from partners in joint operations

The Group assesses the creditworthiness of potential parties before entering into agreements with them and continues to monitor their creditworthiness. The aggregate of the amount due from partners in jointly controlled operations is considered to be current and receivable with no provisions required.

18 Financial instruments and risk management (continued)

Other receivables

Included in other receivables is VAT recoverable from the national government in UK. The Group considers the balance will be fully recovered in 2019.

Cash and short-term deposits

Cash and short-term deposits are invested mainly through the Group's bankers and short-term deposits are treasury deposits of less than one month.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by monitoring rolling forecasts of expected cash flows against actual cash flows. The following are the contractual maturities of the financial liabilities including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount 2018 US$'000	**Contractual cashflows 2018 US$'000**	**6 months 2018 US$'000**	**6-12 months 2018 US$'000**	**1-2 years 2018 US$'000**	**2-5 years 2018 US$'000**	**More than 5 years 2018 US$'000**
Trade payables	**1,042**	**1,042**	**1,042**	**-**	**-**	**-**	**-**
Amounts due to partners in jointly controlled operations	**2,227**	**2,227**	**2,227**	**-**	**-**	**-**	**-**
Other payables	**3,925**	**3,925**	**3,925**	**-**	**-**	**-**	**-**
	7,194	**7,194**	**7,194**	**-**	**-**	**-**	**-**

	Carrying amount 2017 US$'000	Contractual cashflows 2017 US$'000	6 months 2017 US$'000	6-12 months 2017 US$'000	1-2 years 2017 US$'000	2-5 years 2017 US$'000	More than 5 years 2017 US$'000
Trade payables	1,236	1,236	1,236	-	-	-	-
Amounts due to partners in jointly controlled operations	2,076	2,076	2,076	-	-	-	-
Other payables	3,229	3,229	3,229	-	-	-	-
	6,541	6,541	6,541	-	-	-	-

Amounts due to partners in jointly controlled operations are only payable on receipt of amounts for trade receivables (Note 14).

Market risk

Market risk is the risk that changes in the market prices and indices which will affect the Group's income or the value of its holdings of financial instruments. The Group has four principal types of market risk being commodity prices, equity price risk, foreign currency exchange rates and interest rates.

Commodity price risk. The requirement for hedging instruments is kept under ongoing review. During the year, the Group did not enter into any commodity hedging transactions. General oil and gas commodity strategies are commented on in the Financial Review and the Operations Report.

Equity price risk. Equity price risk arises in respect of investments in equity securities. Any equity securities are usually held for strategic reasons by the Group. The primary goal of the Group's investment strategy is to maximise investment returns in order to meet the specific objectives of the Group.

Foreign currency risk. The Group reports in US dollars, which is the currency of a large proportion of its trading income. The risk is managed wherever possible by matching foreign currency income and expenditures.

Interest rate risk. The Group's exposure to interest rate risk arises from cash and cash equivalents.

The Group's exposure to transactional foreign currency risk, for amounts included in trade and other receivables, cash and cash equivalents and trade and other payables (as shown on the balance sheet), is as follows:

	Sterling 2018 US$'000	**Euro 2018 US$'000**	**US dollars 2018 US$'000**	Sterling 2017 US$'000	Euro 2017 US$'000	US dollars 2017 US$'000
Cash and cash equivalents	**403**	**2**	**36**	694	12	38
Trade payables	**153**	**121**	**-**	-	(12)	(21)
	556	**123**	**36**	694	-	17

18 Financial instruments and risk management (continued)

Sensitivity analysis

A 15% strengthening or weakening in the value of sterling or the euro against the US dollar, based on the outstanding financial assets and liabilities at 31 December 2018 (2017: 15%), would have the following impact on the income statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

	15% increase 2018 US$'000	**15% decrease 2018 US$'000**	15% increase 2017 US$'000	15% decrease 2017 US$'000
Cash and cash equivalents	**66**	**(66)**	148	(148)
Trade payables	**(41)**	**41**	(5)	5
	25	**(25)**	143	(143)
Tax impact	**-**	**-**	-	-
After tax	**25**	**(25)**	143	(143)

The Group finances its operations through a mixture of shareholders' funds, loans and borrowings and working capital. Board approval is required for all new borrowing facilities. The Group had no loans outstanding at the year end. There are no bank borrowings or overdraft facilities at year-end. The Group's liquid resources were held in a mixture of current accounts and short-term deposits at the year-end.

The interest rate profile of the Group's interest-bearing financial instruments at 31 December 2018 was as follows:

	Fixed rate 2018 US$'000	**Floating rate 2018 US$'000**	**Total 2018 US$'000**	Fixed rate 2017 US$'000	Floating rate 2017 US$'000	Total 2017 US$'000
Cash and cash equivalents	**-**	**1,860**	**1,860**	-	6,226	6,226

Cash flow sensitivity analysis

An increase of 100 basis points or decrease of 25 basis points in interest rates at the reporting date would have had the following effect on the income statement. This analysis assumes all other variables, in particular foreign currency, remain constant.

	100 bps increase profit 2018 US$'000	**25 bps decrease profit 2018 US$'000**	100 bps increase profit 2017 US$'000	25 bps decrease profit 2017 US$'000
Cash and cash equivalents	**19**	**(5)**	62	(16)
Tax impact	**-**	**-**	-	-
After tax	**19**	**(5)**	62	(16)

The Group has no loans outstanding at 31 December 2018. As there are no variable rate loans, there is no potential impact to profit and loss from a change in interest rates.

Company

The Company's approach to the management of financial risk is as set out under the Group disclosures above.

The accounting classification for each class of the Company's financial assets and financial liabilities, together with their fair values, is as follows:

	Loans and receivables 2018 US$'000	**Liabilities at amortised cost 2018 US$'000**	**Total carrying amount 2018 US$'000**	**Fair value 2018 US$'000**
Other financial assets and financial liabilities				
Amounts due from subsidiary undertakings	**75,370**	**-**	**75,370**	**-**
Cash and cash equivalents	**483**	**-**	**483**	**-**
Trade payables	**-**	**(274)**	**(274)**	**-**

	Loans and receivables 2017 US$'000	Liabilities at amortised cost 2017 US$'000	Total carrying amount 2017 US$'000	Fair value 2017 US$'000
Other financial assets and financial liabilities				
Amounts due from subsidiary undertakings	105,182	-	105,182	-
Cash and cash equivalents	3,182	-	3,182	-
Trade payables	-	(19)	(19)	-

Notes Forming Part of the Financial Statements

for the year ended 31 December 2018

18 Financial instruments and risk management (continued)

Estimation of fair values

Amounts due from subsidiary companies

The amounts due from subsidiary companies are repayable on demand and so the carrying value is deemed to reflect fair value.

The estimation of other fair values is the same, where appropriate, as for the Group as set out in above.

Risk exposures

The Company's operations expose it to the risks as set out for the Group above.

This note presents information about the Company's exposure to credit risk, liquidity risk and market risk, the Company's objectives, policies and processes for measuring and managing risk. Unless stated, the policy and process for measuring risk in the Company is the same as outlined for the Group above.

Credit risk

The carrying value of financial assets, net of impairment provisions, represents the Company's maximum exposure at the balance sheet date.

At the balance sheet date, the Directors have reviewed the carrying value of the amounts due from subsidiary companies for indicators of impairment and these were found to be impaired and their carrying value written down by US$31.4 million (2017: US$1.3 million). Due to the value of the Group's exploration and evaluation assets being impaired during the year a provision was made by the Company against relevant amounts due from subsidiary companies using the expected credit loss model as required under IFRS 9. Details of the impairment to the Group's exploration and evaluation assets are discussed in Note 10.

The Directors are satisfied that no further impairment is considered to have occurred.

Liquidity risk

The liquidity risk for the Company is similar to that for the Group as set out above. Contractual cash flows on trade payables amounting to US$274,000 (2017: US$90,000) fall due within six months of the balance sheet date. The Directors have given careful consideration to the Company's and the Group's ability to continue as a going concern.

Market risk

The market risk for the Company is similar to that for the Group as set out above.
The Company's exposure to transactional foreign currency risk is as follows:

	2018 Sterling US$'000	**2018 Euro US$'000**	2017 Sterling US$'000	2017 Euro US$'000
Trade payables	**153**	**121**	-	15

Sensitivity analysis

A 15% strengthening or weakening in the value of sterling or the euro against the US dollar (2017: 15%), based on the outstanding financial assets and liabilities at 31 December 2018, would have no material impact on the income statement in the current or prior years. This analysis assumes that all other variables, in particular interest rates, remain constant.

The interest rate risk of the Company is similar to that of the Group as set out above. The interest rate profile of the Company's interest-bearing financial instruments at 31 December 2018 was as follows:

	Fixed rate 2018 US$'000	**Floating rate 2018 US$'000**	**Total 2018 US$'000**	Fixed rate 2017 US$'000	Floating rate 2017 US$'000	Total 2017 US$'000
Cash and cash equivalents	**-**	**404**	**404**	-	990	990

Cash flow sensitivity analysis

An increase of 100 basis points or decrease of 25 basis points in interest rates at the reporting date would have had the following effect on the income statement. This analysis assumes all other variables, in particular foreign currency, remain constant.

	100 bps increase profit 2018 US$'000	**25 bps decrease profit 2018 US$'000**	100 bps increase profit 2017 US$'000	25 bps decrease profit 2017 US$'000
Cash and cash equivalents	**4**	**(1)**	10	2
Tax impact	**-**	**-**	-	-
After tax	**4**	**(1)**	10	2

19 Issued capital

Authorised	Number	Value €
Ordinary Shares of €0.001 each:	5,000,000,000	5,000,000
Deferred shares of €0.059 each:	1,000,000,000	59,000,000
At 1 January and 31 December 2018	**6,000,000,000**	**64,000,000**

Allotted, called up and fully paid	Number	€	US$
Ordinary Shares of €0.001 each:	3,643,458,062	3,643,457	4,526,722
Deferred shares of €0.059 each:	818,658,421	48,300,847	64,535,665
At 31 December 2017 and 2018	**4,462,116,483**	**51,944,304**	**69,062,387**

Comprised of:	
Ordinary Shares of €0.001	3,643,458,062
Deferred shares of €0.059	818,658,421
	4,462,116,483

No voting rights are attached to the deferred shares.

20 Share option reserve

The share option reserve represents the fair value of share options issued to certain Directors and employees.

On 9 January 2018 the Company awarded 42,000,000 options to Directors and staff (2017: 15,000,000 awarded to staff). The fair value of options granted in the period was US$581,000 (2017: US$293,000). During the period 1,500,000 options expired (2017: 5,725,000) with a fair value of US$411,000 (2017: US$1,647,000). Further details regarding the issuance, lapse and expiry of share options are set out in Note 4.

21 Share warrant reserve

On 22 May 2017, the sole warrant holder exercised 167,561,032 warrants over Ordinary Shares with a nominal value of €0.001 each ("Ordinary Shares"). All the warrants exercised had an exercise price of Stg 1 pence per warrant. Accordingly, 167,561,032 new Ordinary Shares were issued for which the Company received gross proceeds of US$2.18 million. The balance of US$3.44 million relating to the warrants included in the share warrant reserve was therefore transferred to retained earnings. The warrants were exercisable by 30 June 2017. No warrants remained outstanding at 31 December 2017 and 31 December 2018.

22 Loss for the financial year

The Company Financial Statements have been prepared and approved by the Directors in accordance with EU IFRS and as applied in accordance with the Companies Act, 2014, which permit a company that publishes its company and group financial statements together, to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its Company income statement and related notes that form part of the approved Company Financial Statements. Of the consolidated loss after taxation, a loss of US$32,271,000 (2017: US$1,837,000) is dealt with in the Company income statement of Aminex PLC.

23 Commitments, guarantees and contingent liabilities

Commitments exploration activity

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

(a) Following the grant of the extension to the Nyuni Area PSA, Tanzania, the terms of the licence require the acquisition of 700 kilometres of 3D seismic over the deep-water sector of the licence, and drilling of four wells, on the continental shelf or in the deep-water, by October 2019.

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

Commitments under operating leases are as follows:

	Land and buildings		Other	
	2018	2017	**2018**	2017
Group	**US$'000**	US$'000	**US$'000**	US$'000
Within one year	**254**	124	**-**	-
In one to two years	**223**	170	**-**	-
In two to five years	**212**	354	**-**	-
	689	648	**-**	-

The Company does not have any other operating lease commitments.

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 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 requesting payment of certain amounts totalling US$5.97 million with regard to unpaid royalties and amounts due under profit share arrangements which the TPDC proposes to offset against the receivable of US$7.41 million owing by the TPDC to Aminex at 31 December 2018 (see Note 14). Aminex has already accrued for the liabilities it considers appropriate based on its own calculations of amounts due as at 31 December 2018. Aminex has advised the TPDC that it does not agree with nor accept the balance of the amounts sought, which include computational inaccuracies. No further provision has been made in the financial statements for the additional amounts sought as the Directors believe they are without merit and are satisfied that the US$7.41 million included in trade receivables as owing from the TPDC is payable in full.

24 Pension arrangements

The Group contributes towards the cost of certain individual employee and Director defined contribution pension plans. Annual contributions are based upon a percentage of gross annual salary. Pension contributions, which are charged to the Group income statement as incurred, amounted to US$72,000 for 2018 (2017: US$51,000).

25 Analysis of net funds

Group	At 1 January 2018 US$'000	**Cash flow US$'000**	**At 31 December 2018 US$'000**
Cash at bank	6,226	**(4,366)**	**1,860**
Total	6,226	**(4,366)**	**1,860**

	At 1 January 2017 US$'000	Cash flow US$'000	At 31 December 2017 US$'000
Cash at bank	19,567	(13,341)	6,226
Secured loan	(4,931)	4,931	-
Total	14,636	(8,410)	6,226

26 Related party transactions

The Company entered into the following transactions with its subsidiary companies:

	2018 US$'000	2017 US$'000
Balances at 31 December		
Amounts owed by subsidiary undertakings	**75,370**	105,182

Details of loans advanced to subsidiary undertakings during the year are set out in Note 13.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below. Information about the remuneration of each Director is shown in the Remuneration Report on pages 25 to 26.

	2018 US$'000	2017 US$'000
Short-term benefits	**1,092**	738
Pension contributions	**26**	31
	1,118	769

During the course of the year, the Group entered into the following related party transactions: fees amounting to US$47,000 (2017: US$34,000) which were paid to Upstream Solutions Limited, a company connected with Mr. T.A. Mackay.

27 Post balance sheet events

On 4 January 2019, the Company announced shareholders approved the Farm-Out of a 50% interest in the Ruvuma PSA to The Zubair Corporation at an extraordinary general meeting. The Farm-Out remains subject to other conditions precedent including approval by the Tanzanian authorities and the award of the Mtwara Licence extension. Accordingly, Aminex and The Zubair Corporation agreed to extend the long-stop date to 31 July 2019.

On 14 February 2019, the Company raised approximately GB£1.85 million (approximately US$2.40 million) before expenses through the issue of 127,226,781 new ordinary shares in the capital of Aminex at a price of Stg 1.45p per share. The funds are to help accelerate development over its Kiliwani North Development Licence. The net proceeds of the Placing will finance the reprocessing of the existing 2D seismic, to plan for the acquisition of new 3D seismic and to transition Kiliwani South from a prospect to a drill ready target (with management estimates of 57 BCF GIIP).

On 14 February 2019, the Company granted 6,411,000 options over Ordinary Shares to Mr. J. Bell. The exercise price is Stg1.56p with the exercise period not exceeding ten years from date of grant. The share-based payment charge arising from the grant will be charged to the Income Statement in the year ending 31 December 2019.

28 Approval of financial statements

These financial statements were approved by the Board of Directors on 30 April 2019.

Senior Personnel

Aaron LeBlanc Chief Operating Officer

Aaron LeBlanc is a Geoscientist with over 15 years in oil and gas exploration, development and operations. He has worked in Western Canada, the Former Soviet Union, Europe, North Africa, East Africa, the Middle East and South-east Asia. His early career was spent with Devon Energy Corporation where he was an integral member of the Iron River oilfield development which saw production increase from 3,000 to 30,000 BBLS/d. Prior to joining Aminex he was Vice-President Exploration at Serinus Energy Inc and was a key member of the team that grew their Ukrainian gas production 10-fold through an aggressive drilling programme. As COO at Aminex he is responsible for operations in Tanzania and elsewhere when applicable.

Brian Cassidy General Counsel and Company Secretary

Brian Cassidy is a Solicitor qualified in England and Scotland. He has over 20 years' experience in the oil and gas industry, during which time he was based in the UK, Azerbaijan, Singapore, Hong Kong, China and South Korea. Before moving in-house, he held senior roles with Ledingham Chalmers LLP, McGrigors LLP and Clifford Chance LLP. Prior to joining Aminex PLC, he was Head of Legal and Company Secretary at Bowleven plc.

Thierry Murcia Country Manager, Tanzania

Thierry Murcia has spent his career in commercial management and administration, primarily in Western Australia. Prior to joining Aminex and relocating to Tanzania, he worked for BP in various commercial and administrative capacities. Prior to BP he was an executive with Caltex Australia. Thierry Murcia holds an MBA from The University of Western Australia. He is currently resident in Dar es Salaam where he has day-to-day responsibilities for all Aminex's activities in Tanzania. Thierry Murcia is the Honorary Consul for Australia in Tanzania.

Prosper Victus General Manager, Ndovu Resources Limited, Dar es Salaam

Prosper Victus was an Assistant Commissioner for Energy responsible for Petroleum and Gas in the Ministry of Energy and Minerals between 1992 and 2013. His primary functions included the regulation of the petroleum sub-sector with particular emphasis on the promotion of investment, licencing and to advise on policy instruments for regulation of the industry. As Head of the Petroleum Section of the Energy Department, he participated in negotiating Production Sharing Agreements with International Oil Companies. Among his other professional appointments, he has served as chairman of the East African Petroleum Conference, the National Fertilizer and Agricultural Chemicals Committee under the Prime Minister's Office, the National Engineering Company Ltd. and BP Tanzania Ltd. He has also served as a Director on the Boards of the TPDC and the National Environmental Management Council. Prosper Victus is a registered engineer and holds a degree from the University of Dar es Salaam and a Masters from the University of Melbourne, Australia.

Registrars and Advisers

Registrars	Computershare Investor Services (Ireland) Limited 3100 Lake Drive City West Business Campus, Dublin 24	
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Telephone sharedealing	Computershare provides a telephone sharedealing service for Irish and UK registered shareholders. For more information please call:	
	Telephone number for Irish shareholders:	01 447 5435
	Telephone number for UK shareholders:	0870 702 0107
Auditor	KPMG, Chartered Accountants	Dublin
Bankers	Bank of Ireland	Dublin
Solicitors	Byrne Wallace	Dublin
Stockbrokers	Davy Stockbrokers Limited	Dublin
	Shore Capital Stockbrokers Limited	London
	GMP FirstEnergy Limited	London

Glossary of terms used

PSA:	Production Sharing Agreement
CPR:	Competent Person's Report
MCF:	Thousands of cubic feet of natural gas
BCF:	Billions of cubic feet of natural gas
TCF:	Trillions of cubic feet of natural gas
TPDC:	Tanzania Petroleum Development Corporation
MMcfd	Millions of standard cubic feet per day of natural gas
Pmean:	The average (mean) probability of occurrence
GIIP:	Gas initially in place
Contingent Resources:	Discovered sub-commercial resources
Prospective Resources:	Undiscovered resources mapped with seismic

Principal operating companies

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Aminex PLC
Paramount Court
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Sandyford Business Park
Dublin 18
D18 R9C7
Ireland

Group Support and Services
Aminex Petroleum Services Limited
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16 Smith Square
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SW1P 3JJ

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Dar es Salaam, Tanzania