

Aminex PLC

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Aminex farm-out agreement should kick-start Ruvuma PSA development, says Shore

Aminex plc's (LON:AEX) farm-out agreement with Omani industrial conglomerate The Zubair Corporation is a pragmatic solution to the funding required to develop Ruvuma, says house broker Shore Capital.

In exchange for 50% of its working interest in the Ruvuma production sharing agreement (PSA), Zubair will conduct a minimum work programme including the drilling, completion, and testing of the Chikumbi-1 well; a 3D seismic data survey over 200 square kilometres within the Ntorya project area; and establish an early production system to achieve first gas at Ntorya to a rate of 40mnl cubic feet of gas per day (MMcf/d).

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Zubair would also pay US\$5mnl in cash in addition to fully carrying up to US\$35mnl in costs regarding the development of Aminex's remaining 25% interest in the Ruvuma PSA, which would include the Ntorya project.

Jay Bhattacharjee, chief executive, said: "With the Ntorya project carried to a minimum level of production it is now expected that the Company will be self-funded for further development,"

"Aminex continues to develop its Kiliwani and Nyuni assets and is undertaking a review of other opportunities which will deliver robust shareholder returns."

Updating its forecast following the Zubair signing, house broker Shore said the deal should accelerate the development of the flagship Ntorya project and carry Aminex through to a minimum gross production rate of 40mmcf/d or enough for full field development.

"We therefore expect the proposed transaction to eliminate funding risks (which had previously been very evident) and kick-start a major work programme (with an implied US\$140m gross value) following a period of relative inactivity."

Shore expects commercial production from Ntorya by early 2020, with a net profit of US\$12.5mnl for that year.

Cash generation should be sufficient also to provide financial flexibility for potential drilling at Kiliwani South and 3D seismic data acquisition at Nyuni.

Three well programme

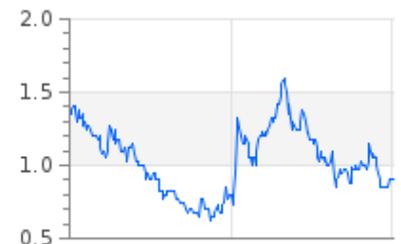
Ntorya's contingent gas resource has now risen to 762.8bn cubic feet of gas, comprising 80.6bn cubic feet of gas that's described as pending development - to be addressed by the planned initial three well operation.

Two of the three wells have so far been drilled, and the third is due later this year. The gas would be connected to a gas plant located some 33 kilometres away.

Price: 0.9

Market Cap: £33.94 m

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: AEX

Listing: LSE

52 week High Low
1.65 0.56

Sector: Oil & Gas

Website: aminex-plc.com

Company Synopsis:

Aminex PLC is a producing, upstream oil and gas company premium listed on the London Stock Exchange and primary listed on the Irish Stock Exchange (AEX).

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"The [Zubair] deal provides an excellent basis for future value creation, enabling Aminex to participate in a meaningful way (and on a fully funded basis) in an active work programme targeting early production and very substantial resource potential.

"Ultimately, a funding solution was needed and has now been found, and we look forward to near term catalysts including drilling of the Chikumbi-1 well."

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