

Update - A lot going on in 2010

In January Aminex issued a drilling and operations update which set out an extensive drilling programme with a campaign of eight wells planned for 2010. Key results from Likonde-1 in Tanzania, South Malak-1 in Egypt and step-out drilling at Shoats Creek in the US, together with the results of several resource upgrades, look set to underpin the recent rise in Aminex's share price over the coming months.

● Awaiting results from Likonde-1

On 9th January, Aminex with its partners Tullow Oil and Solo Oil announced that the Likonde-1 well had been spudded in the Ruvuma Basin, Tanzania. The onshore well is being drilled to a depth of 1,700 to 3,200 metres and is expected to reach TD by end of February. With P50 prospective resources of over 150mboe the results of this are clearly important for Aminex.

● Drilling multiple wells at Shoats Creek

In February and March Aminex is due to start drilling at Shoats Creek in the US, where it is targeting 18mboe of unrisked reserves in two phases: firstly step-out drilling of the shallower Frio and Cockfield sands in Q1, and following that exploratory drilling of newly identified prospects in the deeper Wilcox formation in Q3. These are likely to lead to both production and reserves growth for the field.

● Resource upgrade at Nyuni

Following the reprocessing of infill seismic data acquired last summer, Aminex is getting set to establish volumetric estimates on the licence. These are expected to be targeted late 2010/early 2011 as part of following up Kiliwani North-1.

● Other activity

In addition, Aminex is awaiting results from flow tests at WEEM-2 in Egypt and is to drill a development well, Sunny Ernst-3, at Alta Loma. Also, the Kiliwani North-1 discovery at Nyuni, which tested up to 40 mmscf/d, is awaiting Government approval for the Songas plant expansion.

● Valuation

We value Aminex using a risked net asset value (NAV), calculating core NAV at \$110m or 17p/share largely attributable to the company's US assets. In addition to this we calculate upside potential of \$139m or 21p/share. Our total risked NAV of \$249m or 38p/share represents considerable upside over the shares even after the recent rally to 12p.

Share performance (p)



Share information

Price	12p
Shares	412.7m
Market capitalisation	£50.56m
Ticker	LSE: AEX
Sector	Oil and Gas Producers

Financial analysis

(\$m)	2008	2009e
Revenue	10.18	7.30
Profit after tax	(9.66)	(2.43)
Net debt/(cash)	(3.91)	(5.49)
Capex	(15.04)	(12.56)

Valuation metrics

Core NAV	\$110m
Upside NAV	\$139m
Total NAV	\$249m

Company description

Aminex is an established upstream oil and gas company listed on the London and Irish Stock Exchanges with interests in the USA, Tanzania, Egypt and North Korea.

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Summary

In January Aminex issued a drilling and operations update which set out a busy programme for 2010, including plans to:

- Drill eight wells in the US and Tanzania
- Upgrade its resources base at Nyuni as well as at Shoats Creek, and
- Identify targets to follow up on its Kiliwani North-1 discovery and in Ruvuma.

Aminex's provisional drilling programme is set out in exhibit 1.

Exhibit 1 - 2010 provisional drilling programme

Quarter	Well	Comments
Q1 starts	Likonde-1 Ruvuma basin, Tanzania	Spudded 9th January
	Cockfield well at Shoats Creek, Louisiana	Early February
	Frio well at Shoats Creek, Louisiana	Mid-end March
Q2 starts	Sunny Ernst-3, Alta Loma, Texas	Mid June
Q3 starts	Wilcox well at Shoats Creek	Subject to farm-out
	Possible further Cockfield/Frio drilling at Shoats Creek	
Q4 starts	Provisional follow-up well at Ruvuma	
	Nyuni follow-up well	

Source: Aminex

Ruvuma: Likonde-1 results due by the end of February

Aminex, with its partners Tullow Oil and Solo Oil, announced on the 9th January that it had spudded Likonde-1, the first exploration well on the Ruvuma licence, onshore Tanzania. The well is being drilled to a depth of 1,700 to 3,200 metres and results are expected by the end of February.

The aim is to achieve the first flowing oil on the East African Margin by defining the extent of an estimated 150mmboe of P50 prospective resources. In the event of a commercial discovery, its location close to both the airport and marine port mean that it would have low costs of logistics and - importantly - easy access to international markets. This means that in the event of an oil discovery, the value per barrel is likely to be significantly higher than the \$5/bbl ascribed to areas such as Uganda, where distance to market result in high cost developments.

A follow-up well, potentially is expected at the end of 2010.

Multiple sand drilling at Shoats Creek

Activity in the first half of the year for Aminex will primarily concentrate on accessing potentially up to 18mmboe of unrisks prospective reserves at the Shoats Creek field in Louisiana, with work divided into two parts:

- Step-out drilling of the shallower Frio and Cockfield sands, and
- Exploratory drilling of the deeper Wilcox formation.

The lower-risk development drilling at the shallower Frio and Cockfield sands (less than 10,000 feet) is aimed at converting proved undeveloped reserves into proved developed reserves as Aminex plans to raise production above current levels of 40 bopd, with spudding of the first well in the Cockfield expected in early February. The higher-risk drilling of the deeper Wilcox formation (more than 10,000 feet), expected to commence in Q3 2010, will test the extent of prospective reservoir sands identified through the interpretation of newly acquired 3D seismic data. If successful, these two could transform the potential of Shoats Creek, with Aminex looking at both substantial production and reserves growth.

Aminex is 100% owner and operator of Shoats Creek. Although a farm-out partner is being sought for the deeper Wilcox play, Aminex has sufficient funding in place to drill the shallower Cockfield and Frio sands without a partner.

Volume upgrade at Nyuni

Having discovered gas at Kiliwani North in 2008 and reprocessed infill seismic data acquired last summer over the Nyuni licence, the company is currently looking to upgrade resource estimates with results of a review expected in February. Likely prospective resource levels are between 20bcf and 50bcf and interpretation of the data is expected also to lead to the identification of prospects for drilling two further wells at the end of the year.

Aminex is actively seeking a farm-out partner to manage its risks and costs, and looking to move forward quickly since the second extension period of the licence expires in 2011, requiring two exploration wells to be drilled by then.

Drilling Sunny Ernst-3, Alta Loma

At Alta Loma, following the successful Sunny Ernst-2 well where production currently averages 3 mmcf/d, Aminex is planning a follow-up well, Sunny Ernst-3. This will be a development well rather than an exploration well, and is aimed at bringing 1P reserves for the field on to production. The provisional spud date is mid-June 2010.

Awaiting results from WEEM-2, Egypt

Aminex is awaiting results from WEEM-2 in Egypt where it has a carried-interest until production. The South Malak-1 well has been hydraulically fractured and is undergoing flow testing to ascertain its potential for production before it is considered for development.

Valuation

We value Aminex using a risked net asset valuation (NAV), calculating core NAV at \$110m or 17p/share, largely attributable to the company's US assets. In addition to this we calculate upside of \$139m or 21p/share, attributable to Aminex's Tanzanian exploration assets. Our total risked NAV of \$249m or 38p represents considerable upside over the shares now trading at 12p.

Exhibit 2 - Valuation summary

Asset	Net 2P mmboe	Unrisked \$m	Risk %	Risked \$m	Risked p/sh
Alta Loma	1.8	39.9	100%	39.9	6
Shoats Creek	4.5	95.4	80%	76.3	12
W Weslaco	0.4	7.6	100%	7.6	1
Somerset	0.0	-1.0	100%	-1.0	0
Oil Services		5.1	100%	5.1	1
Net cash		18.0	100%	18.0	3
G&A		-36.3	100%	-36.3	-5
Core	6.8	128.7		109.6	17
Nyuni		540.0	10%	54.0	8
Ruvuma		339.8	25%	84.9	13
Upside		879.8		138.9	21
Total		1008.4		248.5	38

Source: Aminex, OPC, Isis, Omni Investment Research

