

Anglo African Oil & Gas PLC

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Anglo African Oil & Gas pencils in rapid ramp-up at Tilapia after drill success

Production scheduled from April at the TLP-103C well on the Tilapia licence in the Republic of the Congo.

TLP-103C's upper reservoirs will be targeted by blending the R2 and the Mengo intervals through a double completion in the well.

An initial aggregated flow rate in excess of 1,500 barrels of oil per day is expected over the first 14-18 months.

On that basis, cashflow will be US\$1m per month.

Operation will breakeven with an oil price as low as US\$20 per barrel.

What it does

Anglo African holds a 56% working interest in Tilapia, which is currently pumping about 40 barrels per day from the shallow R1/R2 sands.

Republic of Congo state oil company SNPC holds the remaining 44% and also a production-sharing and joint operating agreement with Petro Kouilou (PK), Anglo African's wholly-owned subsidiary.

Other operators nearby are already producing from the geological formations to be drilled.

Below R1/R2 are the lower Mengo sands, where neighbouring fields have been producing 400-500 barrels daily from wells for some years.

A deeper exploration prospect lies in the Djeno interval, where the adjacent Minsala field produces at a rate of 5,000 bopd.

Finally, there is the relatively untested Vandji Horizon, though this is below the well's target depth of 2,700m.

Price: 0.374

Market Cap: £1.48 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: AAOG

Listing: AIM

52 week	High	Low
	11.7	0.3

Sector: Oil & Gas

Website: www.aagog.com

Company Synopsis:

Anglo African Oil & Gas PLC is an AIM-listed oil and gas company with a producing asset in the Republic of the Congo. Anglo African Oil & Gas PLC ('AAOG') own Petro Kouilou S. A. ('PK') which is incorporated in the Republic of the Congo, which has a 56% interest in the Tilapia Oil Field (located in the Republic of the Congo).

action@proactiveinvestors.com

What the boss says

"We are excited by this funded plan for TLP-103C and are working hard to bring the well into production as soon as possible," said David Sefton, AAOG (LON:AAOG) executive chairman.

"The development schedule is predicated on the availability of Schlumberger's fracking equipment which we have been informed will be available at the beginning of April.

"Bringing TLP-103C into production is the key to realising the value that we believe has been unlocked by the very successful results from the well."

Watch: Anglo African Oil & Gas - Oil Capital Conference presentation

Inflexion points

- Start of production from the blended R2/Mengo levels
- A new well TLP-104 to test deeper levels at Djeno and Vandji
- Additoinal wells developing the Mengo levels
- In the Mengo, which Sefton believes is a relatively safe bet, careful optimisation might offer the opportunity eventually for between 8-10 wells producing about 400 barrels per day each.
- Production of that magnitude, ie 3,200- 4,000 barrels a day, would make a 'nicely profitable' oil business.

Blue Sky

Sefton's background includes various private equity firms, running a seismic business and legal head for Russian oiler Lukoil's overseas acquisition arm

James Berwick, meanwhile, held senior positions at Ophir Energy and Africa-focused Impact Energy, before the ex-Para and French Foreign Legionnaire was parachuted in as chief executive in January.

It's not that hard to spot where a business run by two people with experience in acquiring assets and building billion-pound businesses might be headed, quips Sefton.

The good result from TLP-103c should expedite the process and grab the attention of some potentially heavyweight backers.

Anglo African is worth £24.5mln at 10.4p.

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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