

### MOU signed with Siemens and Pertamina

#### Speculative Buy

Price: 0.055p

Target Price: 0.20p

Sector: Oil & Gas

Andalas has signed a (24-month) memorandum of understanding with Pertamina Power Indonesia and Siemens AG to develop a gas to power operation at the Pupsa field in Sumatra. Significantly, amongst other things the agreement includes binding provisions relating to exclusivity, costs and the joint pursuit of the project.

This news demonstrates the reality of Andalas' Indonesian gas to power activities and the credibility of its management team. Siemens has broad Indonesian power experience and will bring financial muscle and expertise to the consortium.

#### Share Price Performance



Source: London Stock Exchange

#### Key Data

Market:	AIM
TIDM:	ADL.L
1 Month Hi/Lo:	0.043p – 0.23p
Existing Shares:	3,993m
Market Cap:	£2.6m
ISIN:	IM00B1FPZP63
SEDOL:	B1FPZP6
Co. Website:	www.andalasenergy.co.uk

#### Andalas' partners:

- Pertamina - 279 in global fortune 500, FY16 profit US\$2.88 billion
- Siemens – Euro 100b market cap
- PT PP (Persero) - US\$1.4b market cap

Andalas now has the necessary partners to develop two gas to power plants, Pupsa and Jambi-1 announced in August. We reiterate our SPEC BUY recommendation at 0.20p price target.

#### Important verification – Andalas now has global credibility

Andalas' business strategy is unique on AIM and its management team better known in Indonesia and to Canadian investors. But the Board has a combined 75 years' experience in Indonesia's oil & gas sector and senior (including Indonesian nationals) management more than double that number.

#### New consortium agreement member

In August, Andalas signed a Consortium Agreement with PP Energi, a division of state owned company PT PP (Persero). Now with Siemens on board, Andalas has agreements and a consortium with three major players in the global upstream, midstream and power sectors.

#### Valuation and recommendation

Our risked NAV is based on cashflow models of five wellhead power plants, financed with a combination of debt and project equity and risked. We also adjust for future Andalas equity dilution and calculate a NAV of \$12m or 0.20p per share.

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## Board and senior management

### **Dave Whitby – CEO**

Dave has over 30 years of international experience (including over 18 years in Indonesia) in the oil and gas industry as a Lead Negotiator, Project Director, Defence Advisor, Vice President, and Managing Director with companies such as Pertamina EP, ConocoPhillips, Gulf Indonesia, Nido Petroleum, and Husky Oil. He holds a Bachelor of Mechanical Engineering from the Royal Military College, Canada.

### **Paul Warwick – Non Executive Chairman**

Paul has held a number of senior executive positions in the oil and gas industry including President of ConocoPhillips in Indonesia and EMEA and as Executive VP with Talisman Energy with responsibility for the EMEA. Paul has a MSc from Cranfield University and is a Fellow of the Royal Institute of Naval Architects, the Welding Institute and the Energy Institute.

### **Dr Robert Arnott - Non Executive Director**

Rob has spent over 30 years in the oil and gas industry. During his career, which began at Shell, he has held the role of Chairman or non-executive at a number of oil and gas companies, He currently serves as Chairman to Hurricane Energy and Independent Oil Tools. In addition, Rob spent ten years in investment banking, most recently at Morgan Stanley and Goldman Sachs, and is a Research Associate at the Oxford Institute for Energy Studies.

### **Graham Smith - Non-Executive Director**

Graham is a Chartered Accountant and an Isle of Man resident. He is currently an Executive Director of FIM Capital Limited (formerly IOMA Fund and Investment Management Limited), the administrator to the Company. He has over 30 years of financial management experience, primarily in the investment funds sector. He is also a non-executive director of AIM listed Glenwick plc and Trinity Capital plc, and of several unlisted companies.

### **Simon Gorringe - COO**

Simon has over 35 years' experience in petrochemicals and oil and gas, particularly in project management and construction. He has held a number of senior roles including at BHP-Billiton, Conoco-Phillips, NuEnergy, SOCO, Serica, and Kerr-McGee. Simon is a graduate of Chemical Engineering from UMIST.

### **Dan Jorgensen - FD**

Dan has 15 years of experience in the public markets and with international groups, qualifying with BDO as a chartered accountant. He has worked on many corporate transactions, including assisting on the readmission of Andalas to AIM. Since 2011 Dan has held senior finance roles with a number of AIM-listed international resource companies. He holds a BSc in Economics from Reading University.

### **Ross Warner – Executive Director**

Ross is a lawyer and experienced company director of both private and public resource companies listed on AIM and the Australian Securities Exchange. He has also held senior corporate roles with Mallesons Stephen Jaques in Australia and Clifford Chance in the UK. He is currently Executive Chairman of Northcote and Executive Director of Zarmadan Gold Ltd and has previously been chairman of Uranium Resources plc. He holds a Bachelor of Laws from University of Western Australia, and Master of Laws, University of Melbourne.

### **Graham Roger Smith - Non-Executive Director**

Graham is a Chartered Accountant and an Isle of Man resident. He is currently an Executive Director of FIM Capital Limited (formerly IOMA Fund and Investment Management Limited), the administrator to the Company. He has over 30 years of financial management experience, primarily in the investment funds sector. He is also a non-executive director of AIM listed Glenwick plc and Trinity Capital plc, and of several unlisted companies.

Appendix:

## Recommendation Breakdown

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