

AFRICA ENERGY CORP

# Large Oil and Gas Discovery with More to Come

January 2020

A LUNDIN GROUP COMPANY



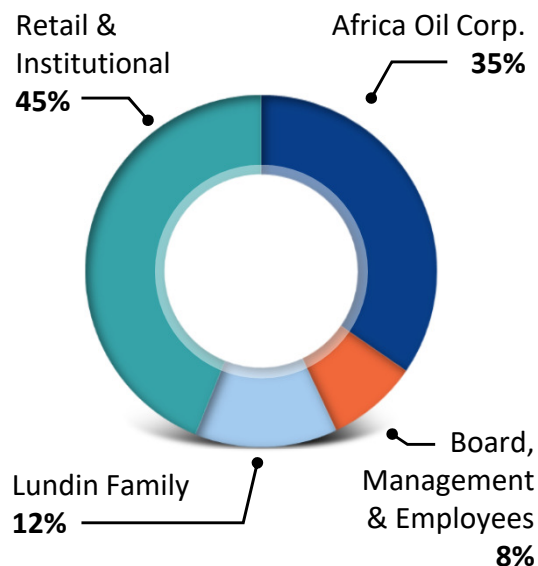
*The Odjell Deepsea Stavanger rig drilled the Brulpadda-1AX discovery in February 2019 and will return to South Africa in 2020 to drill up to three more wells on Block 11B/12B.*

# Corporate Profile



- Independent oil and gas exploration company
- Backed by the Lundin Group
- Proven technical team from Energy Africa / Tullow Oil
- Recent major discovery with Total offshore South Africa
- Near-term, high-impact exploration drilling on Block 11B/12B

## Share Ownership

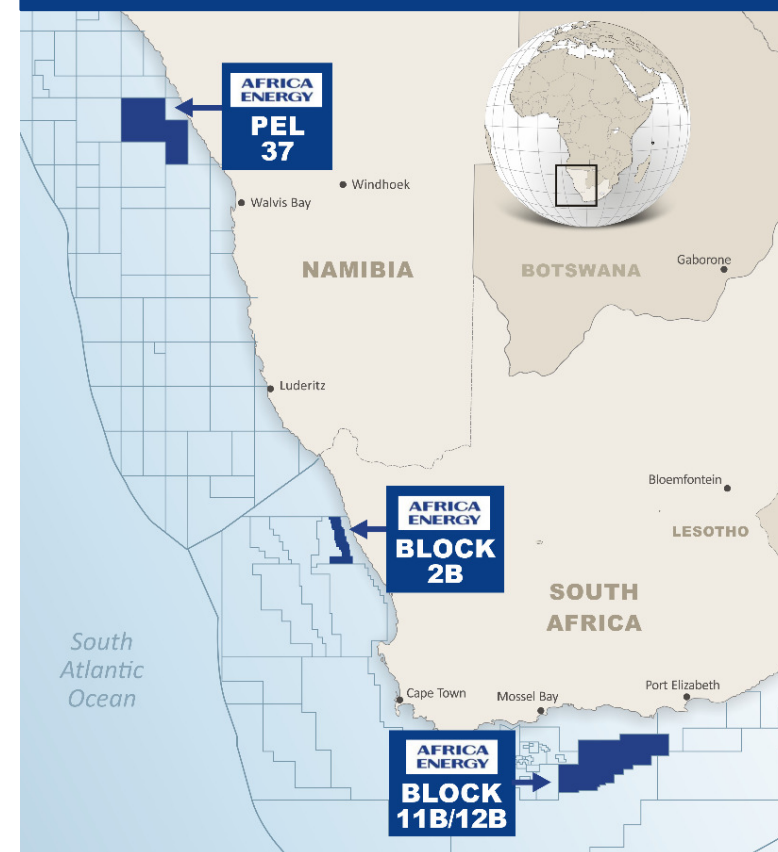


## Corporate Snapshot

|                                   |                                       |
|-----------------------------------|---------------------------------------|
| <b>AFE/AEC</b>                    | TSX-V/First North Ticker              |
| <b>C\$0.36</b><br><b>SEK 2.62</b> | Share Price at January 17, 2020       |
| <b>684.2</b>                      | Common Shares (million)               |
| <b>44.7</b>                       | Stock Options (million)               |
| <b>\$188.6</b>                    | Market Cap (US\$ million)             |
| <b>\$0</b>                        | Debt (US\$)                           |
| <b>\$2.4<sup>(1)</sup></b>        | Cash at Sept. 30, 2019 (US\$ million) |
| <b>8</b>                          | Number of Employees                   |

*(1) In addition, the Company had US\$9.7 million of net cash and escrow in Main Street 1549 to fund future exploration on Block 11B/12B.*

## Asset Footprint



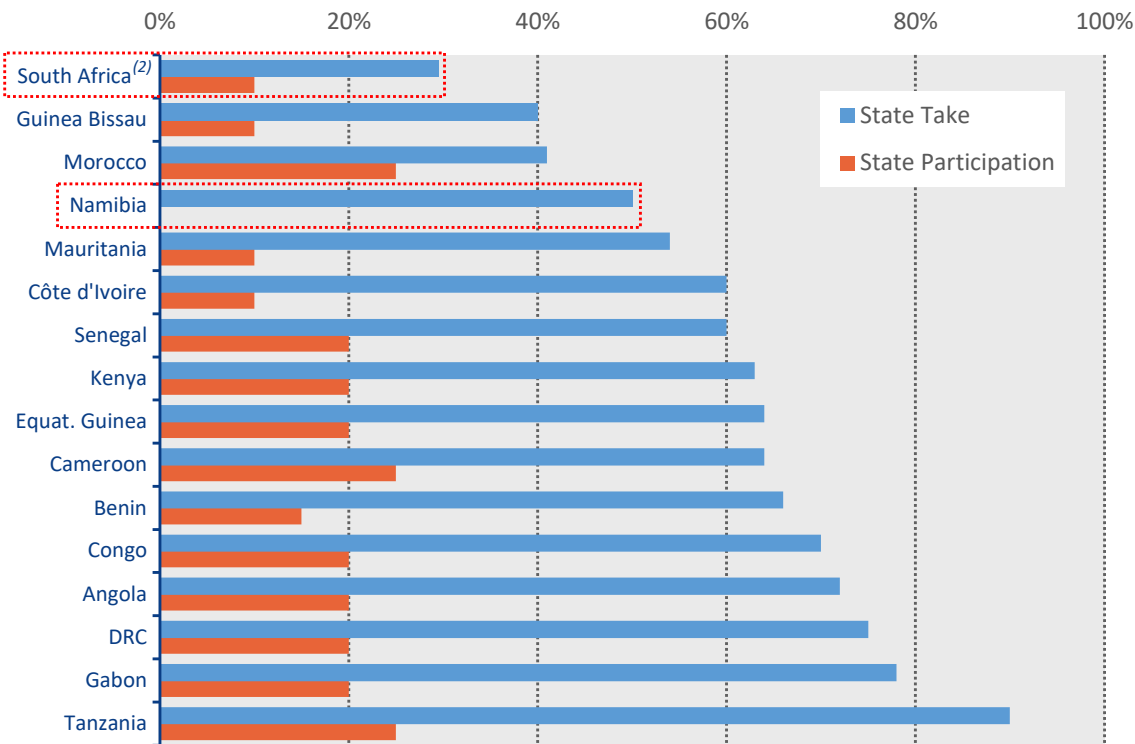
## Equity Research

|                            |        |                      |
|----------------------------|--------|----------------------|
| <b>Arctic Securities</b>   | Oslo   | Daniel Stenslet      |
| <b>Canaccord Genuity</b>   | London | Charlie Sharp        |
| <b>Carnegie Securities</b> | Oslo   | Lauritz Georg Karvel |
| <b>Fearnley Securities</b> | Oslo   | Jørgen Torstensen    |
| <b>Numis Securities</b>    | London | Thomas Martin        |
| <b>Pareto Securities</b>   | Oslo   | Tom Erik Kristiansen |
| <b>SpareBank 1 Markets</b> | Oslo   | Teodor Sveen-Nilsen  |

# Exploration in Africa

- Frontier regions in Africa
- Countries with attractive commercial terms
- Offshore, non-operated minority interests

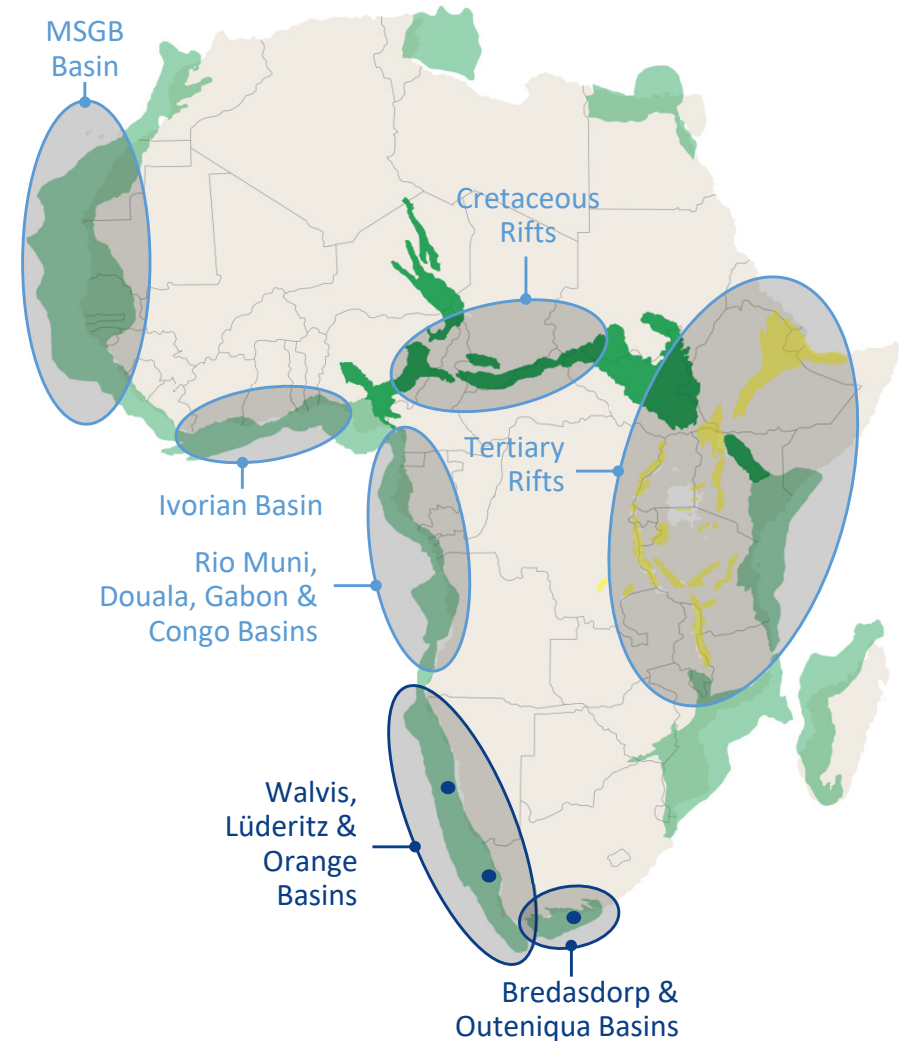
## Net State Take & Participation by Country (1)



(1) Source: Company estimates.

(2) Draft Upstream Petroleum Resources Development Bill proposes an increase in State Participation from 10% to 20%.

## Geological Basins



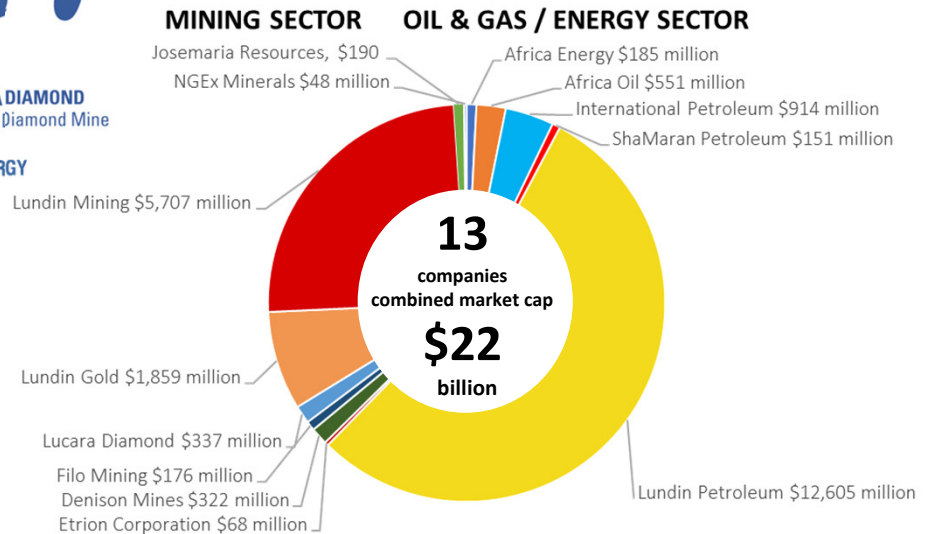
# Lundin Group of Companies



- Mining Project
- Oil Project
- Solar Power Project

**Core shareholder with global footprint**

Group market cap information shown in CAD as of December 31, 2019.



# Non-Executive Directors



**Ashley Heppenstall, Chairman**

- Advisor to the Lundin family
- Previously President and CEO of Lundin Petroleum AB
- Director of several Lundin Group companies



**Keith Hill, Director**

- President and CEO of Africa Oil Corp.
- Director of several Lundin Group companies



**John Bentley, Director**

- Senior Independent Director for several listed oil and gas companies
- Previously Chairman of Faroe Petroleum plc and CEO of Energy Africa Ltd.



**Ian Gibbs, Director**

- CFO of Josemaria Resources
- Previously CFO of Africa Oil Corp.
- Director of several Lundin Group companies



**Adam Lundin, Director**

- President and CEO of Josemaria Resources
- Previously Co-Head of the London office for Pareto Securities Ltd.
- Director of several Lundin Group companies

Seasoned oil and gas veterans that know how to create value

# Senior Management



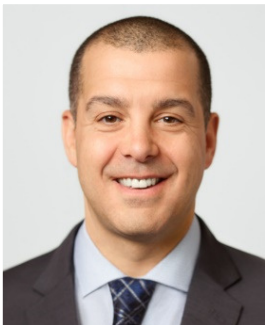
## Garrett Soden, President, CEO and Director

- Senior Executive and Board Member with the Lundin Group for over a decade
- Director of several listed natural resource companies
- BSc from London School of Economics and MBA from Columbia Business School



## Jan Maier, Vice President Exploration

- 33 years experience in African new venture exploration
- Previously New Business Development Manager and Exploration Manager for the African region at Tullow Oil plc and Energy Africa Ltd.



## Jeromie Kufflick, Chief Financial Officer

- 20 years financial experience in oil and gas industry
- Canadian Chartered Accountant
- Previously Corporate Controller for Africa Oil Corp.



*Africa Energy management aboard Deepsea Stavanger drilling rig.*



*PGS Apollo 3D seismic vessel in South Africa.*

Strong management team with regional and sector expertise

# Solid Track Record

## Five Basin Opening Discoveries in Africa



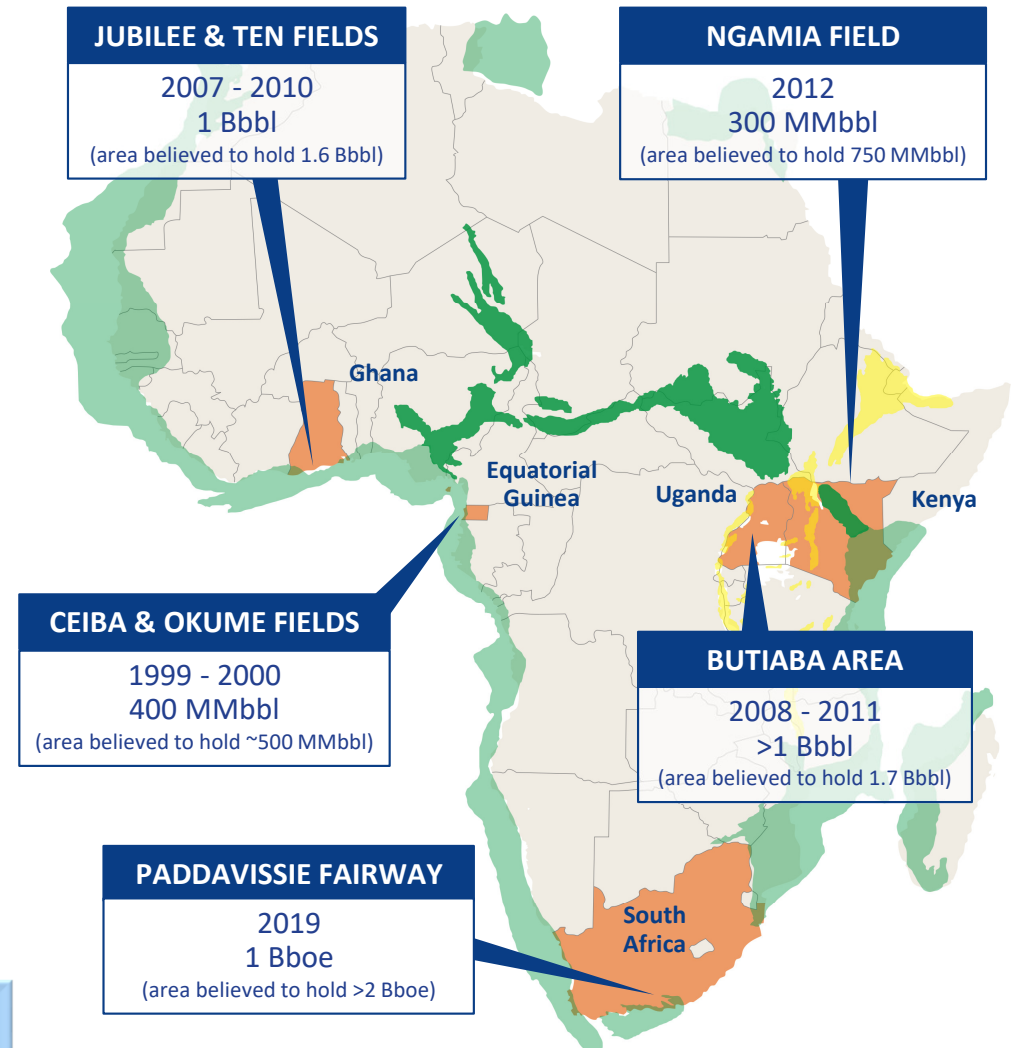
### Technical Team of Geologists and Geophysicists

- Working together across Africa for ~25 years
- Stratigraphic Trap Play and Rift Play expertise
- Major oil discoveries in Ghana, Equatorial Guinea, Uganda and Kenya with Energy Africa / Tullow Oil
- Recent large oil and gas discovery offshore South Africa

*Cyril Ramaphosa, President of South Africa, calls the discovery a “game changer”*

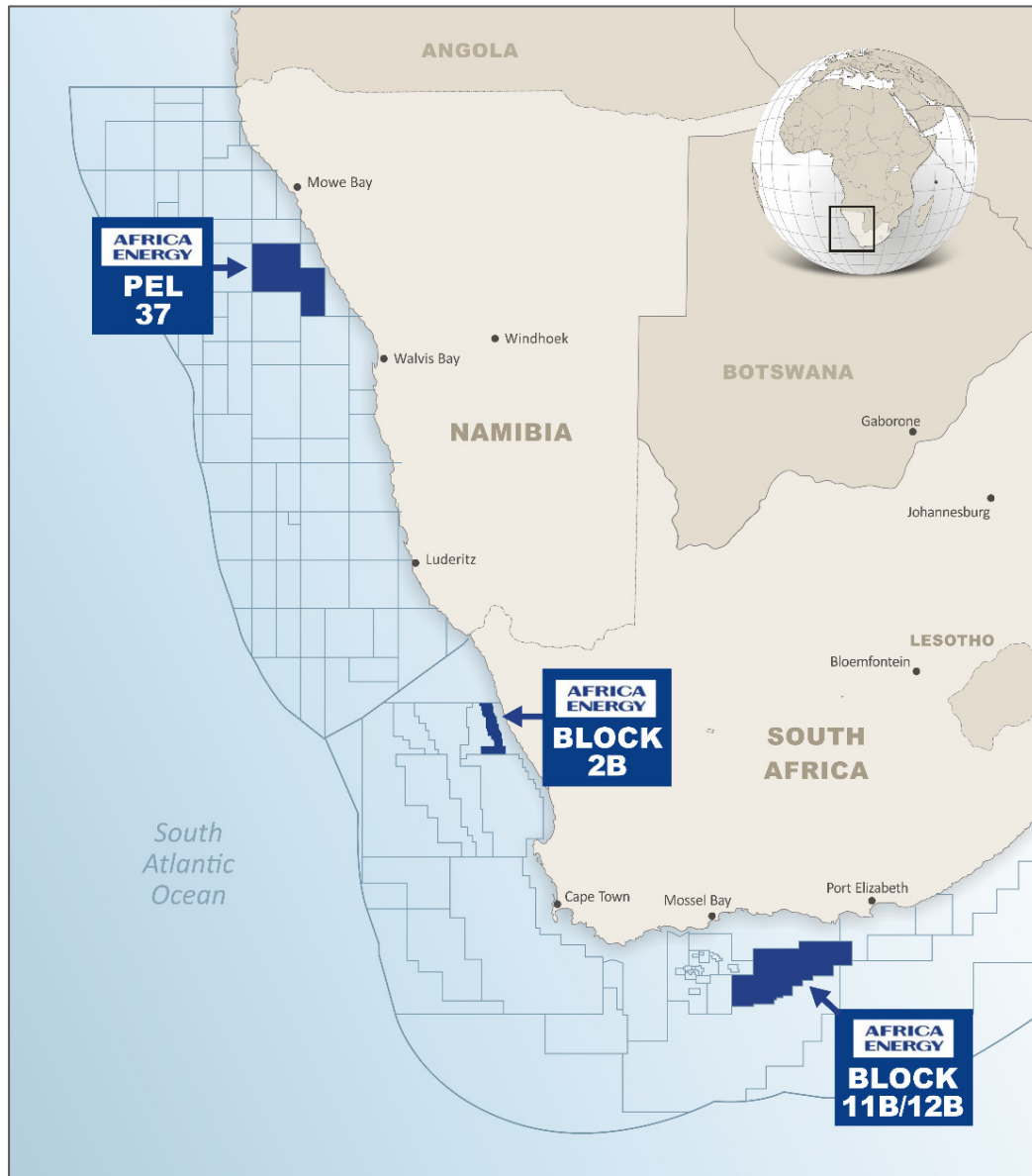
*Patrick Pouyanné, Chairman and CEO of Total, said, “It is gas condensate and light oil...around 1 billion barrels...”*

A team that knows how to find oil



*Resource numbers obtained from third party public disclosure and have not been subject to independent audit by the Company.*

# Asset Overview



## Block 11B/12B, offshore South Africa

- 4.9% effective interest
- Operated by Total SA
- Discovery with over 1 Bboe potential\*
- Multi-well drilling campaign starting in Q2 2020

## Block 2B, offshore South Africa

- 90% participating interest
- Operated by Africa Energy
- Proven oil basin with existing discovery
- Farmout process with potential well in 2020

## PEL 37, offshore Namibia

- 10% effective interest
- Operated by Tullow Oil
- Cormorant-1 proved the play and source
- Monitoring nearby drilling in 2020

*\*Resource numbers obtained from third party public disclosure and have not been subject to independent audit by the Company.*



# South Africa Overview

## Attractive Location / Fiscal Terms



### Active Players

ExxonMobil



TOTAL



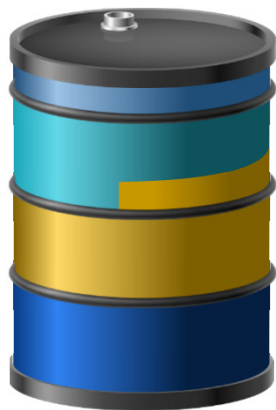
قطر للبترول  
Qatar Petroleum



equinor

### Fiscal Terms

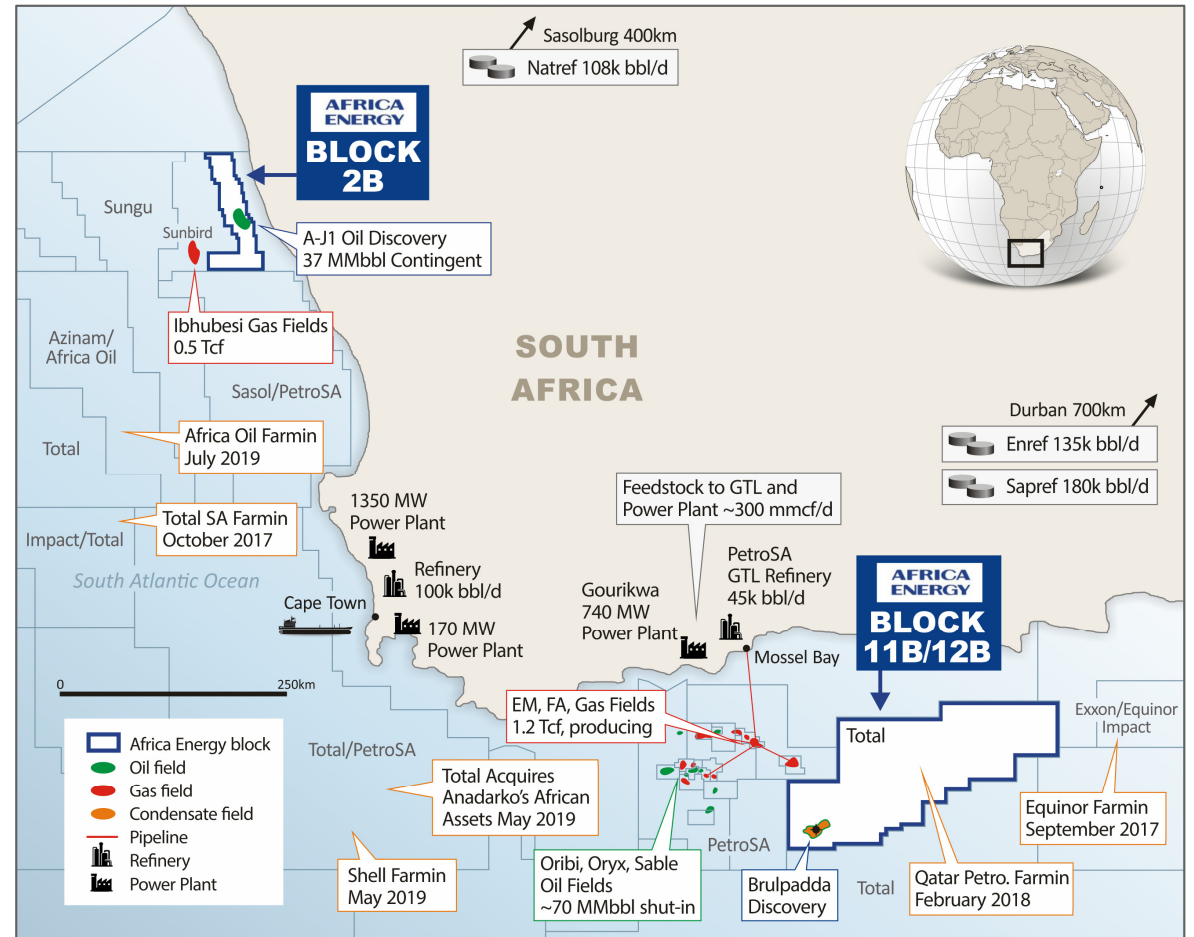
State Take < 30%



- Royalty: 0.5-5%
- Income Tax: 28%
- Tax benefit from cost uplift
- After Tax Profit
- Tax Deductible Costs:  
Including cost uplift,  
200% of exploration and appraisal,  
150% of capex and 100% of opex

### State and Black Economic Empowerment (BEE) Participation:

- 10% State back-in rights / 10% BEE participation rights <sup>(1)</sup>



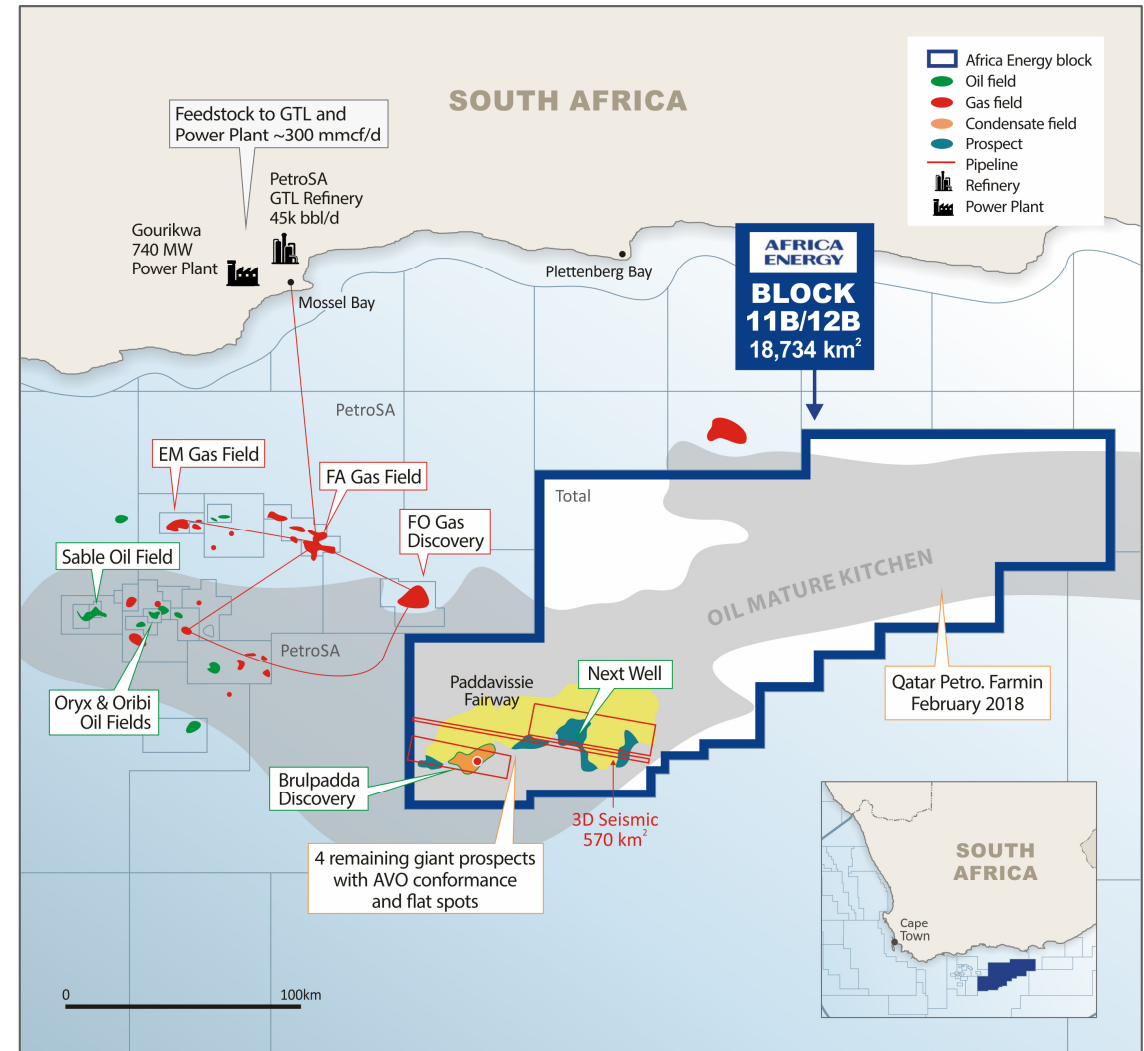
Blocks 2B and 11B/12B have existing discoveries and nearby infrastructure

(1) Draft Upstream Petroleum Resources Development Bill proposes an increase in State Participation from 10% to 20%.

# South Africa Block 11B/12B

## Large Discovery with De-Risked Upside

- Major condensate and light oil discovery
- Four Paddavissie and Deep Prospects de-risked
- Massive acreage position with substantial upside

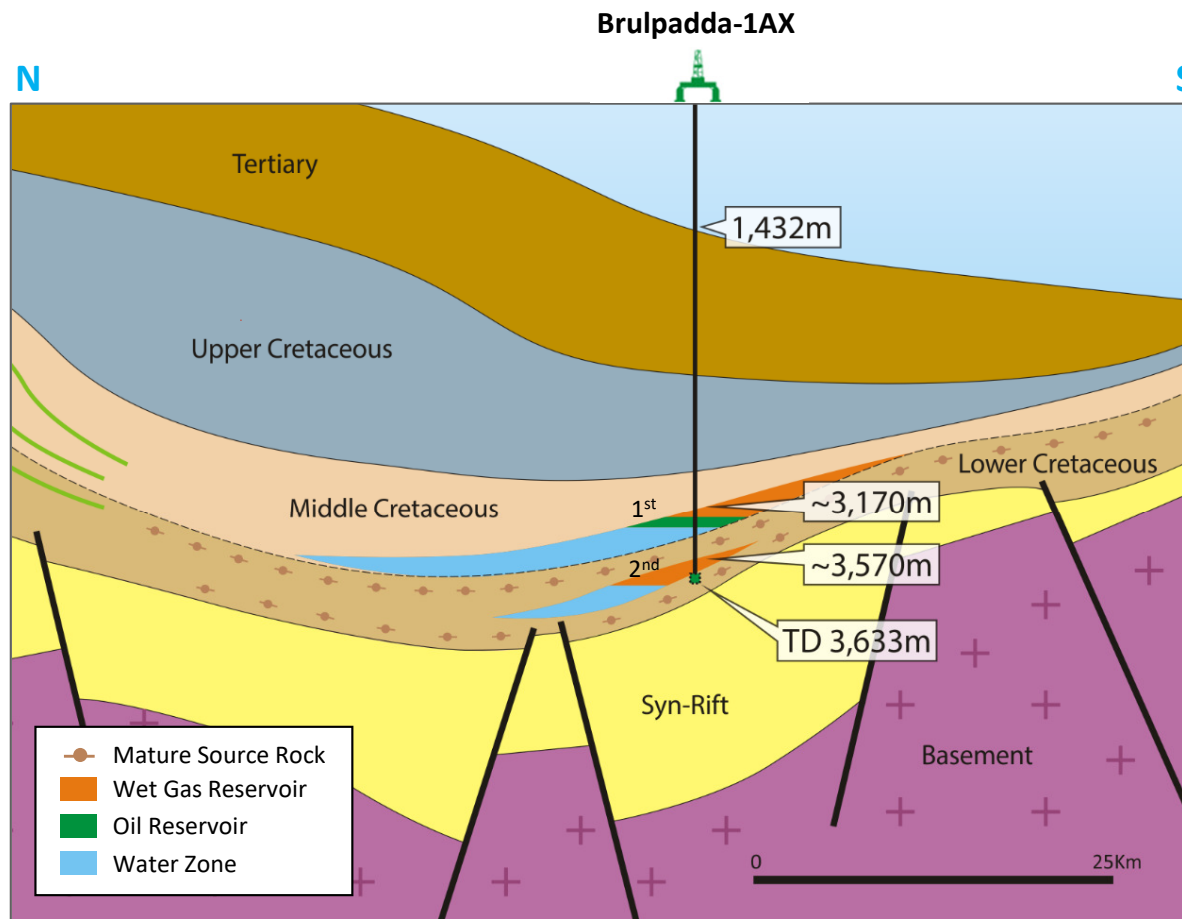


(1) Resource numbers obtained from third party public disclosure and have not been subject to independent audit by the Company.  
 (2) Company estimate.

| Asset Summary              |   |
|----------------------------|---|
| AEC effective interest     | 4.9%  |
| Partners                   | Total (operator with 45%), Qatar Petroleum (25%), CNRL (20%)                      |
| Basin                      | Outeniqua Basin   |
| Discovery well             | Brulpadda-1AX re-entry well   |
| Water depth                | 1,432 m   |
| Resources                  | 1 Bboe <sup>(1)</sup>   |
| Min. commercial field size | ~350 MMbbl at \$60/bbl <sup>(2)</sup>   |
| Play type                  | Submarine fan   |
| Forward work program       | Phase 2 of 3D seismic (Dec. '19) + 2D seismic (Dec. '19) + up to 3 wells (Q2 '20) |
| Next well                  | Luiperd-1   |
| Planned spud date          | Q2 2020   |
| Next well prospect size    | > 500 MMboe <sup>(1)</sup>  |
| Well cost estimate         | ~\$150 MM <sup>(2)</sup>  |

# South Africa Block 11B/12B

## Gas Condensate and Light Oil Discovered



### Paddavissie Objective (Primary)

- 34 meters of gas condensate pay + oil pay
- High productivity anticipated given high net to gross and quality of reservoirs
- Significantly de-risks remaining 4 Paddavissie Prospects
- Amplitude Variations with Offset (AVO) conformance to structure and flat spots on Paddavissie Prospects

### Deep Objective (Secondary)

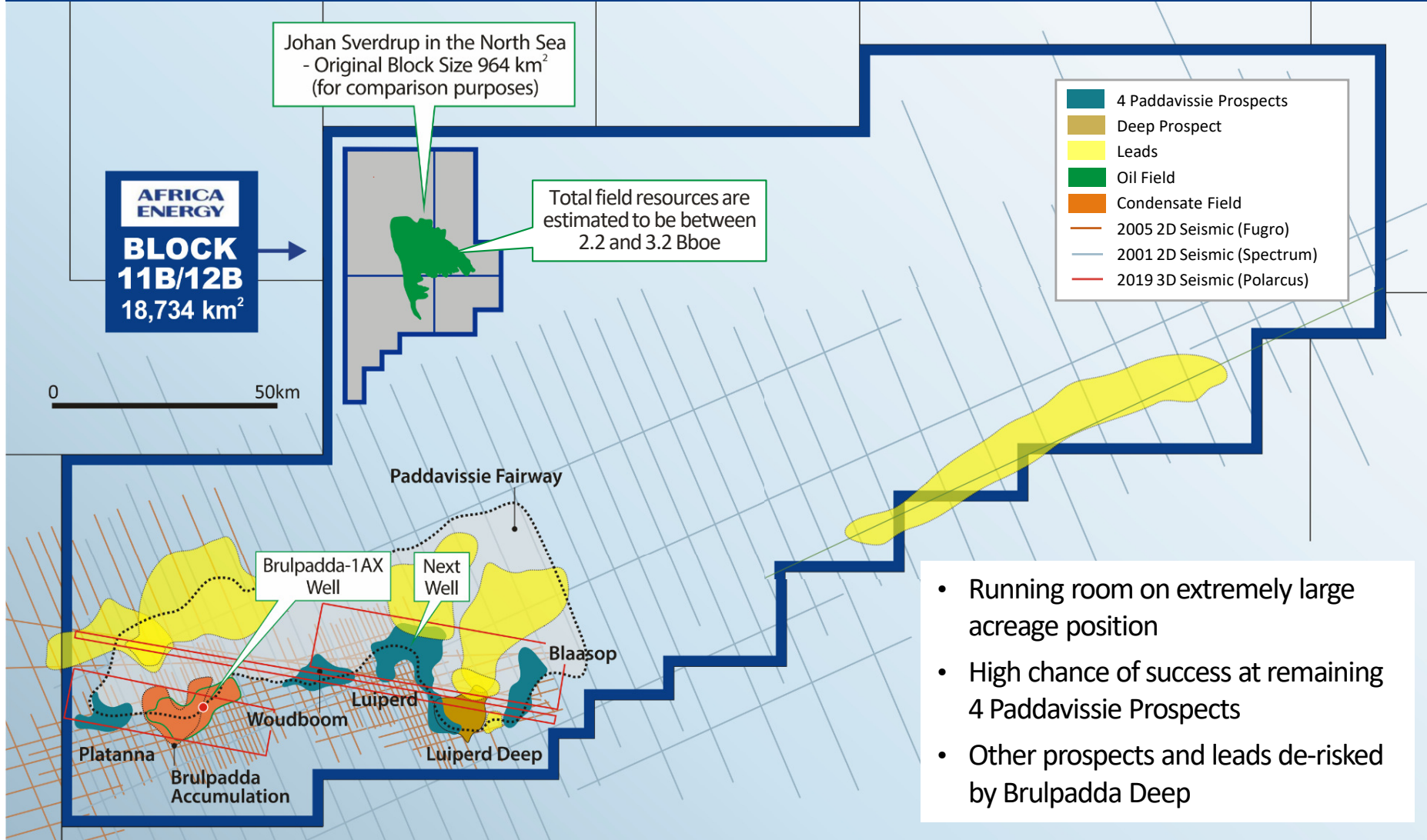
- 23 meters of gas condensate pay
- High productivity anticipated given high net to gross and quality of reservoirs
- De-risks other prospects and leads
- No oil water contact encountered

*French Major states, "Total has opened a new world-class gas and oil play and is well positioned to test several follow-on prospects"*

# South Africa Block 11B/12B

## Huge Block with Plenty of Running Room

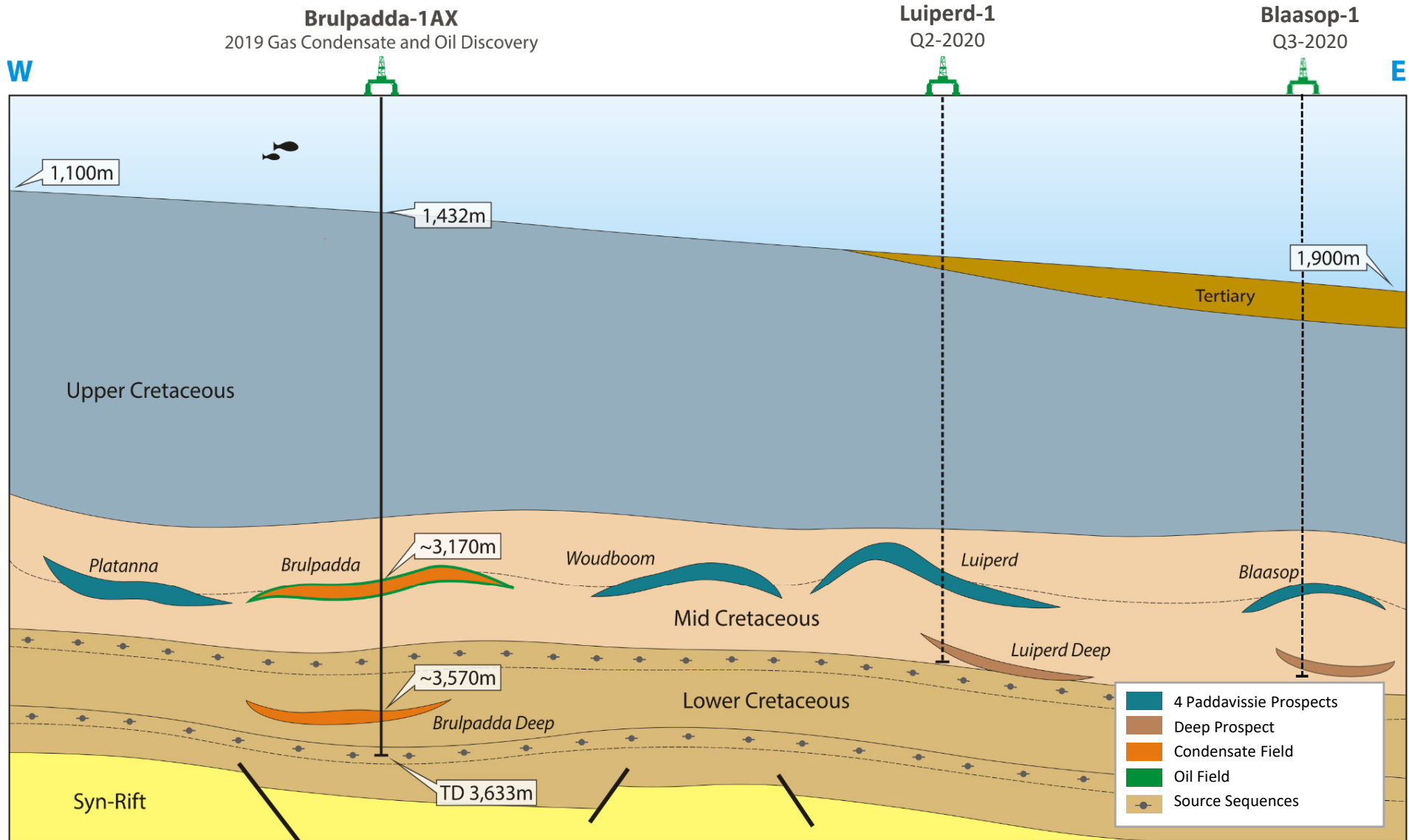
### Block 11B/12B Prospect Map



- Running room on extremely large acreage position
- High chance of success at remaining 4 Paddavissie Prospects
- Other prospects and leads de-risked by Brulpadda Deep

# South Africa Block 11B/12B

## Follow-On Drilling Across Paddavissie Fairway



Not to scale

# Near-Term Potential Catalysts

## Strongly Positioned to Deliver Shareholder Value



Block 11B/12B — Brulpadda-1AX Discovery



Block 11B/12B — 3D Seismic (Phase 1), Brulpadda Core and PVT Analysis



Block 11B/12B — 3D Seismic (Phase 2) and 2D Seismic



Block 2B — Potential Block 2B Farmdown



Block 11B/12B — Luiperd-1 Spud



Block 11B/12B — Blaasop-1 Spud



Block 11B/12B — Potential Well Spud



Block 2B — Potential Gazania-1 Spud

Up to 4 Exploration Wells in 2020

# Summary – Platform for Growth

## Near-Term, High-Impact Exploration

- Block 11B/12B - Discovery with over 1 Bboe potential
- Block 2B - Oil basin with existing discovery
- PEL 37 - Proven play with additional prospectivity

## Team of Oil Finders with Successful Track Record

- Experienced board and senior management
- Technical team with significant exploration success across Africa from Energy Africa / Tullow Oil

## Solid Backing

- Supportive shareholders from the Lundin Group

## Good Timing

- Acquired world-class exploration assets during oil price downturn



*The Odfjell Deepsea Stavanger rig will drill the Luiperd Prospect on Block 11B/12B offshore South Africa in Q2 2020.*

# Appendix

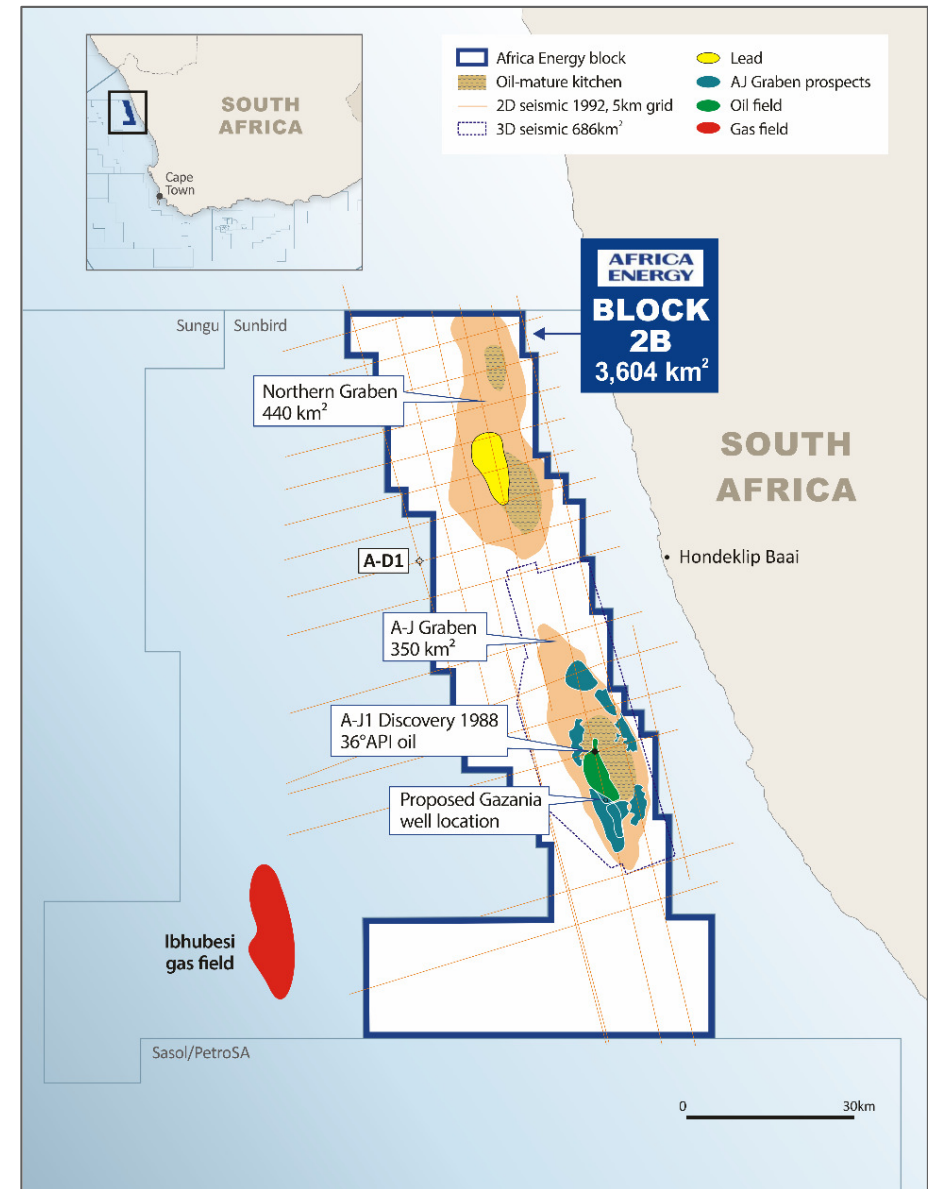


# South Africa Block 2B

## Proven Oil Basin

- A-J1 oil discovery in 1988 flowed high-quality oil to surface (36° API)
- Near-term low-risk exploration well planned updip from discovery
- Analogous to Lokichar Basin (Kenya) and Albertine Graben (Uganda)

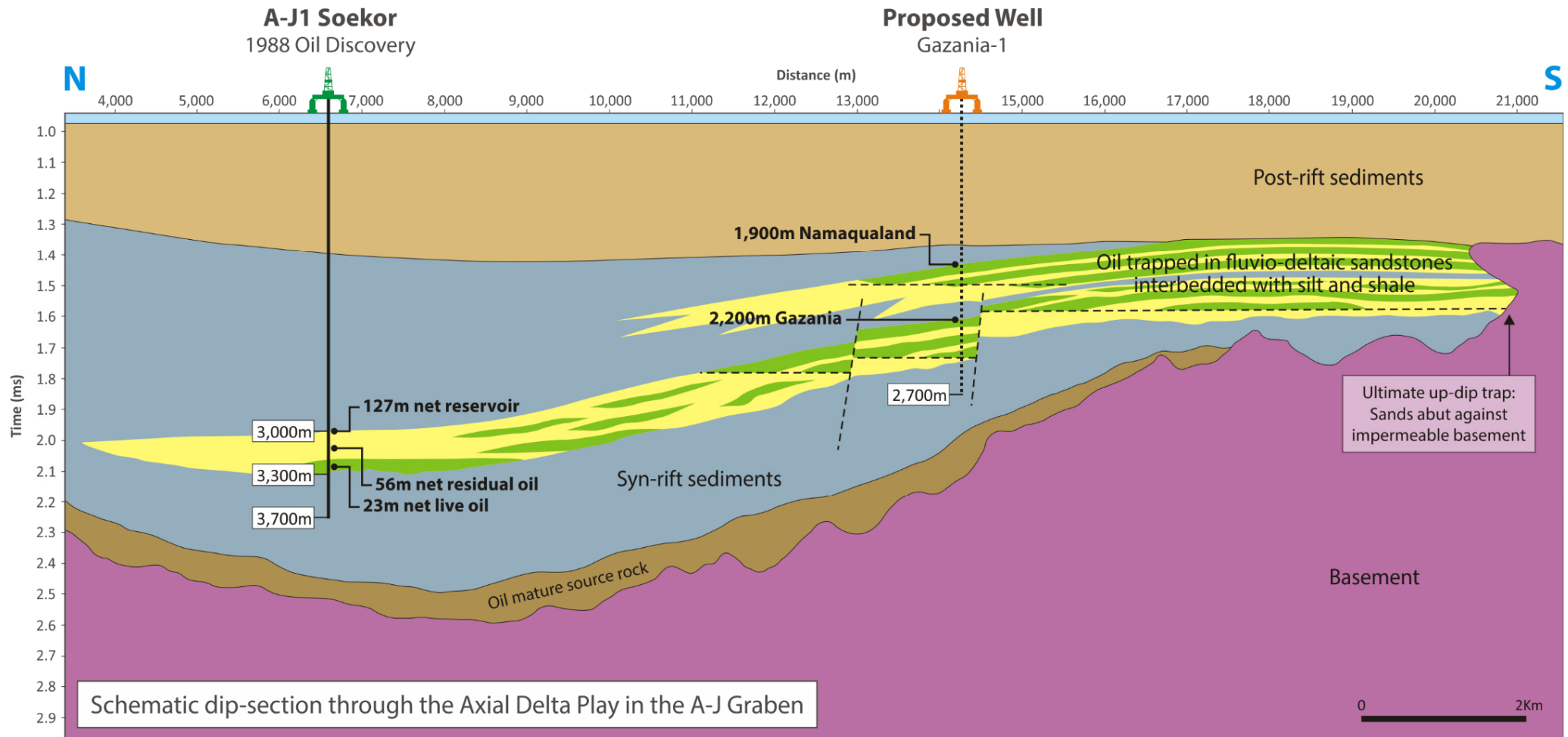
| Asset Summary              |                                       |
|----------------------------|---------------------------------------|
| AEC participating interest | 90% (operator)                        |
| Partners                   | Crown Energy AB (10%)                 |
| Basin                      | Orange Basin                          |
| First well                 | Gazania-1                             |
| Planned spud date          | Timing depends on farmout             |
| Water depth                | 150 m                                 |
| First well prospect size   | 349 MMbbl <sup>(1)</sup>              |
| Well cost estimate         | ~\$21 MM                              |
| Play type                  | Rift basin                            |
| Min. commercial field size | < 50 MMbbl at \$60/bbl <sup>(2)</sup> |
| Work program to date       | 686 km <sup>2</sup> of 3D seismic     |
| Seismic data               | 3D survey by Western Geco 2013        |
| Past costs to date         | \$14 MM                               |



(1) Best Estimate Prospective Resources - 200 MMbbl have been subject to resource assessment by qualified third-party resource auditor.

(2) Company estimate.

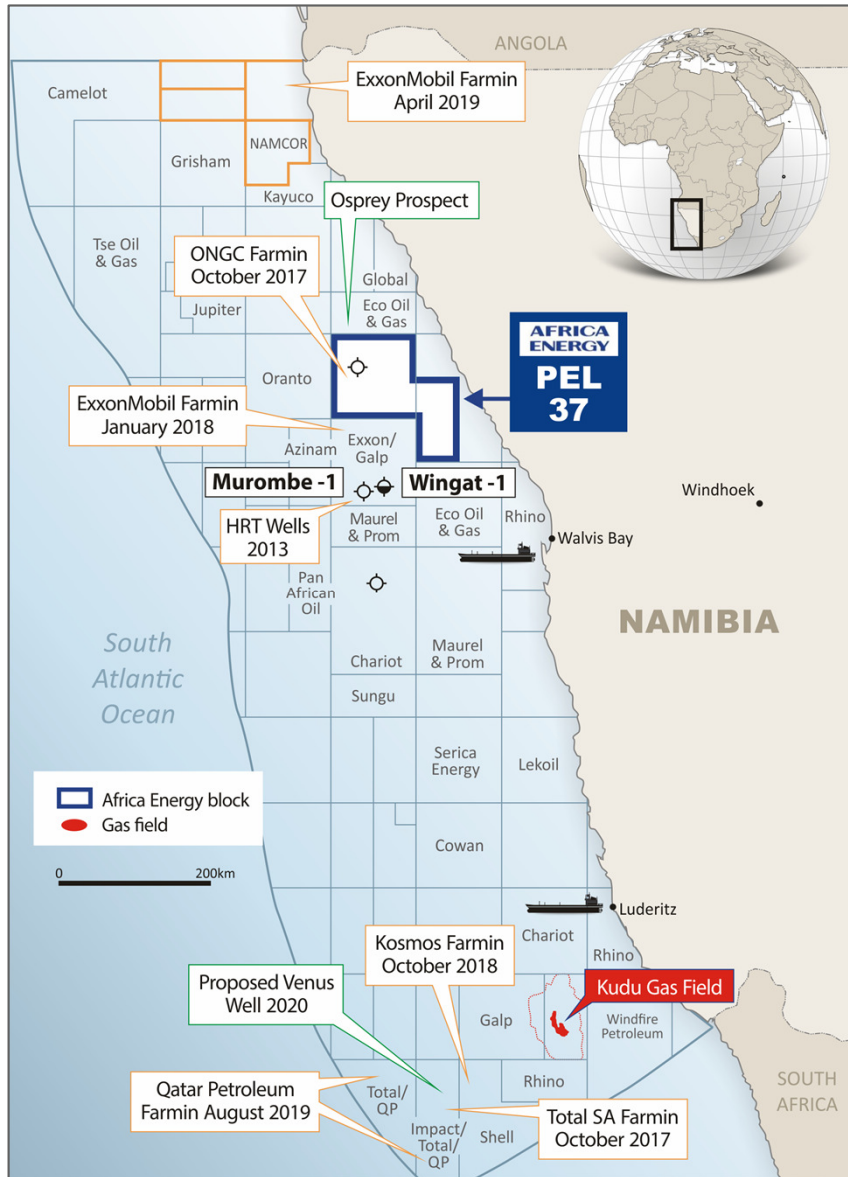
# South Africa Block 2B A-J Graben Axial Delta Play



- Proposed drilling location will test both Namaqualand and Gazania Prospects
- Gazania Prospect up-dip of proven oil discovery (A-J1)
- Porosity improvement inferred by seismic inversion work

# Namibia Overview

## Attractive Location / Fiscal Terms



### History of Oil Industry

Namibia is under-explored. Kudu Gas Field discovered in 1974

Mature oil source proven by HRT wells in 2013 attracted return of major oil companies

Namibia has two major ports to service the oil industry

### Recent Country Entrants



### Fiscal Terms

State Take < 50%



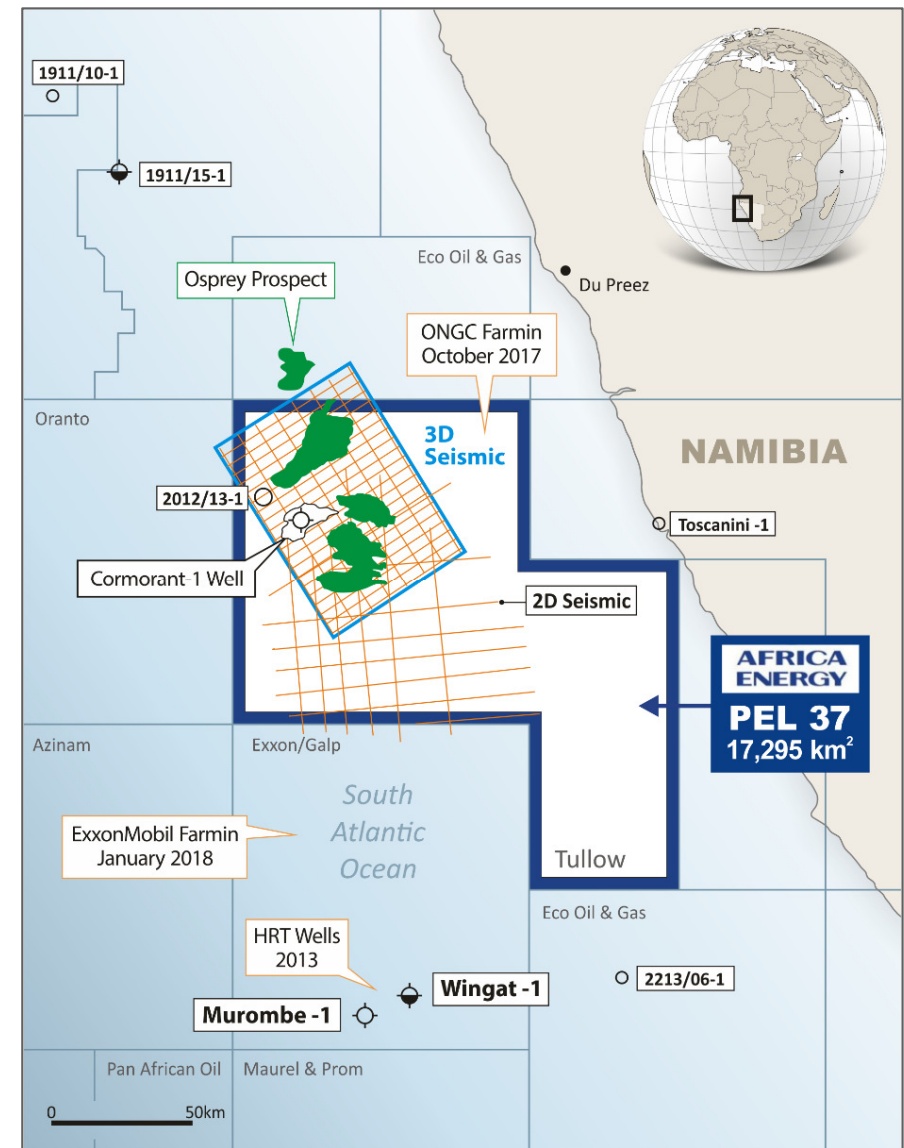
- **Royalty: 5%**
  - **Income Tax: 35%**  
Additional Profits Tax (APT): levied in 3 tiers, if after-tax rate of return levels achieved, nil for PEL 37 in 2nd and 3rd tiers
  - **After Tax Profit**
  - **Tax Deductible Costs:** E&P expenses deductible when incurred, development costs depreciated over time
- Other key terms:** No state participation/ No carry-forward limitation on losses

# Namibia PEL 37

## Significant Resource Potential

- Four Cretaceous-age fans identified on 3D seismic
- Mature source rock proven by nearby HRT wells
- Further prospectivity defined to the south with 2D seismic

| Asset Summary              |  |
|----------------------------|--|
| AEC effective interest     | 10% <sup>(1)</sup>   |
| Partners                   | Tullow (operator with 35%), ONGC (30%), Pancontinental Namibia (30%), Paragon (5%) |
| Basin                      | Walvis Basin   |
| First well                 | Cormorant-1  |
| Spud date                  | September 4, 2018  |
| Water depth                | 548 m  |
| First well prospect size   | 124 MMbbl <sup>(2)</sup>   |
| Well cost                  | ~\$28 MM   |
| Play type                  | Submarine fan  |
| Min. commercial field size | ~110 MMbbl at \$60/bbl <sup>(3)</sup>  |
| Work program to date       | 1 well, 3,300 km <sup>2</sup> 3D and 1,000 km <sup>2</sup> 2D seismic              |
| Seismic data               | 3D survey by Polarcus 2014   |
| Past costs to date         | > \$65 MM <sup>(3)</sup>   |



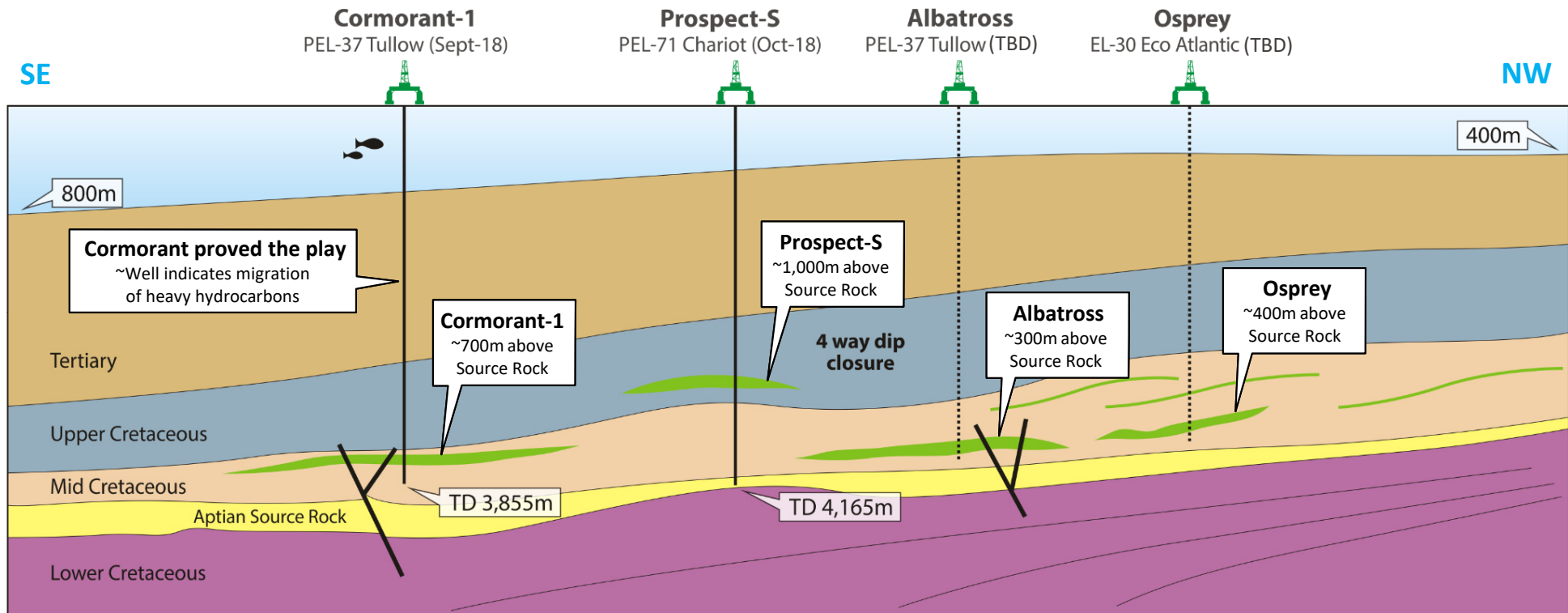
(1) Africa Energy owns one-third of Pancontinental Namibia, which owns 30% of PEL 37.

(2) Best Estimate Prospective Resources - obtained from third party public disclosure and have not been subject to independent audit by the Company.

(3) Company estimate.

# Namibia PEL 37

## Cretaceous Fan Play with Additional Prospectivity



- Cormorant-1 proved fan play and mature source sequence
- Adjacent block, PEL 30, has potential near term well (Osprey Prospect)
- Albatross at same stratigraphic level as Osprey and in close proximity to Mature Aptian source
- Both plays have seismic “soft” responses indicating presence of reservoir facies
- Main risk remains hydrocarbon migration distance; success at Osprey de-risks Albatross

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The resource estimates contained herein are estimates only and there is no guarantee that the estimated resources will be recovered. Volumes of resources have been presented based on a gross interest. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. There is no certainty that it will be commercially viable to produce any portion of the "Contingent Resources" referred to in this presentation. In the case of "Prospective Resources" there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources referred to in this presentation.

## Uncertainty Ranges for Resources

Estimates of resource volumes can be categorized according to the range of uncertainty associated with the estimates. Uncertainty ranges are described in the COGE Handbook as low, best and high estimates as follows:

A "low estimate" (1C) is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

A "best estimate" (2C) is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

A "high estimate" (3C) is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

# Thank You

## CONTACT DETAILS

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