

AFRICA ENERGY CORP

# Near-term, High-Impact Exploration

September 2020

A LUNDIN GROUP COMPANY



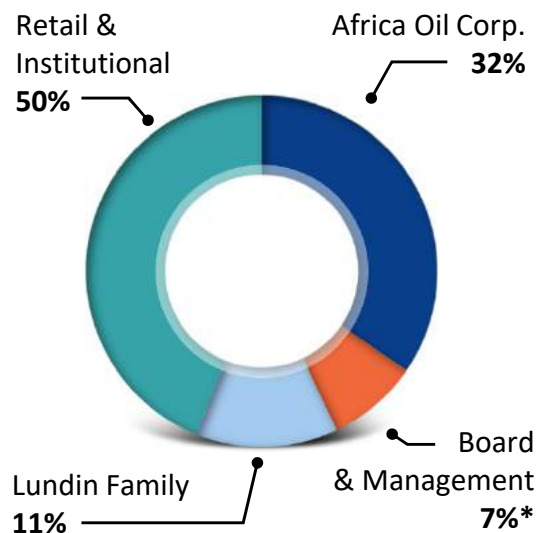
*The Odffjell Deepsea Stavanger rig drilled the Brulpadda-1AX discovery in February 2019 and returned to South Africa in August 2020 to drill up to three more wells on Block 11B/12B.*

# Corporate Profile



- Independent oil and gas exploration company
- Backed by the Lundin Group
- Proven technical team from Energy Africa / Tullow Oil
- Major discovery with Total on Block 11B/12B in 2019
- Currently drilling up to three more wells with Total
- Pending transactions to increase interest in Block 11B/12B

## Share Ownership



\* Includes shares held directly and indirectly by Ashley Heppenstall, an advisor to the Board of Directors.

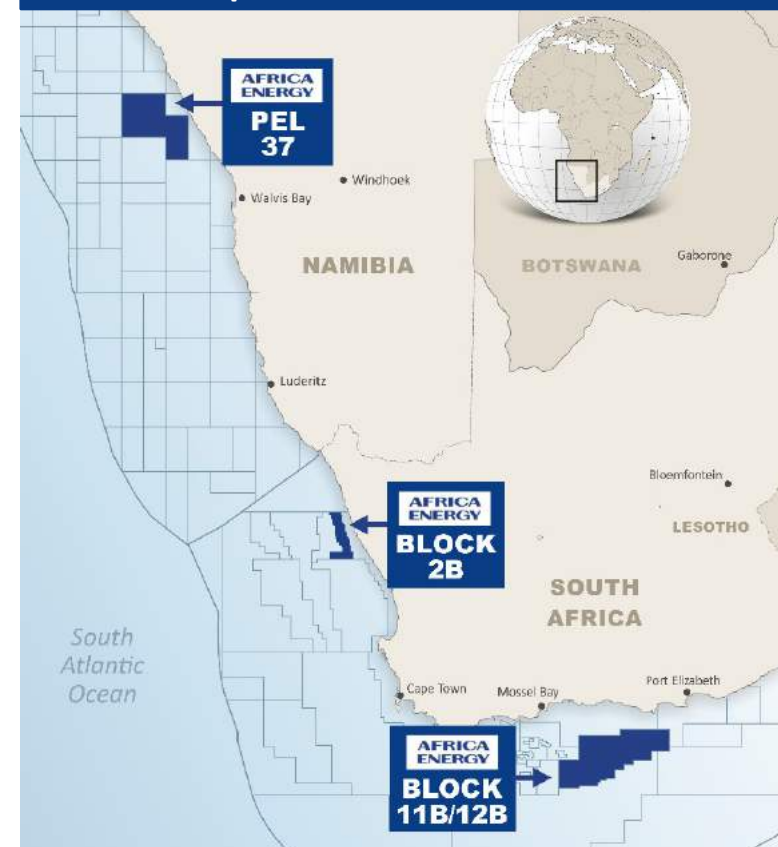
## Corporate Snapshot

<b>AFE/AEC</b>	TSX-V/First North Ticker
<b>C\$0.46</b> <b>SEK 3.10</b>	Share Price at September 2, 2020
<b>802.3</b> <sup>(1)</sup>	Common Shares (million)
<b>45.6</b>	Stock Options (million)
<b>\$280</b>	Market Cap (US\$ million)
<b>\$0</b>	Debt (US\$)
<b>\$26.4</b> <sup>(2)</sup>	Cash June 30, 2020 (US\$ million)
<b>8</b>	Number of Employees

<sup>(1)</sup> Pending transactions with Impact and Arostyle will increase shares outstanding by 509.1 million and 64.5 million, respectively.

<sup>(2)</sup> The Company also had US\$3.1 million of net cash and escrow in Main Street 1549 to fund future exploration on Block 11B/12B.

## Asset Footprint



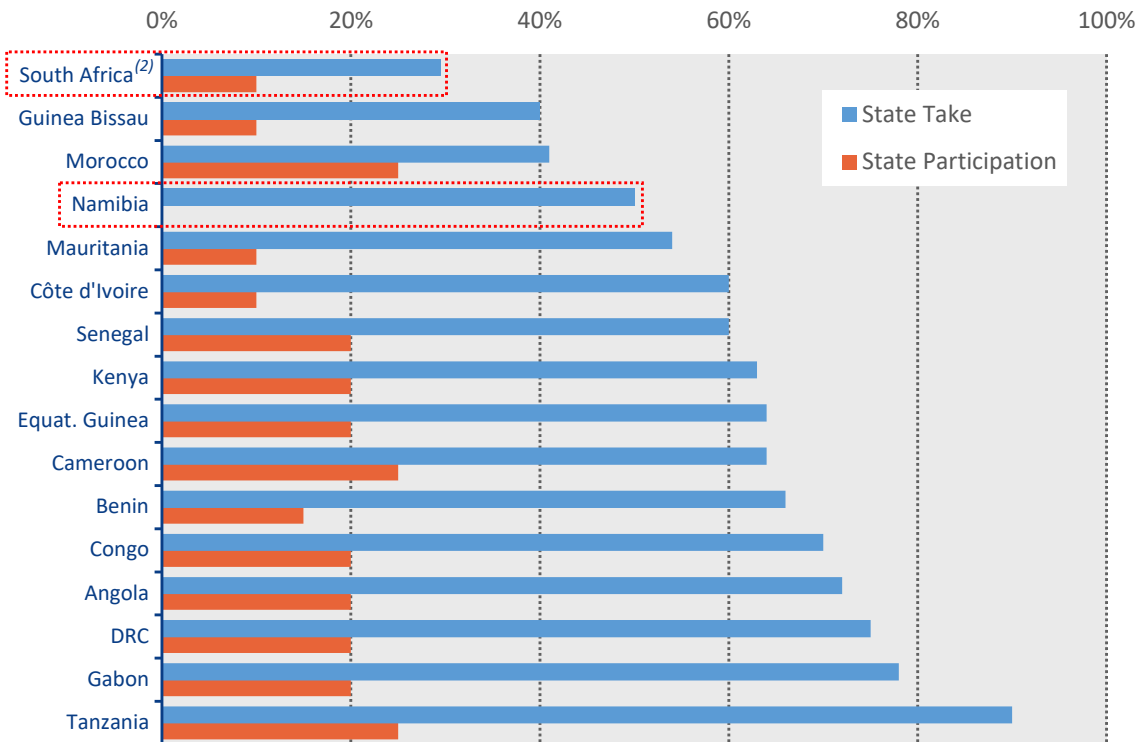
## Equity Research

<b>Arctic Securities</b>	Oslo	Daniel Stenslet
<b>Canaccord Genuity</b>	London	Charlie Sharp
<b>Carnegie Securities</b>	Oslo	Oddvar Bjørgan
<b>Fearnley Securities</b>	Oslo	Jørgen Torstensen
<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

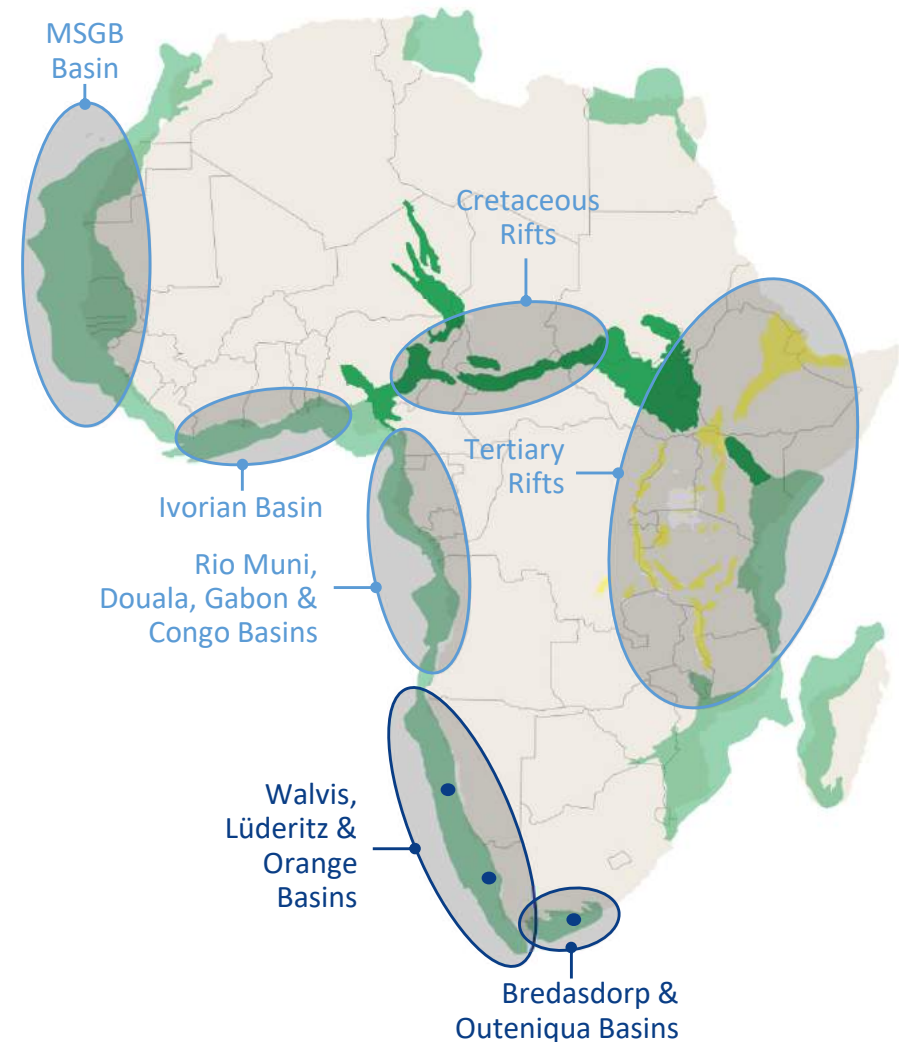
## Net State Take & Participation by Country (1)



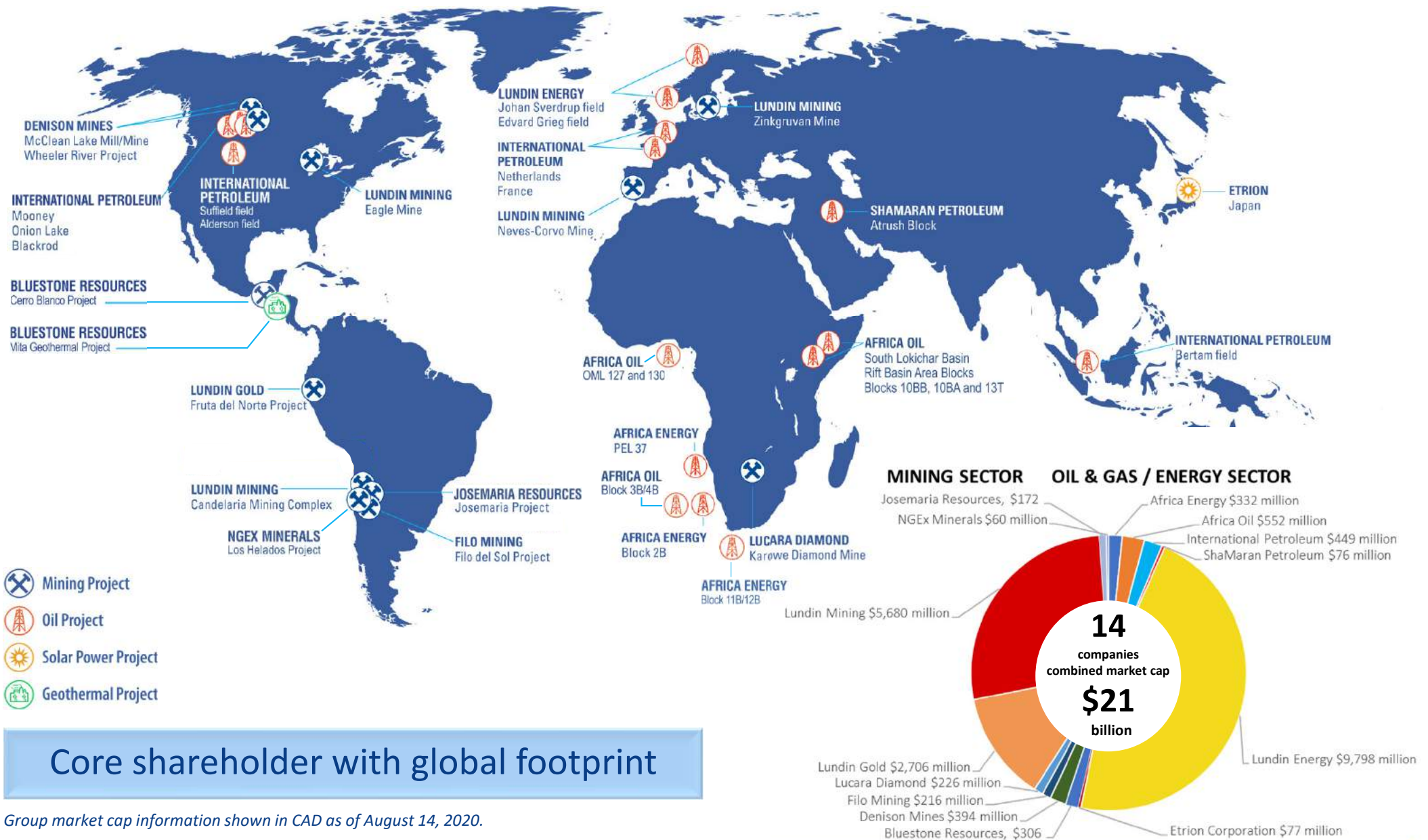
(1) Company estimates.

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

## Geological Basins



# Lundin Group of Companies



# Non-Executive Directors



**Adam Lundin, Chairman**

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



**Ian Gibbs, Director**

- CFO of Josemaria Resources
- Previously CFO of Africa Oil Corp.
- 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.

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

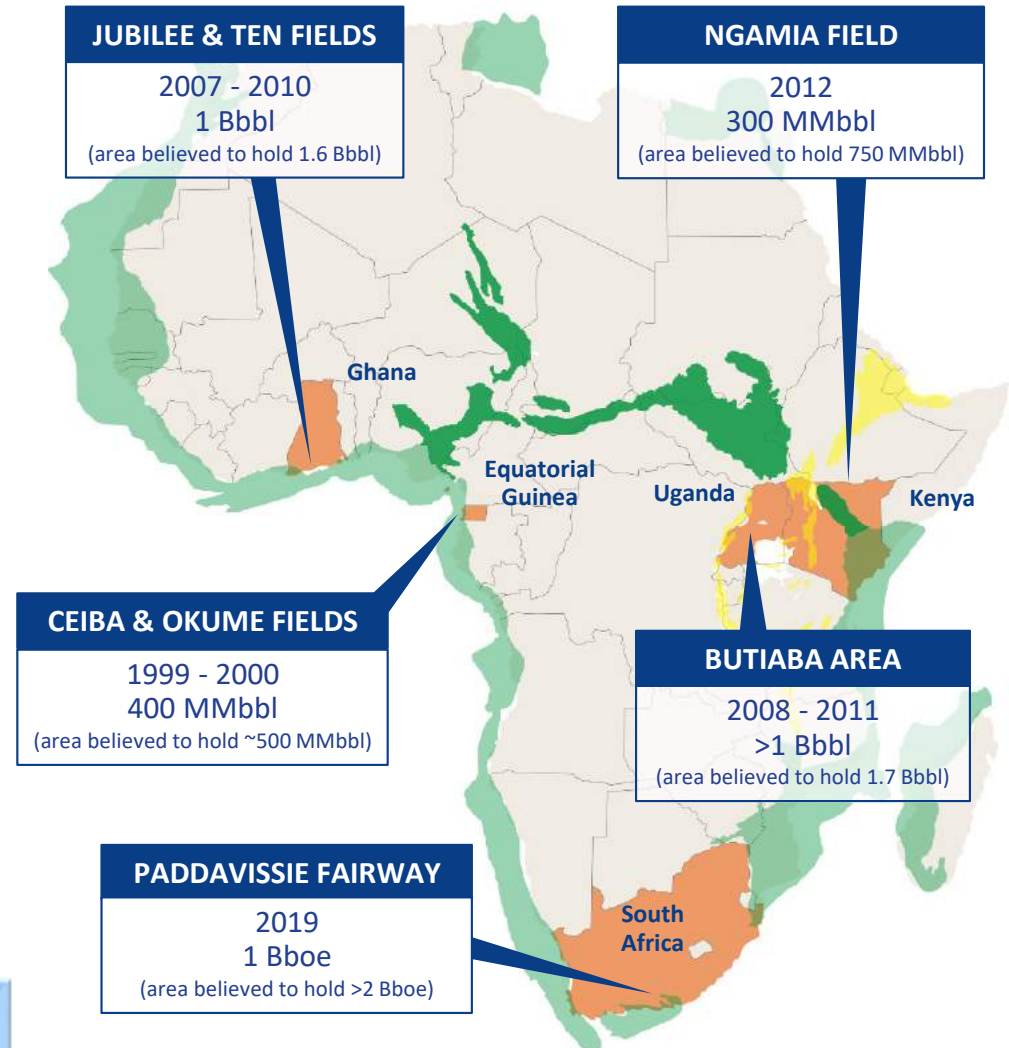


### Technical Team of Geologists and Geophysicists

- 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
- Large oil and gas discovery offshore South Africa:

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

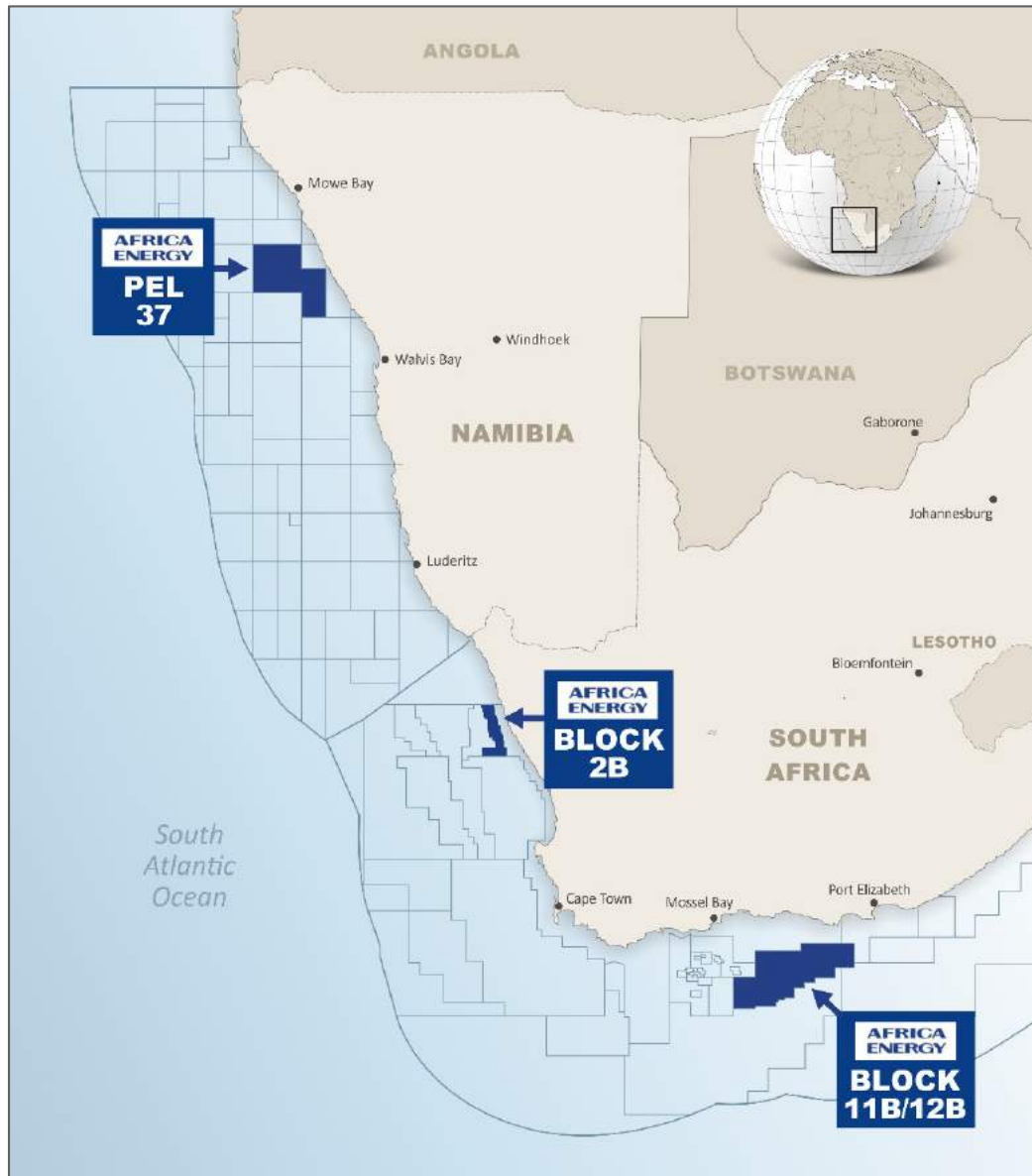
*Patrick Pouyanné, Chairman and CEO of Total, said, “It is gas condensate and light oil...around 1 billion barrels...”*



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 increasing to 10% <sup>(1)</sup>
- Operated by Total SA
- Brulpadda discovery in 2019, over 1 Bboe potential <sup>(2)</sup>
- Currently drilling Luiperd-1X exploration well

## Block 2B, offshore South Africa

- 27.5% participating interest with carried well <sup>(3)</sup>
- Operated by Azinam Limited
- Proven oil basin with existing discovery
- Gazania-1 exploration well expected to spud Q1 2021

## PEL 37, offshore Namibia

- 14.6% effective interest
- Operated by Tullow Oil
- Cormorant-1 proved the play and source in 2018
- Monitoring nearby drilling in 2020-2021

*(1) The Company has signed definitive agreements with Impact and Arostyle that, subject to completion, will increase the effective interest in Block 11B/12B to 10%.*

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

*(3) Block 2B farmouts subject to South African government approval and other closing conditions.*



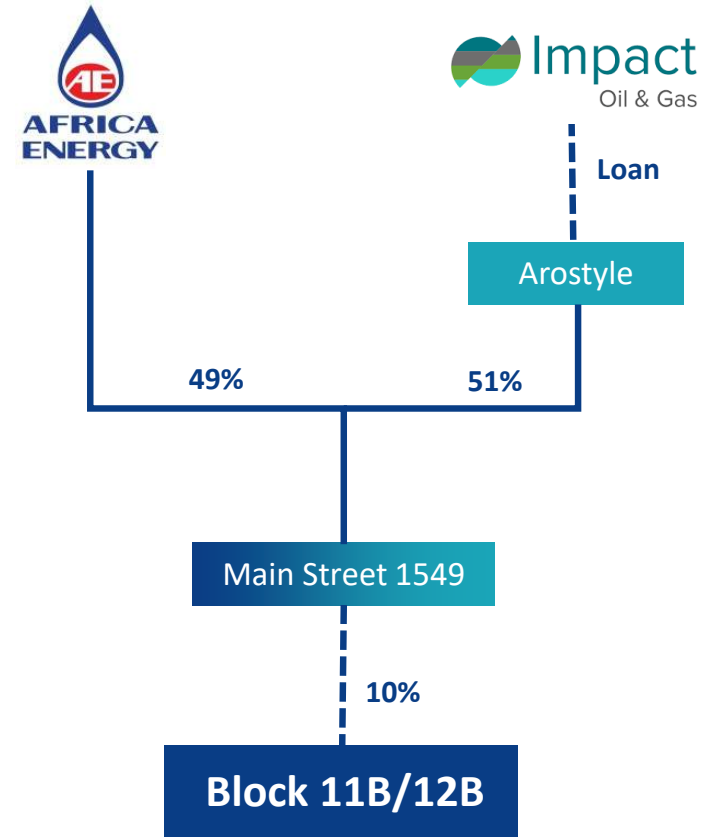
# South Africa Block 11B/12B Transactions More Than Double Effective Interest



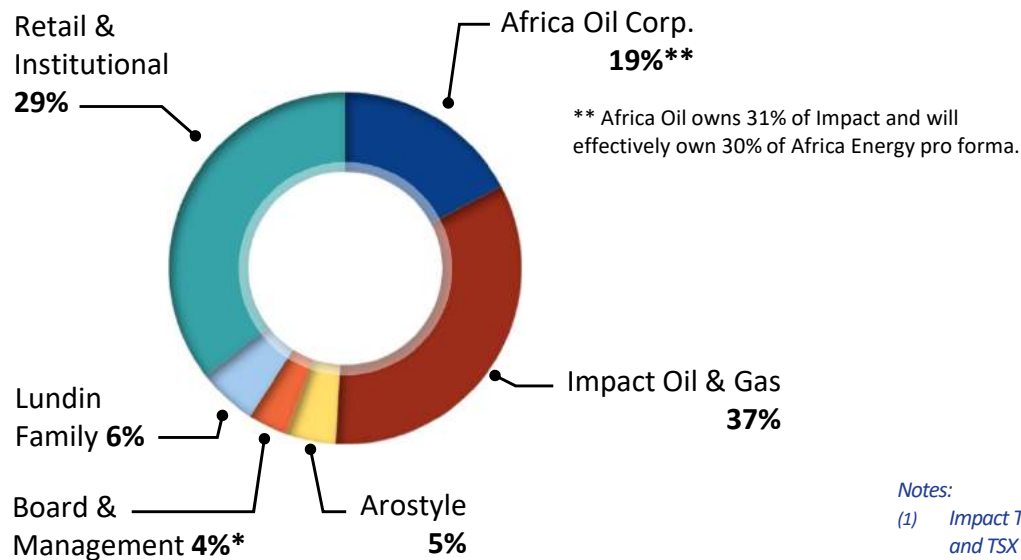
1. Impact Transaction – Acquisition of Impact’s financial interest in Block 11B/12B for 509.1 million shares
2. Arostyle Transaction – Mutual put/call option, exercisable anytime after Luiperd-1X drilling results, to transfer Main Street’s 10% interest in Block 11B/12B to Africa Energy for 64.5 million shares

At completion, Africa Energy will hold a direct 10% interest in Block 11B/12B

## Current Corporate Structure



## Pro Forma Share Ownership

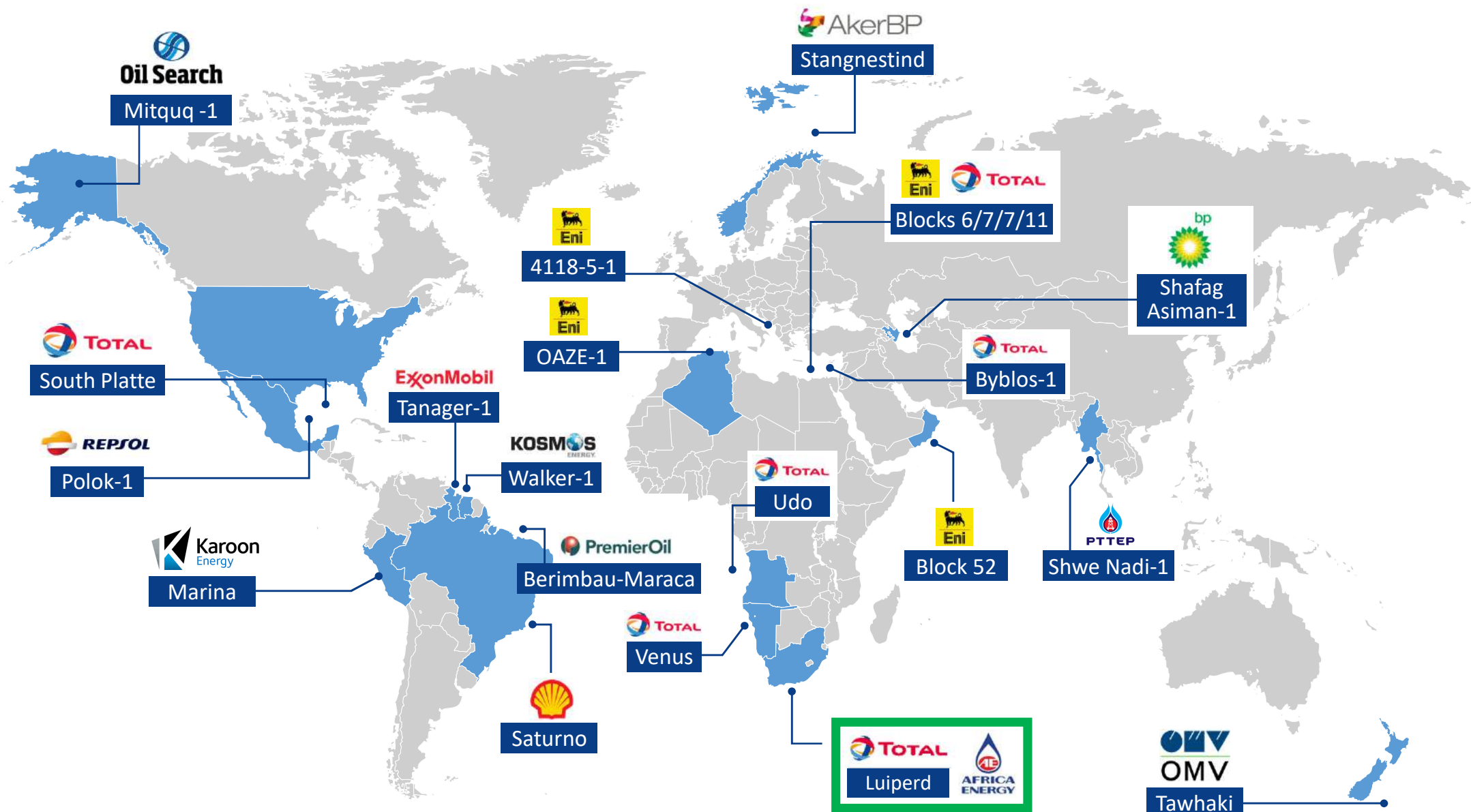


\* Includes shares held directly and indirectly by Ashley Heppenstall, an advisor to the Board of Directors.

### Notes:

- (1) Impact Transaction is independent of the Arostyle Transaction and is subject to Africa Energy disinterested shareholder approval and TSX Venture Exchange approval. Closing of the Impact Transaction is expected in October 2020.
- (2) Arostyle Transaction is dependent on closing the Impact Transaction and is subject to TSX Venture Exchange approval, as well as South African government approval and Block 11B/12B partner consents and waivers.
- (3) Corporate structure chart is simplified for illustration purposes.

# Wood Mackenzie Top-20 Prospects in 2020



# South Africa Overview

## Attractive Location / Fiscal Terms

### Active Players



### Fiscal Terms

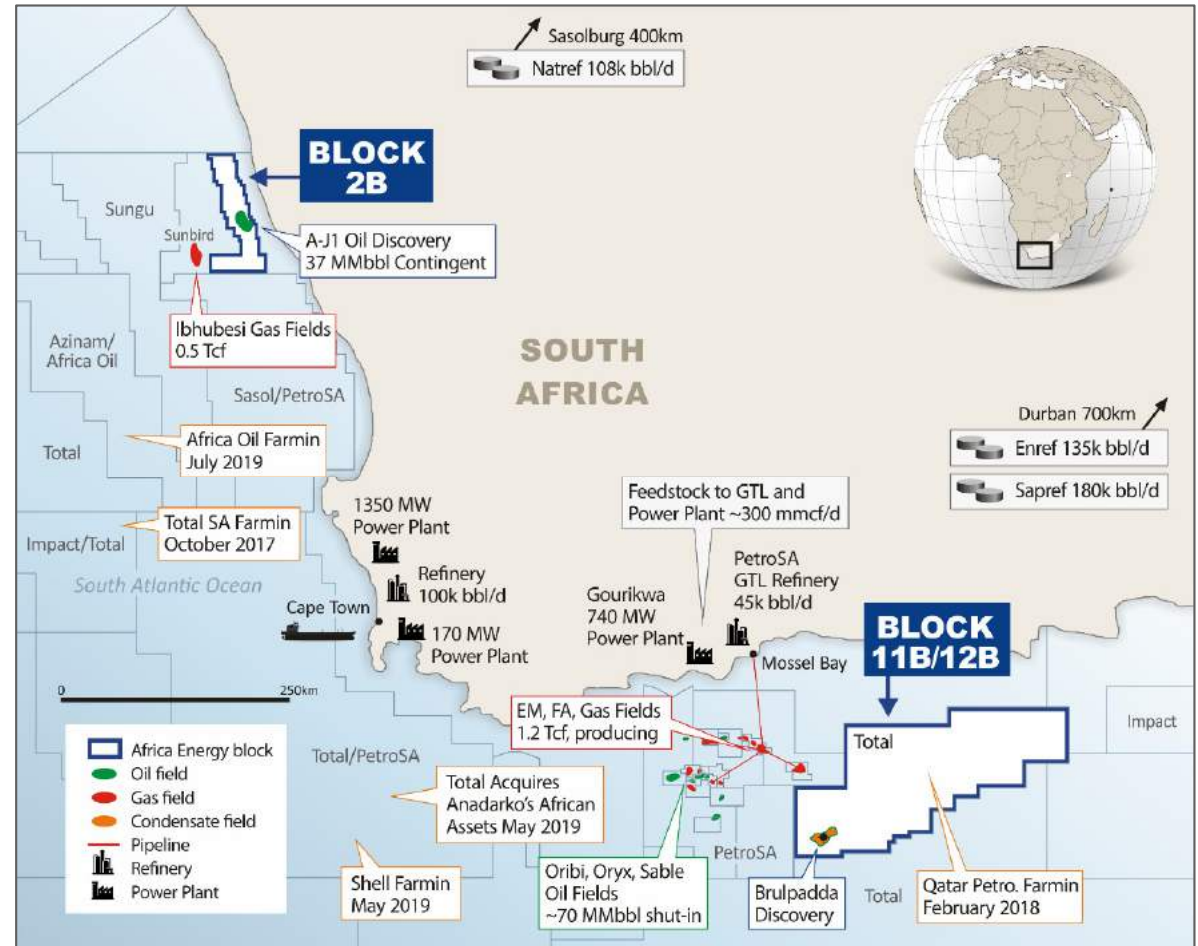
State Take < 30%



- **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

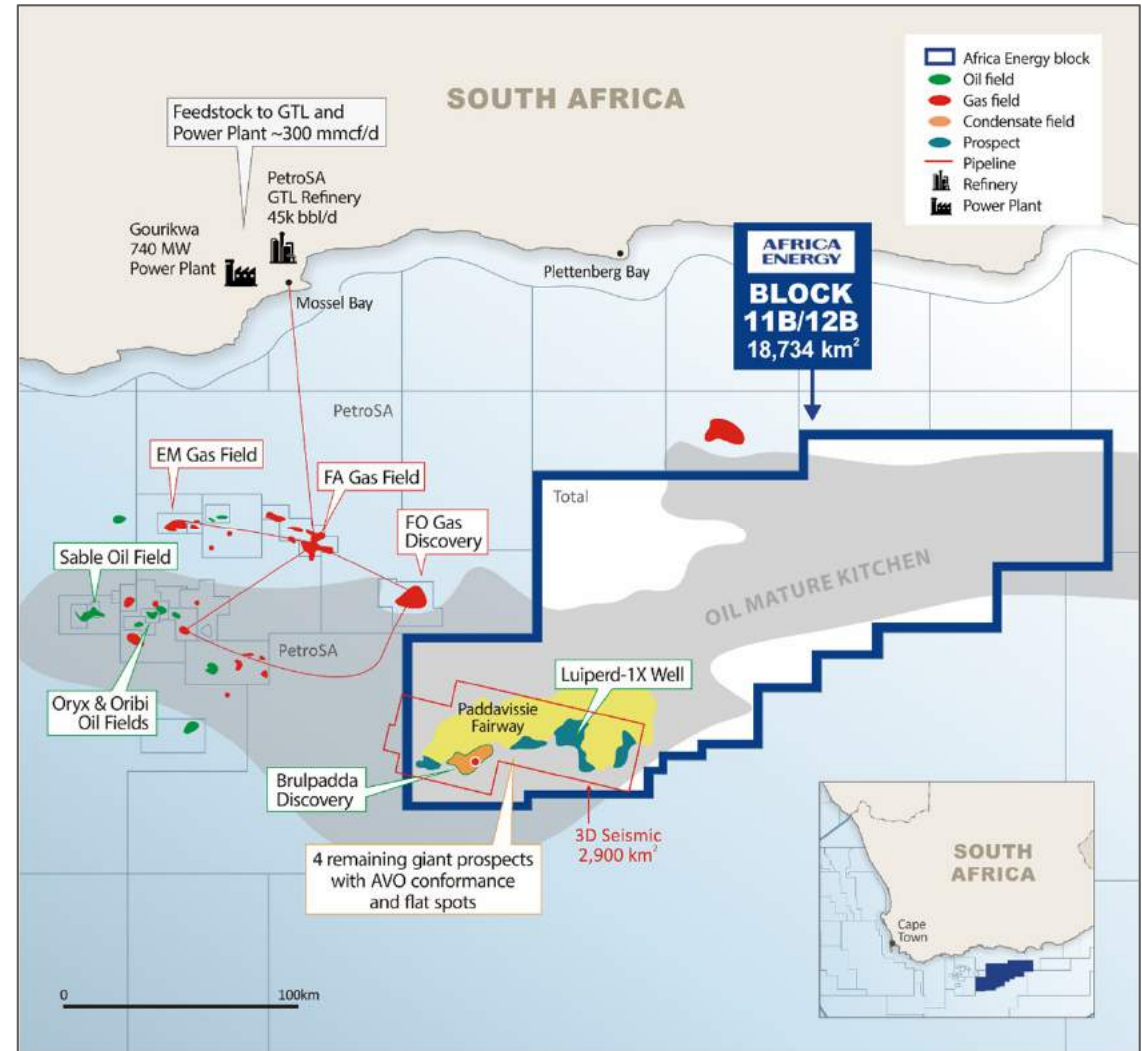
### Asset Summary

AEC effective interest	4.9% <sup>(1)</sup>
Partners	Total (operator with 45%), Qatar Petroleum (25%), CNRL (20%)
Basin	Outeniqua Basin
Discovery well	Brulpadda-1AX re-entry
Water depth	1,432 m
Resources	1 Bboe <sup>(2)</sup>
Min. commercial field size	~350 MMbbl at \$60/bbl <sup>(3)</sup>
Play type	Submarine fan
Forward work program	Up to 3 wells (starting Aug. '20)
Current well	Luiperd-1X
Spud date	August 27, 2020
Prospect size	> 500 MMboe <sup>(2)</sup>
Well cost estimate	~\$150 MM <sup>(3)</sup>

(1) The Company has signed definitive agreements that, subject to completion, will increase the effective interest in Block 11B/12B to 10%.

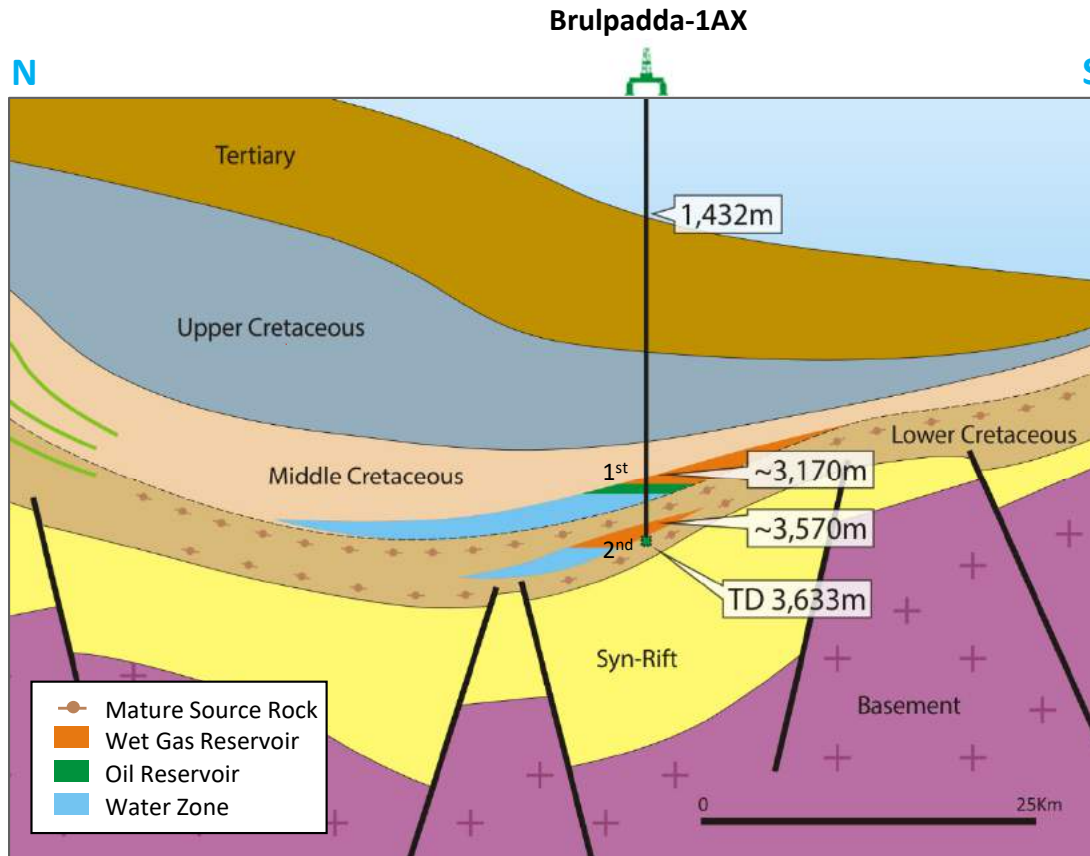
(2) Resource numbers obtained from third party public disclosure and have not been subject to independent audit by the Company.

(3) Company estimate.



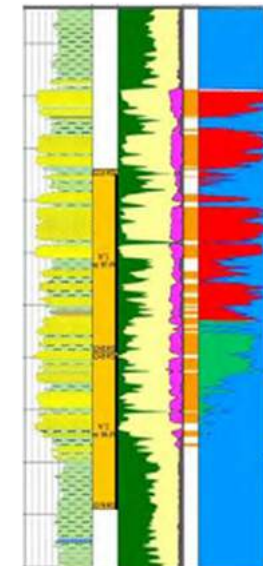
# South Africa Block 11B/12B

## Gas Condensate and Light Oil Discovered



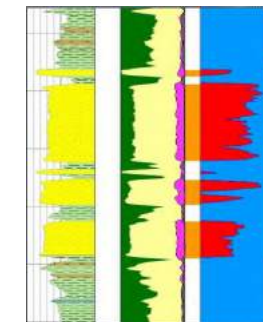
*French Major states, "Total has opened a new world-class gas and oil play and is well positioned to test several follow-on prospects"*

### 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

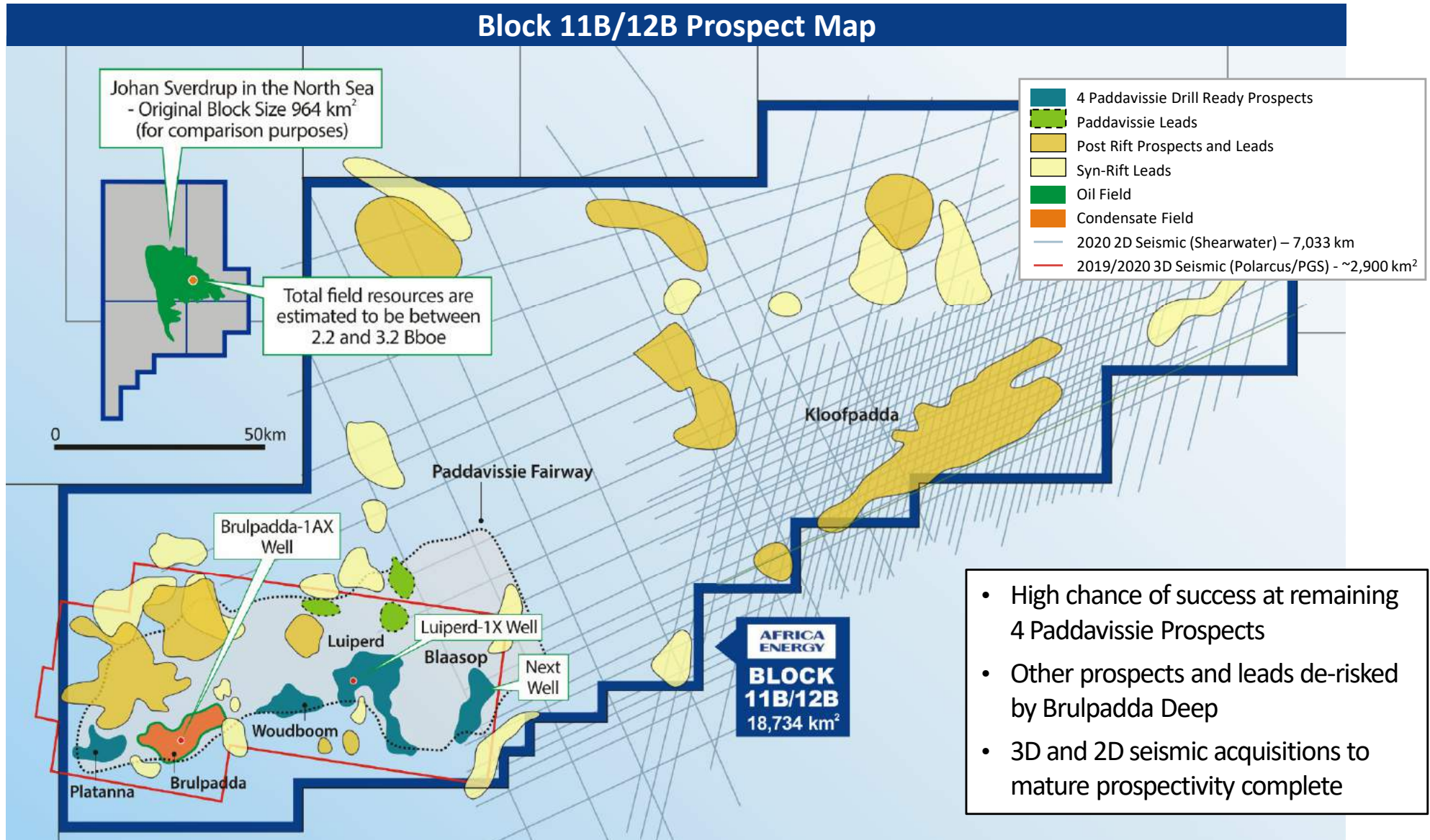
### Deep Objective (Secondary)



- 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

# South Africa Block 11B/12B

## Huge Block with Plenty of Running Room

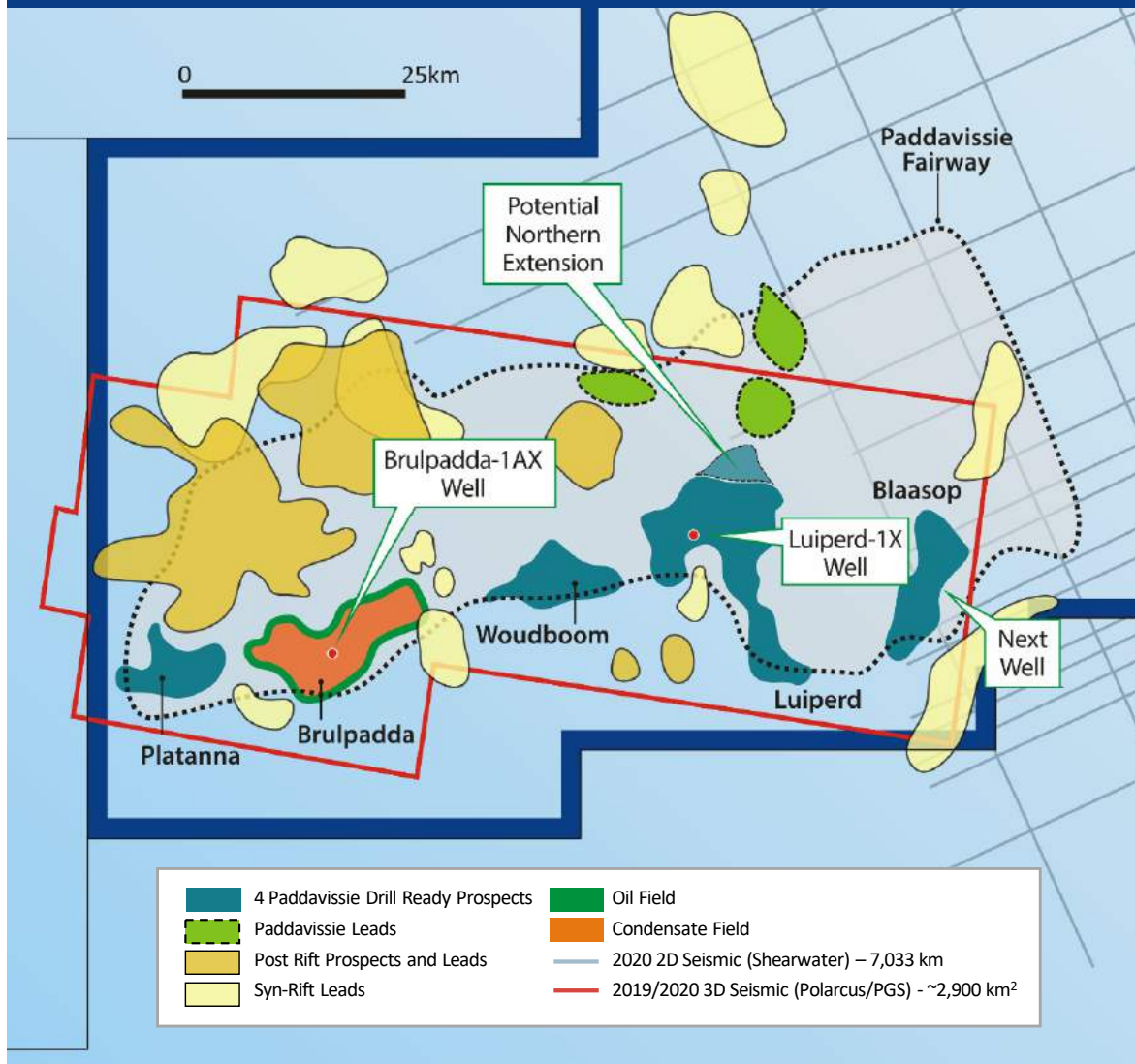


- High chance of success at remaining 4 Paddavissie Prospects
- Other prospects and leads de-risked by Brulpadda Deep
- 3D and 2D seismic acquisitions to mature prospectivity complete

# South Africa Block 11B/12B

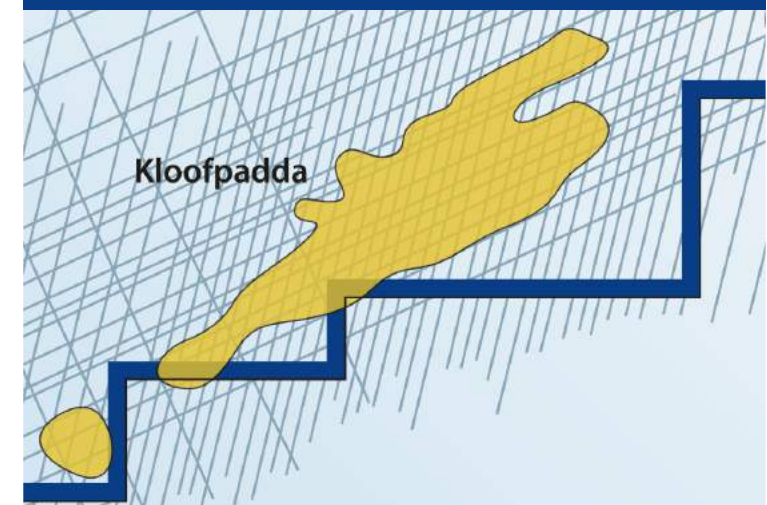
## 2019/2020 Seismic Survey Results Very Encouraging

### Paddavissie Fairway Prospect Map



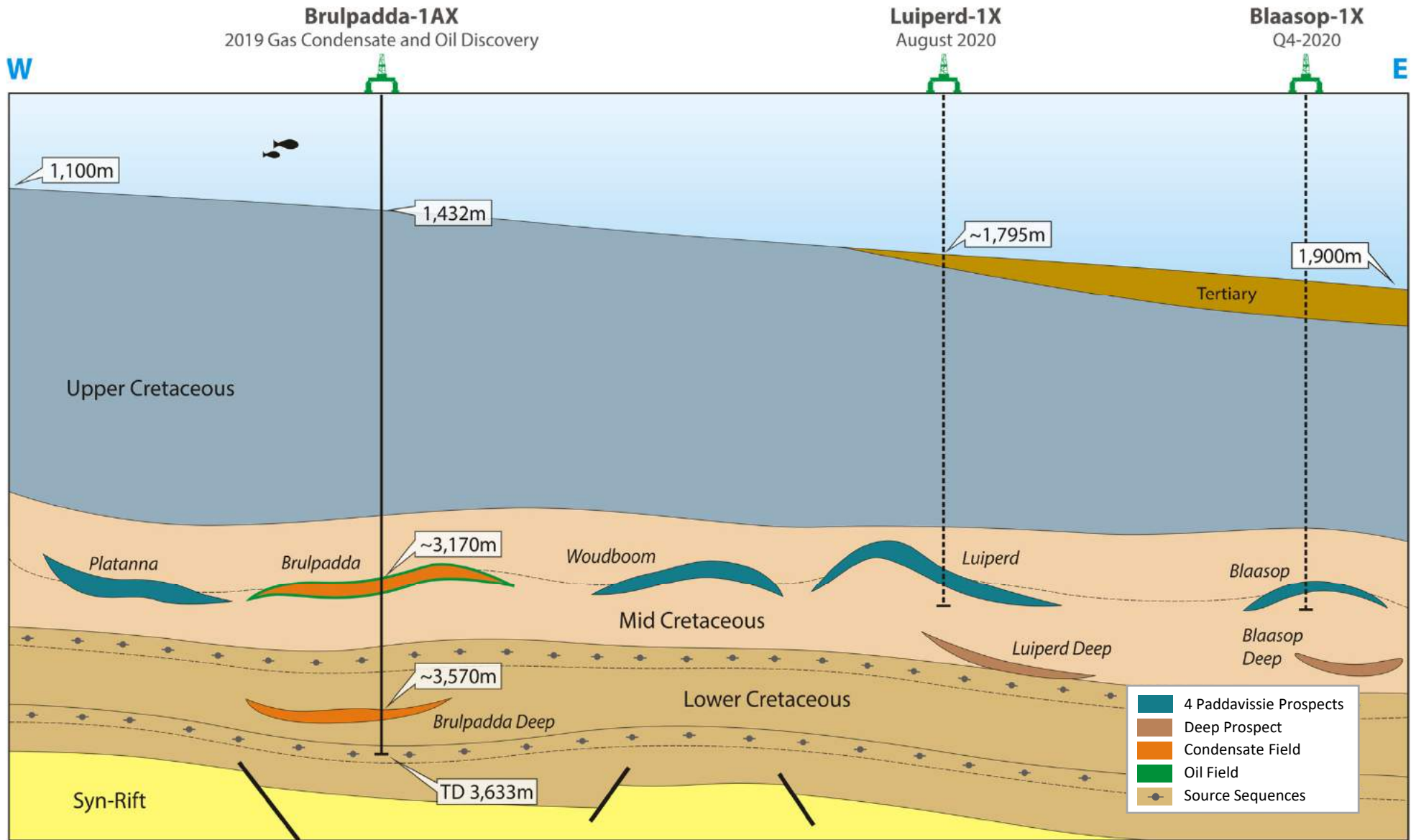
- Potential northern extension to Luiperd identified
- 3D validates DHIs and thick reservoir development, confirming large resource potential in Paddavissie
- Kloofpadda play trend ~400 km<sup>2</sup> with leads supported by DHIs
- Multiple additional prospects and leads identified

### Kloofpadda Play Trend



# South Africa Block 11B/12B

## Follow-On Drilling Across Paddavissie Fairway



Not to scale



# 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)

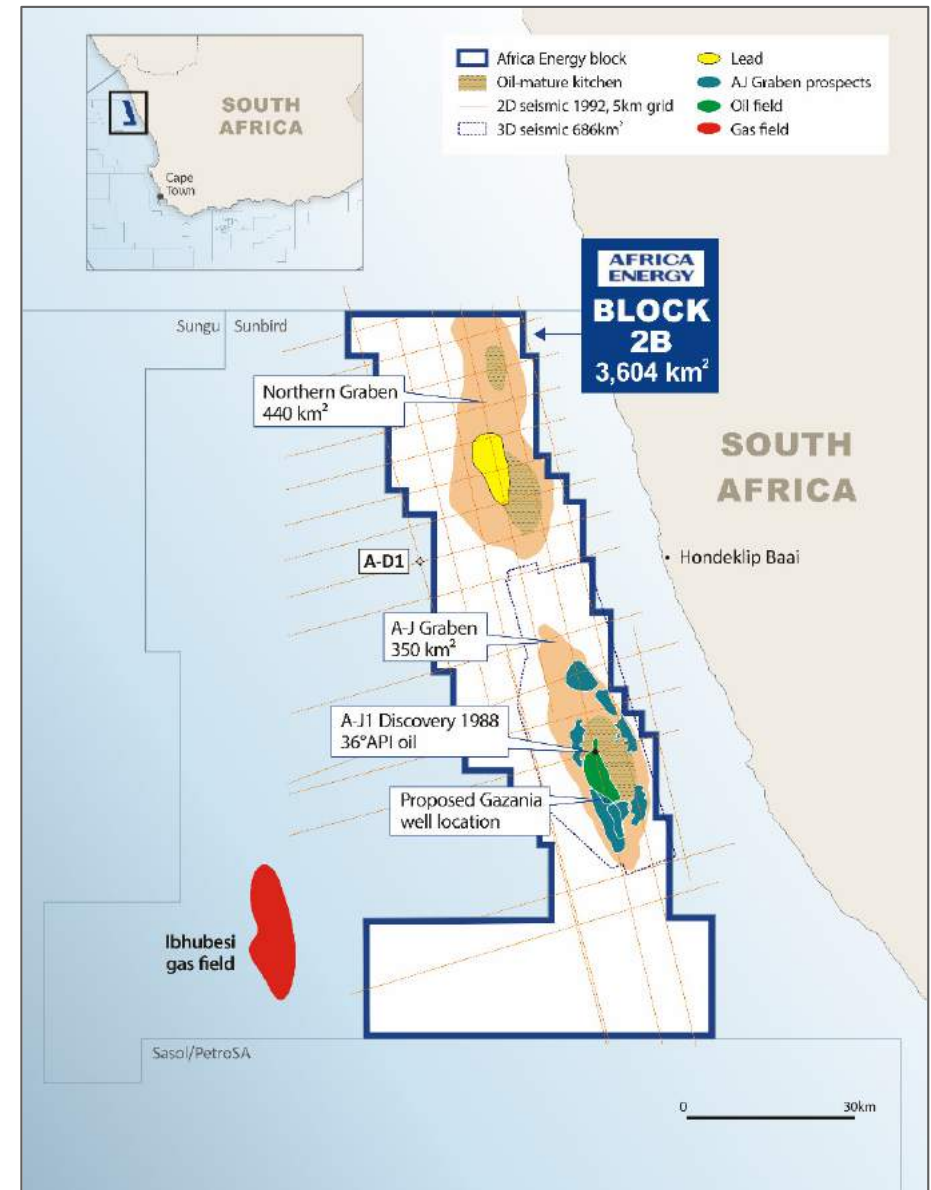
### Asset Summary

<b>AEC participating interest</b>	27.5% <sup>(1)</sup>
<b>Partners</b>	Azinam Limited (operator with 50%), Panoro Energy (12.5%), Crown Energy (10%) <sup>(1)</sup>
<b>Basin</b>	Orange Basin
<b>First well</b>	Gazania-1
<b>Planned spud date</b>	Q1 2021
<b>Water depth</b>	150 m
<b>First well prospect size</b>	> 300 MMbbl <sup>(2)</sup>
<b>Well cost estimate</b>	~\$21 MM
<b>Play type</b>	Rift basin
<b>Min. commercial field size</b>	< 50 MMbbl at \$60/bbl <sup>(3)</sup>
<b>Work program to date</b>	686 km <sup>2</sup> of 3D seismic
<b>Seismic data</b>	3D survey by Western Geco 2013
<b>Past costs to date</b>	\$14 MM

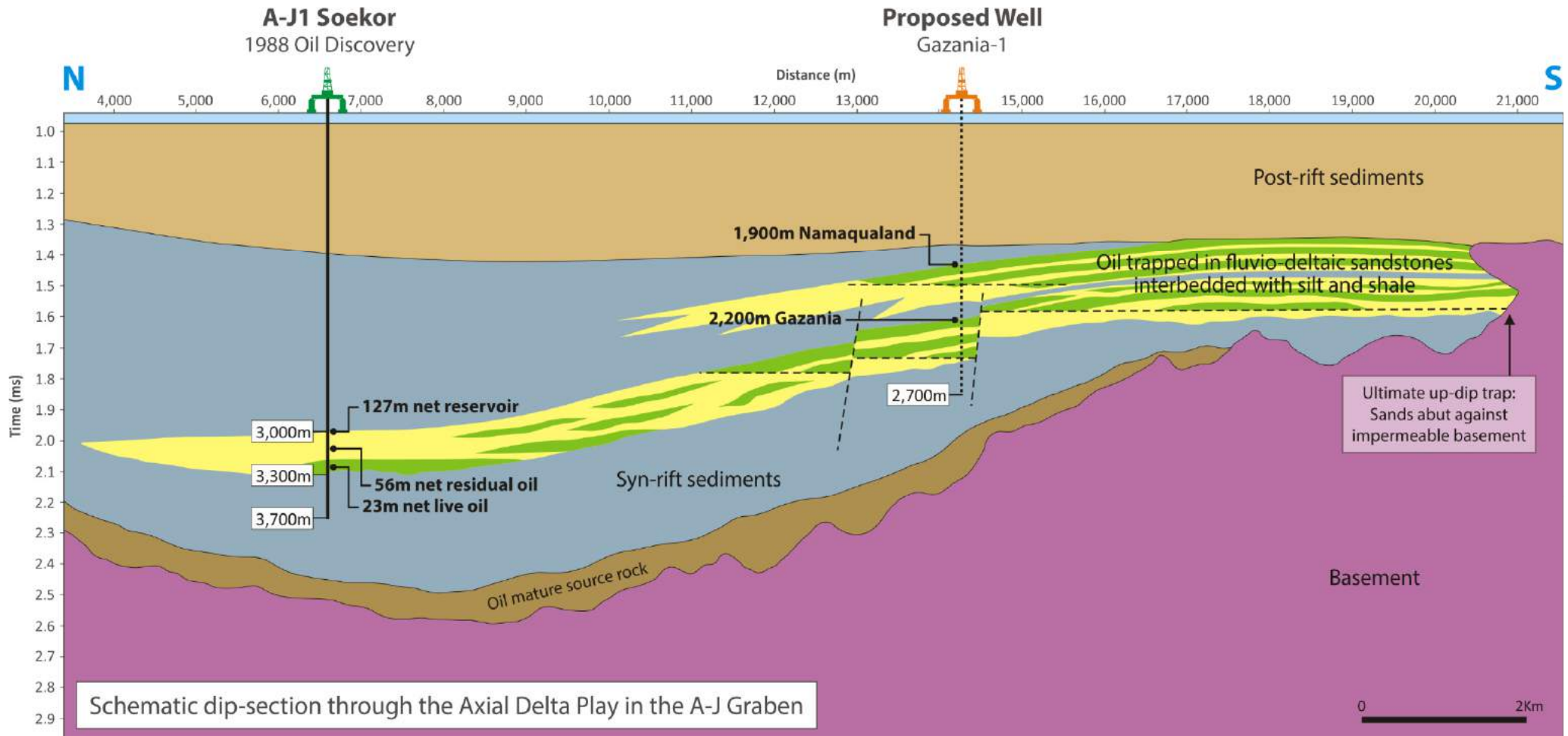
(1) Block 2B farmout subject to South African government approval and other closing conditions.

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

(3) Company estimate.

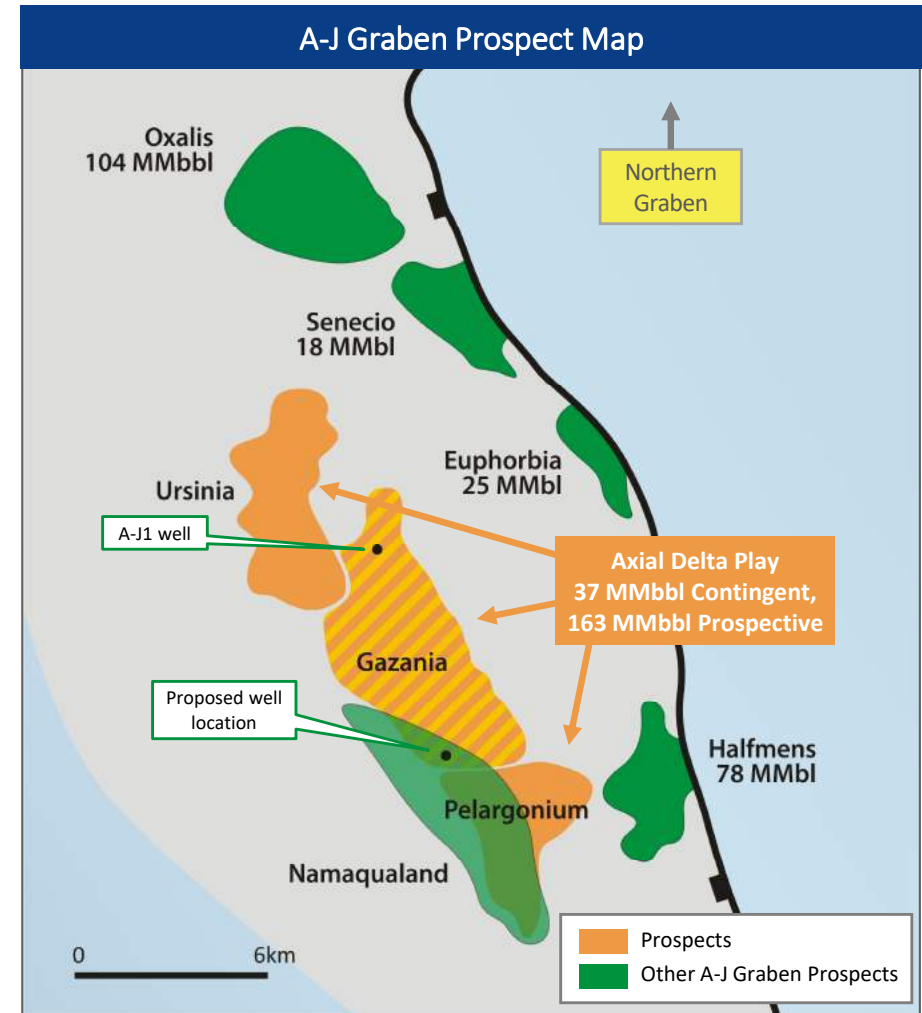
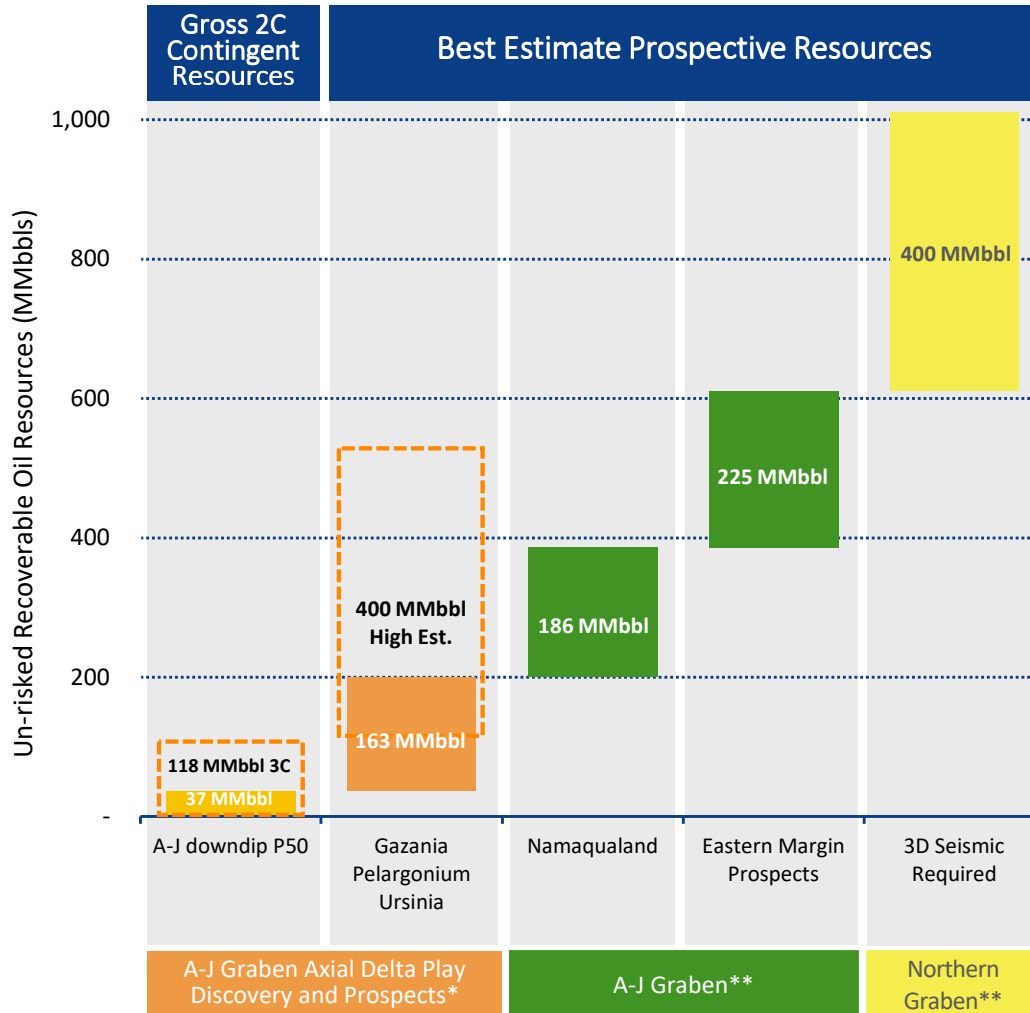


# South Africa Block 2B A-J Graben Axial Delta Play



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

# South Africa Block 2B Contingent & Prospective Resources

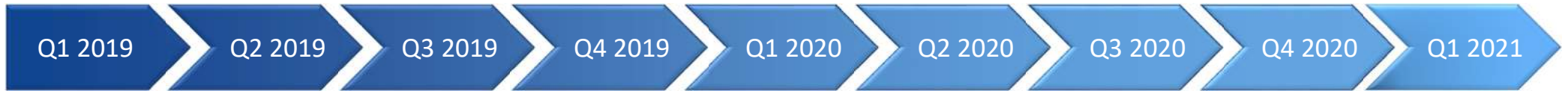


\* These volumes have been subject to a resource assessment by a qualified third party resource auditor. These volumes have been disclosed as an arithmetic sum of multiple estimates of contingent and prospective resource, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as disclosed in Schedule A of the Company's Annual Information Form filed on Sedar March 24, 2020. All of the Contingent Resources are classified as Development Unclassified.

\*\* These volumes are Company estimates and have not been subject to assessment by a qualified third party resource auditor.

# Near-Term 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

Block 2B Farmdown



Block 11B/12B

Luiperd-1X Spud



Block 11B/12B

Blaasop-1X Spud



Block 11B/12B

Potential Well Spud



Block 2B

Gazania-1 Spud

Up to 4 Exploration Wells in 2020/2021

# Summary

## 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

## Proven Team

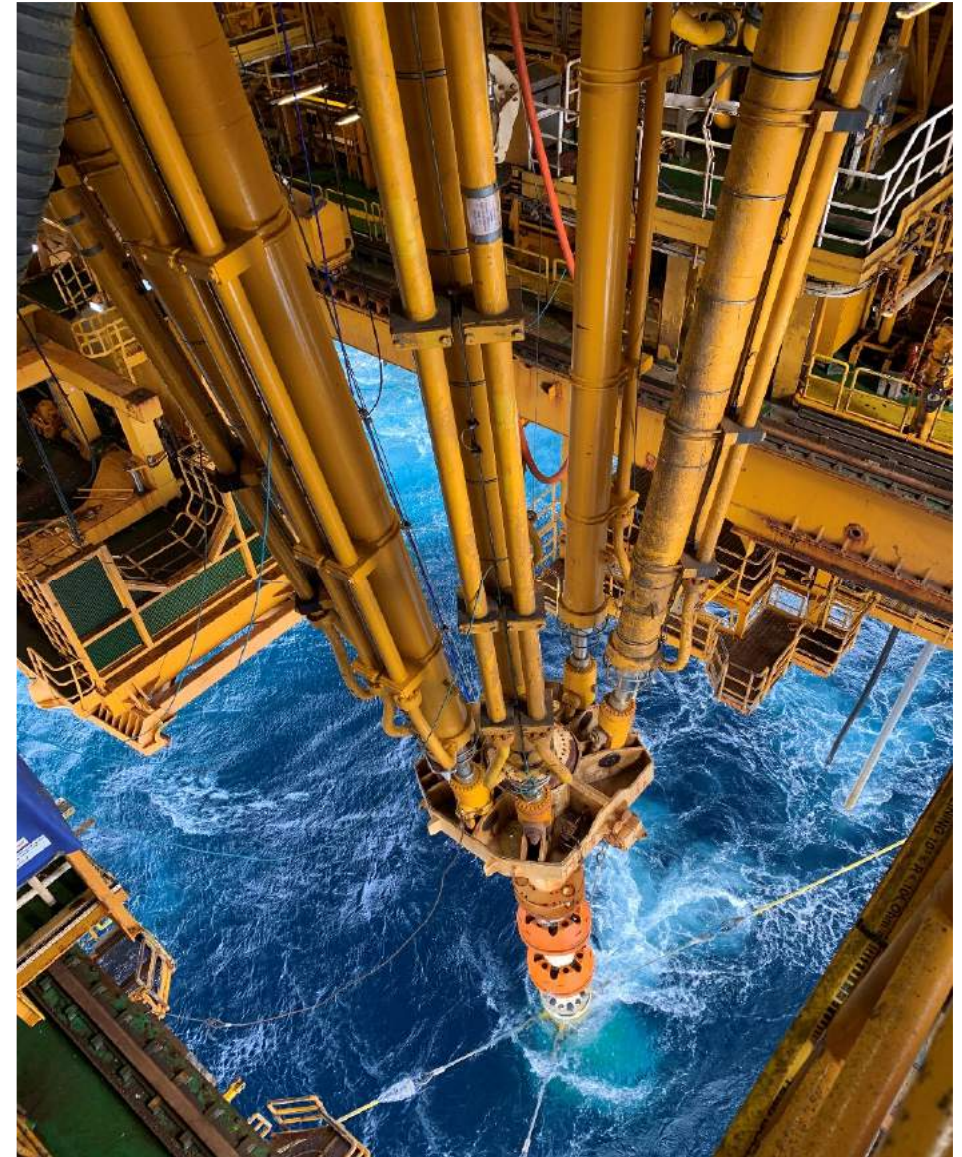
- Experienced board and senior management
- Technical team with significant exploration success across Africa from Energy Africa / Tullow Oil

## Solid Backing

- Supportive shareholders from the Lundin Group

## Good Timing

- Acquired world-class exploration assets during oil price downturn

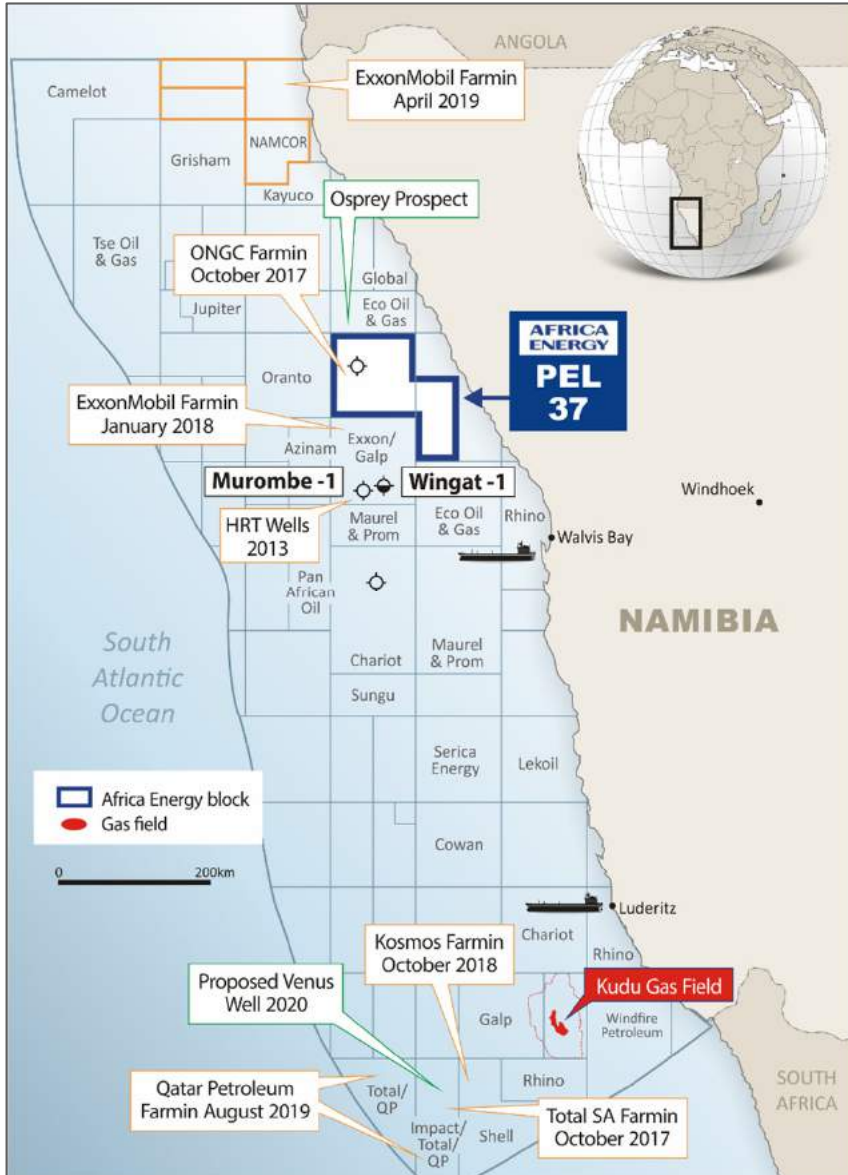


*The Odfjell Deepsea Stavanger rig is drilling the Luiperd-1X well on Block 11B/12B offshore South Africa.*

# Appendix

# 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

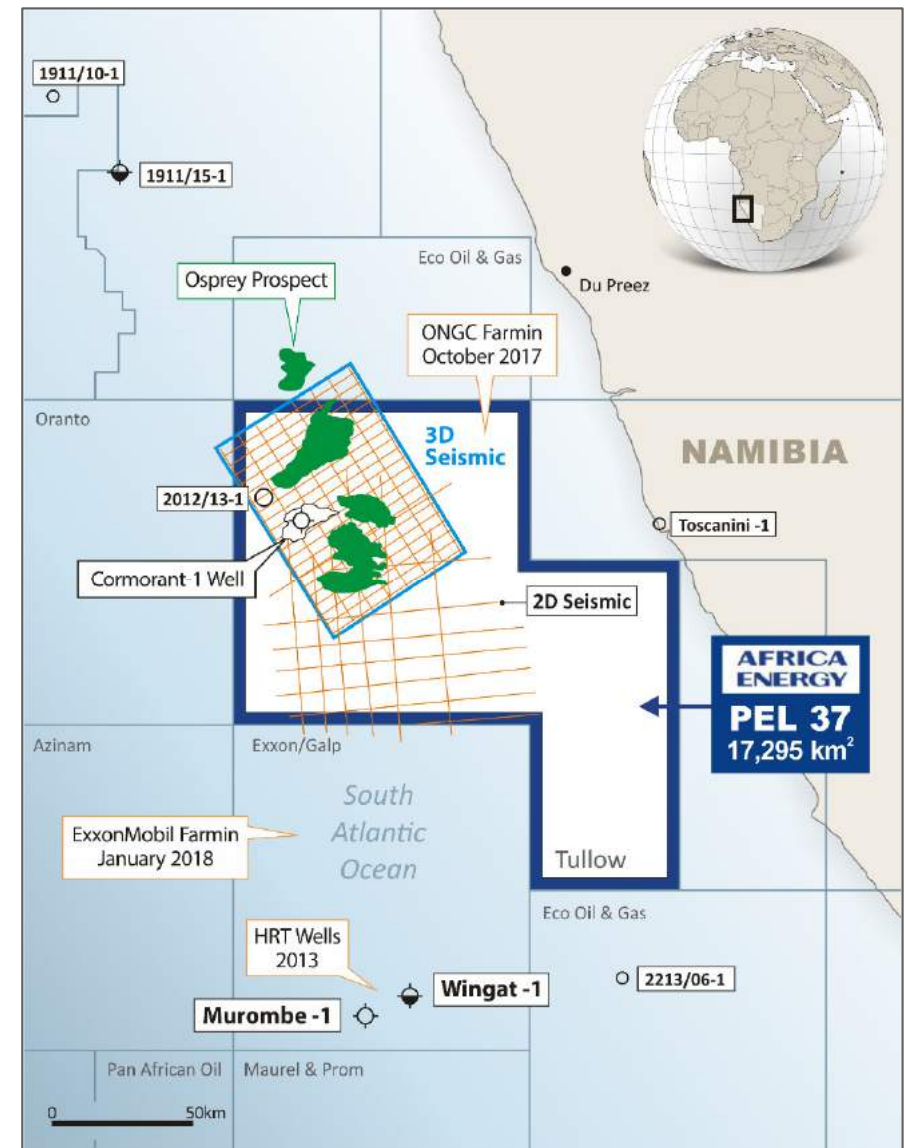
- Four Cretaceous-age fans identified on 3D seismic
- Mature source rock proven by nearby HRT wells
- Further prospectivity defined to the south with 2D seismic

Asset Summary	
AEC effective interest	14.6% <sup>(1)</sup>
Partners	Tullow (operator with 50%), Pancontinental Namibia (42.9%), Paragon (7.1%)
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 43.9% 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.

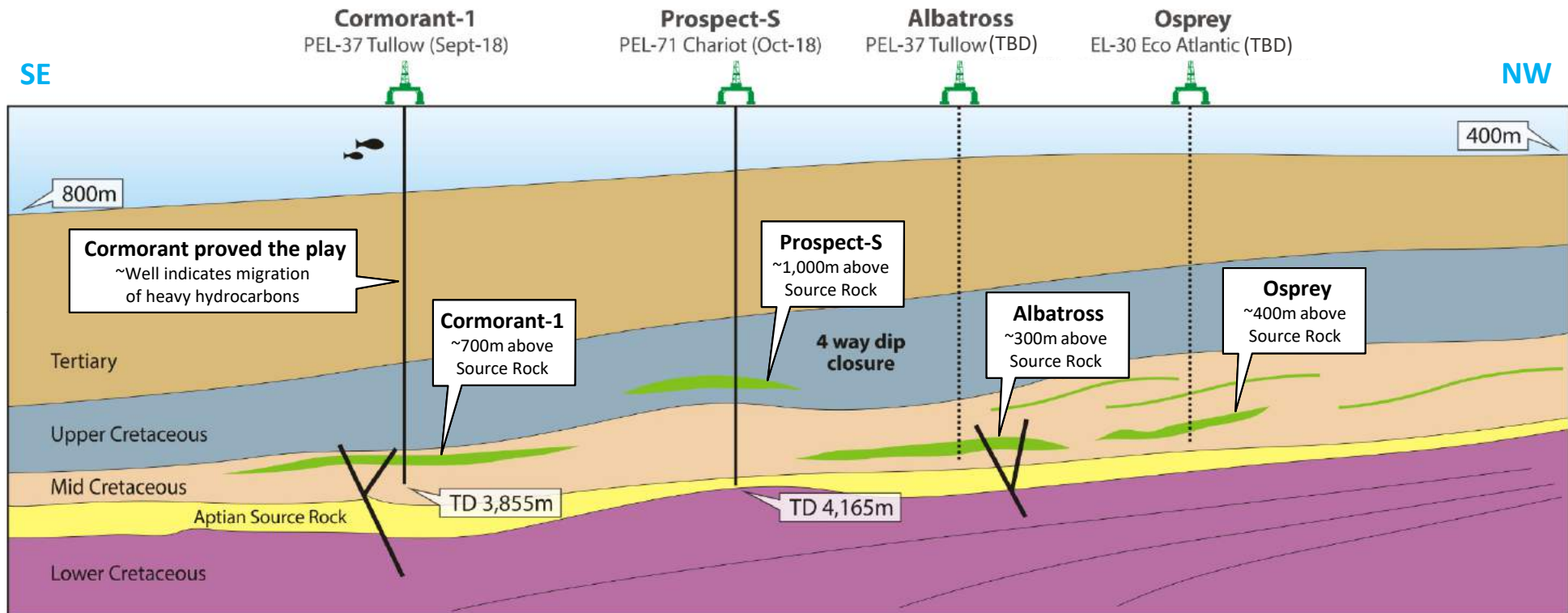
(3) Company estimate.





# 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

# Cautionary Statements



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This presentation contains certain forward-looking information that reflects the current views and/or expectations of management of the Company with respect to its performance, business and future events including statements with respect to financings and the Company's plans for growth and expansion. Such information is subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied including the risk that the Company is unable to obtain required financing and risks and uncertainties inherent in oil exploration and development activities. Readers are cautioned that the assumptions used in the preparation of such information, such as market prices for oil and gas and chemical products, the Company's ability to explore, develop, produce and transport crude oil and natural gas to markets and the results of exploration and development drilling and related activities, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking information. The Company assumes no future obligation to update this forward-looking information except as required by applicable securities laws.

Certain data in this presentation was obtained from various external data sources, and the Company has not verified such data with independent sources. Accordingly, no representation or warranty, express or implied, is made and no reliance should be placed on the fairness, accuracy, correctness, completeness or reliability of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

No reliance may be placed, for any purposes whatsoever, on the information contained in this presentation or on its completeness. The Company and its members, directors, officers and employees are under no obligation to update or keep current information contained in this presentation, to correct any inaccuracies which may become apparent, or to publicly announce the result of any revision to the statements made herein except where they would be required to do so under applicable law, and any opinions expressed in them are subject to change without notice, whether as a result of new information or future events. No representation or warranty, express or implied, is given by the Company or any of its subsidiaries undertakings or affiliates or directors, officers or any other person as to the fairness, accuracy, correctness, completeness or reliability of the information or opinions contained in this presentation, nor have they independently verified such information, and any reliance you place thereon will be at your sole risk. Without prejudice to the foregoing, no liability whatsoever (in negligence or otherwise) for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection therewith is accepted by any such person in relation to such information.

For additional details on the Company and certain risk factors, please see the Company's Annual Information Form filed on March 24, 2020 under its profile at [www.sedar.com](http://www.sedar.com).

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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Tel: +1 (604) 689-7842

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Robert Eriksson

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