

AFRICA ENERGY CORP

# South African Oil & Gas Exploration Champion

February 2021

A LUNDIN GROUP COMPANY



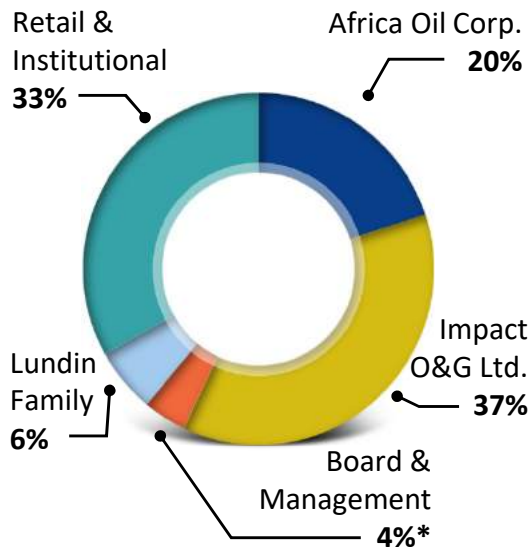
*The Odffjell Deepsea Stavanger rig drilled the Brulpadda-1AX discovery in February 2019 and the Luiperd-1X discovery in October 2020 on Block 11B/12B offshore South Africa.*

# Corporate Profile



- Independent oil and gas exploration company
- Backed by the Lundin Group
- Proven technical team from Energy Africa / Tullow Oil
- Brulpadda and Luiperd discoveries on Block 11B/12B
- Low-risk exploration well planned on Block 2B

## Share Ownership



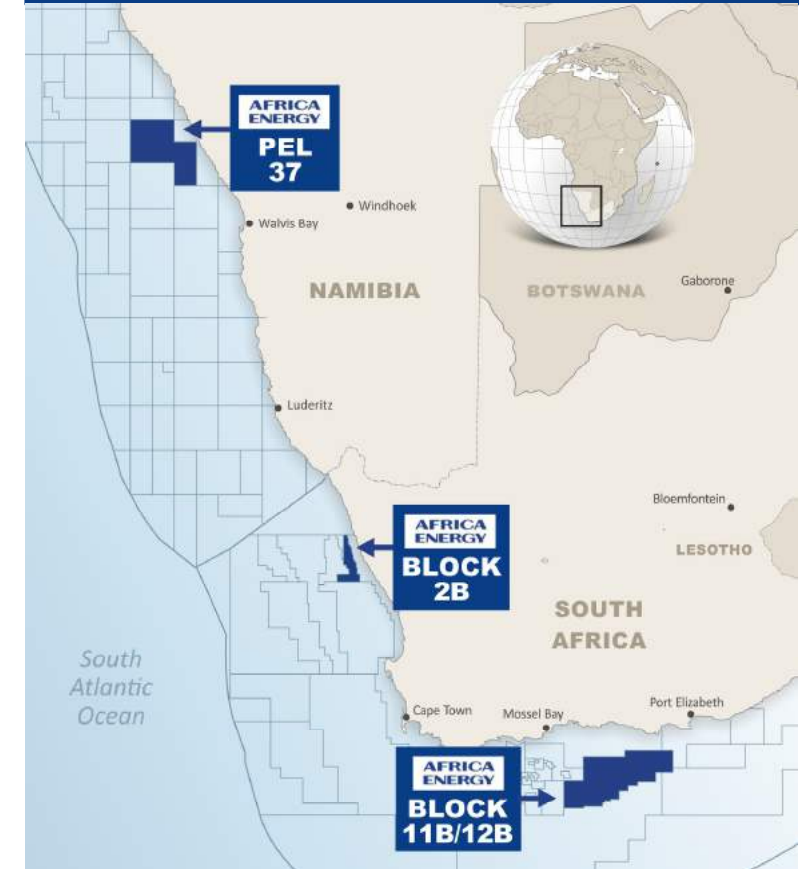
\* Includes shares held directly and indirectly by Ashley Heppenstall, an advisor to the Board of Directors.

## Corporate Snapshot

|                                   |                                    |
|-----------------------------------|------------------------------------|
| <b>AFE/AEC</b>                    | TSX-V/First North Ticker           |
| <b>C\$0.31</b><br><b>SEK 2.14</b> | Share Price at Feb. 12, 2021       |
| <b>1,395</b> <sup>(1)</sup>       | Common Shares (million)            |
| <b>42.8</b>                       | Stock Options (million)            |
| <b>\$362</b>                      | Market Cap (US\$ million)          |
| <b>\$0</b>                        | Debt (US\$)                        |
| <b>\$39.1</b>                     | Cash Sept. 30, 2020 (US\$ million) |
| <b>8</b>                          | Number of Employees                |

(1) Pending transaction with Arostyle may increase shares outstanding by 64.5 million.

## Asset Footprint

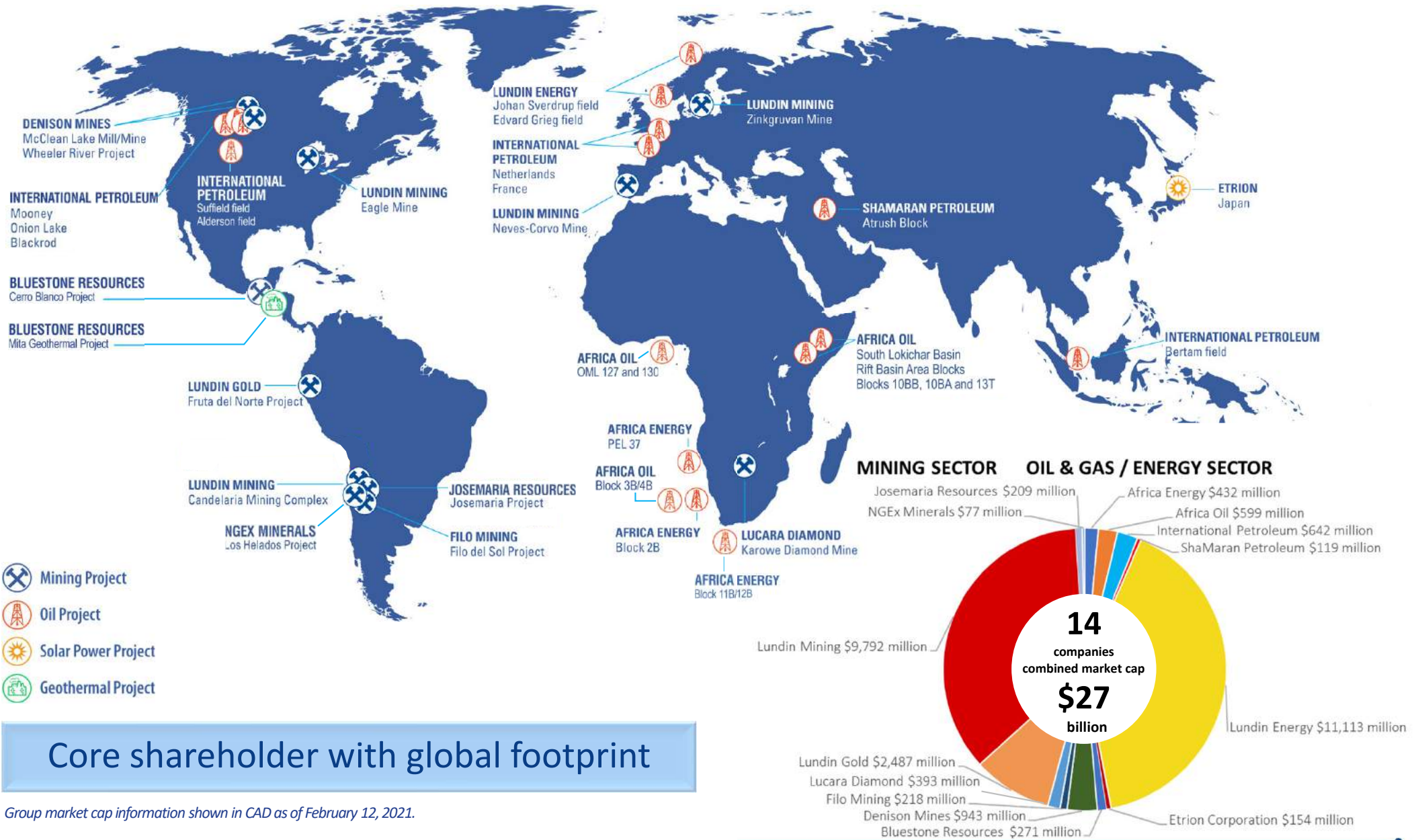


## Equity Research

|                            |      |                      |
|----------------------------|------|----------------------|
| <b>Arctic Securities</b>   | Oslo | Daniel Stenslet      |
| <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  |



# Lundin Group of Companies



Core shareholder with global footprint

Group market cap information shown in CAD as of February 12, 2021.

# 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



**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



**Johnny Copelyn, Director**

- CEO of Hosken Consolidated Investments Ltd.
- Non-Executive Chairman of Impact Oil & Gas Ltd.
- Former ANC Member of Parliament in South Africa

Seasoned oil and gas veterans that know how to create value

# Senior Management



## Garrett Soden, President, CEO and Director

- Senior executive in the Lundin Group for over a decade
- Director of several listed natural resource companies



## 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

- Over 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



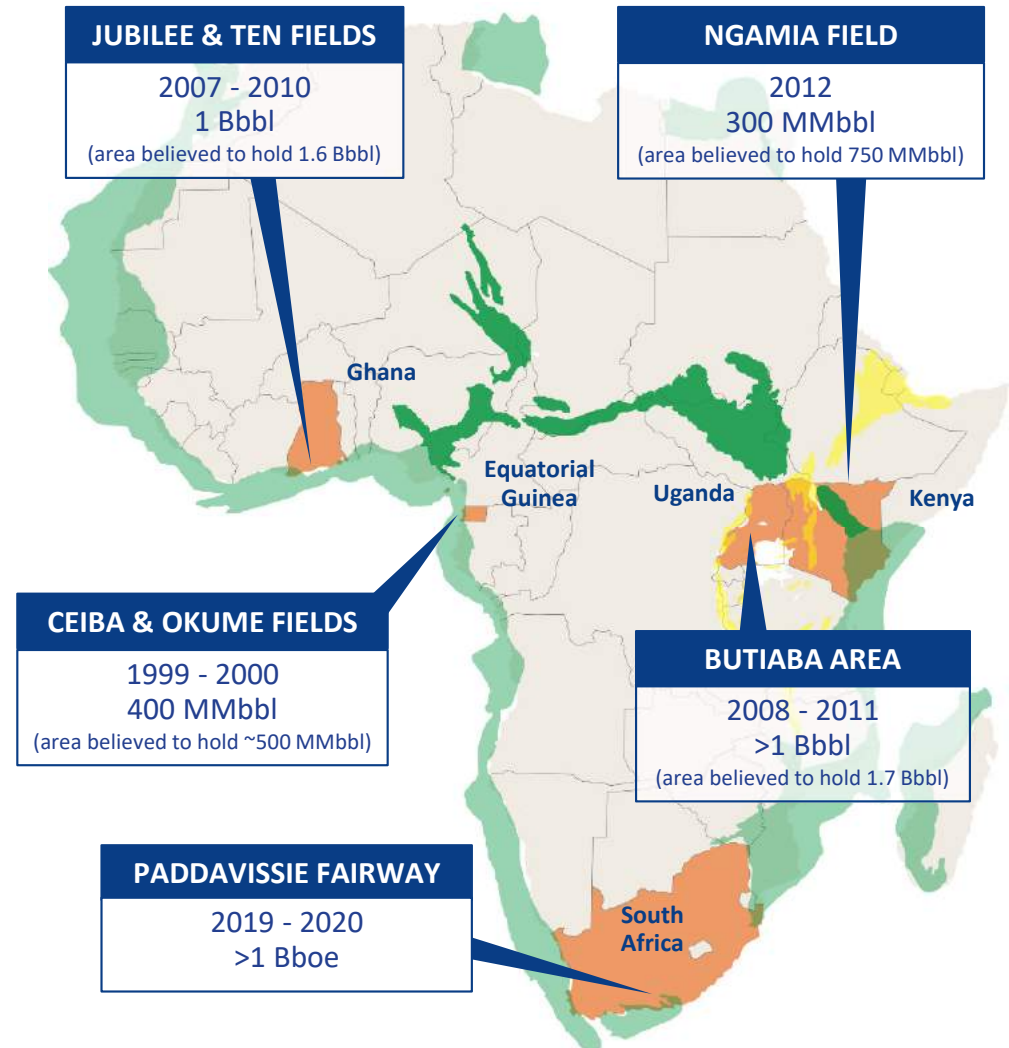
# Solid Track Record

## 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 gas condensate discoveries offshore South Africa with Africa Energy



A technical team that knows Africa

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

# Asset Overview



## Block 11B/12B

- 4.9% effective interest increasing to 10%<sup>(1)</sup>
- Operated by Total SA
- Brulpadda and Luiperd discoveries in 2019-2020
- Development studies and gas commercialization

## Block 2B

- 27.5% participating interest with carried well<sup>(2)</sup>
- Operated by Azinam Limited
- Proven oil basin with existing discovery from 1988
- Gazania-1 exploration well expected to spud Q3 2021

## PEL 37

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

*(1) The Company has an option to acquire the direct 10% interest in Block 11B/12B by issuing 64.5 million shares to Arostyle.*

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

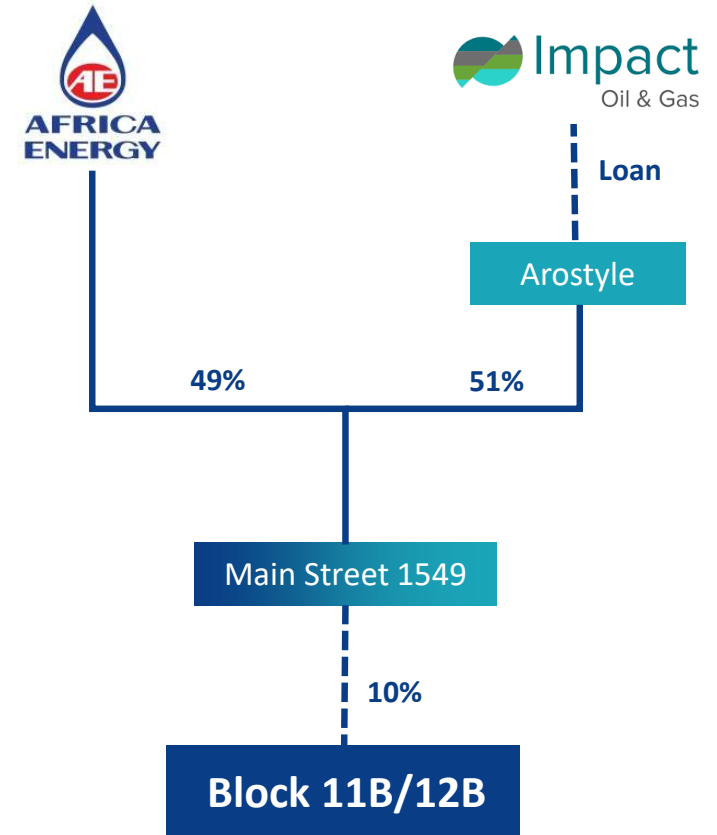
# South Africa Block 11B/12B Transactions More Than Double Effective Interest



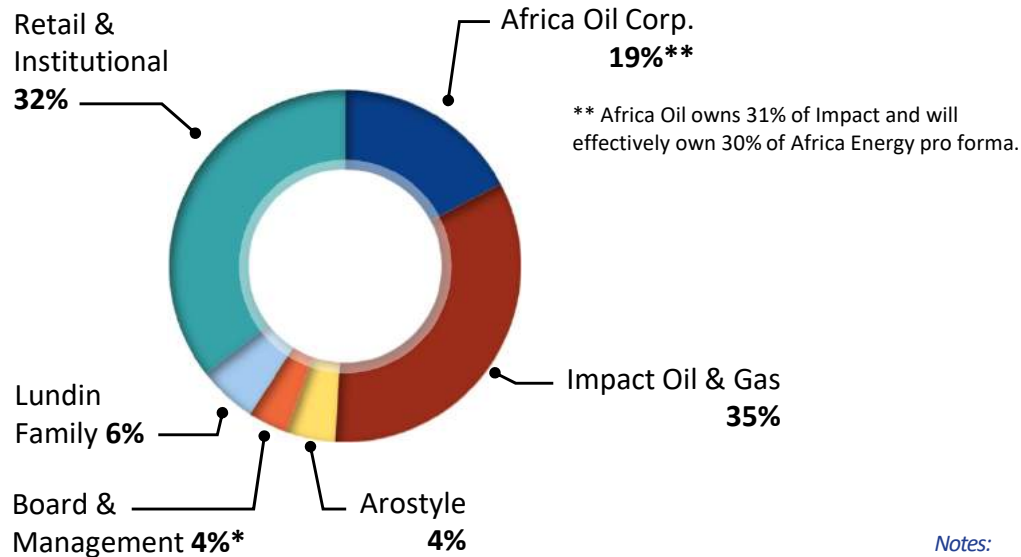
1. Impact Transaction – Acquisition of Impact’s financial interest in Block 11B/12B for 509.1 million shares completed in November 2020
2. Arostyle Transaction – Mutual put/call option to transfer Main Street’s 10% interest in Block 11B/12B to Africa Energy and issue 64.5 million shares

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

## 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 closed October 22, 2020, and shares were issued on November 12, 2020.
- (2) Arostyle Transaction is subject to South African government approval and Block 11B/12B partner consents and waivers.
- (3) Corporate structure chart is simplified for illustrative purposes.



# South Africa Overview

## Attractive Location / Fiscal Terms

### Active Players



### Fiscal Terms

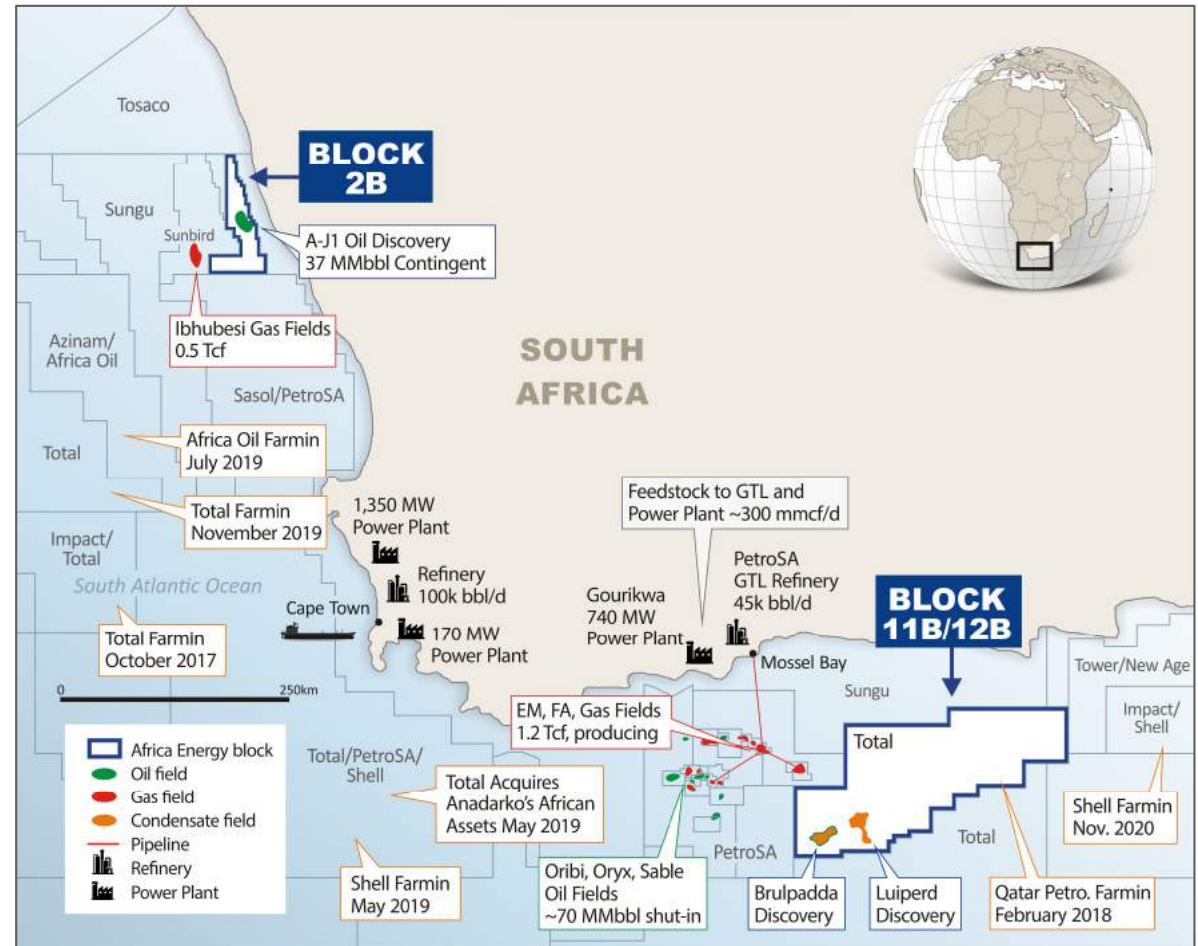
State Take < 30%



- **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

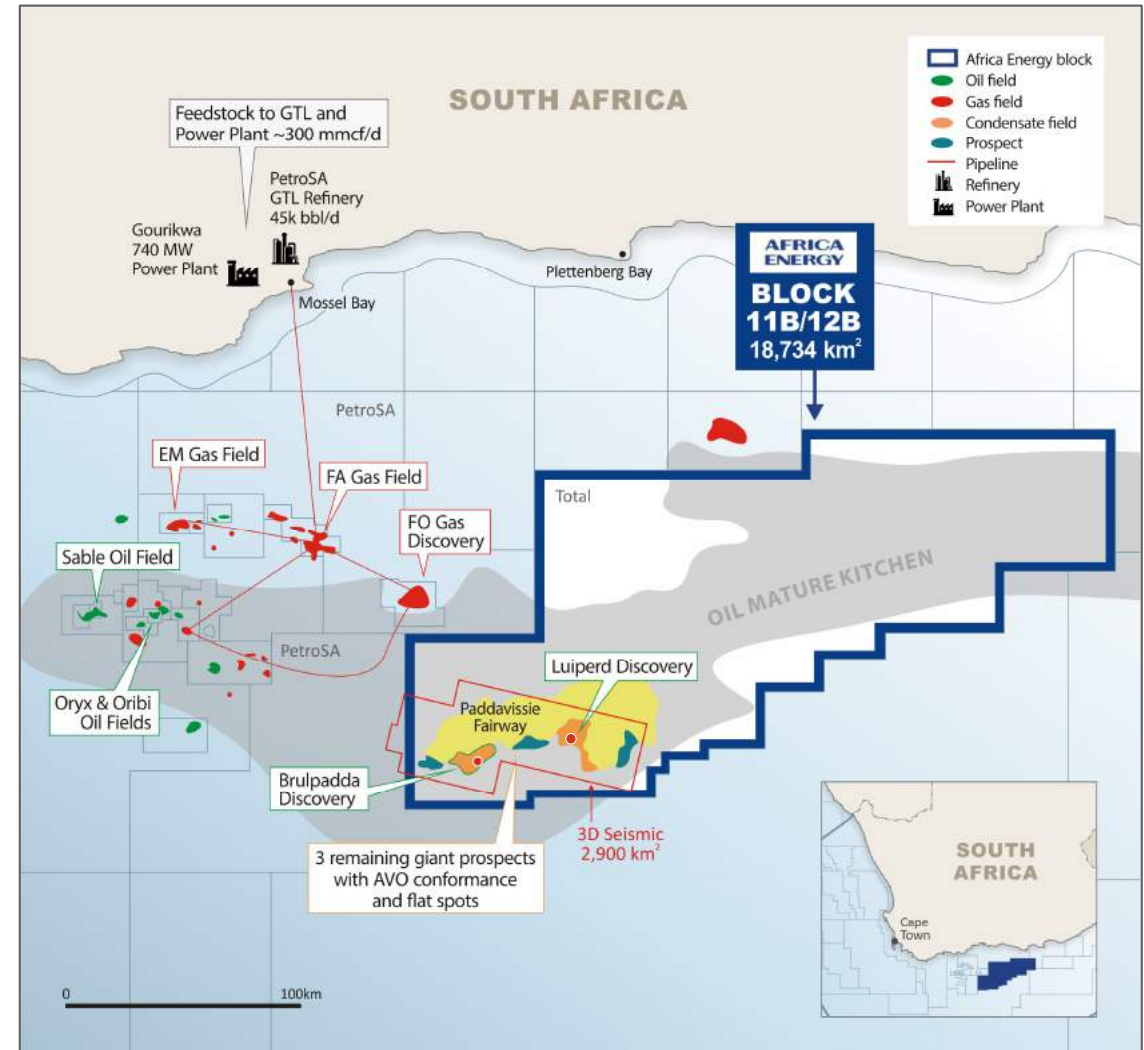
(1) Draft Upstream Petroleum Resources Development Bill proposes an increase in State Participation from 10% to 20%.

# South Africa Block 11B/12B

## Large Discoveries with De-Risked Upside

- Two major gas condensate discoveries
- Three 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%), Canadian Natural Resources (20%) |
| Basin                  | Outeniqua Basin  |
| Discovery wells        | Brulpadda-1AX / Luiperd-1X + DST   |
| Water depth            | 1,432 m / 1,800 m  |
| Resources              | > 1 Bboe <sup>(2)</sup>  |
| Play type              | Submarine fan  |
| Current program        | Development Studies and Gas Commercialization                                      |

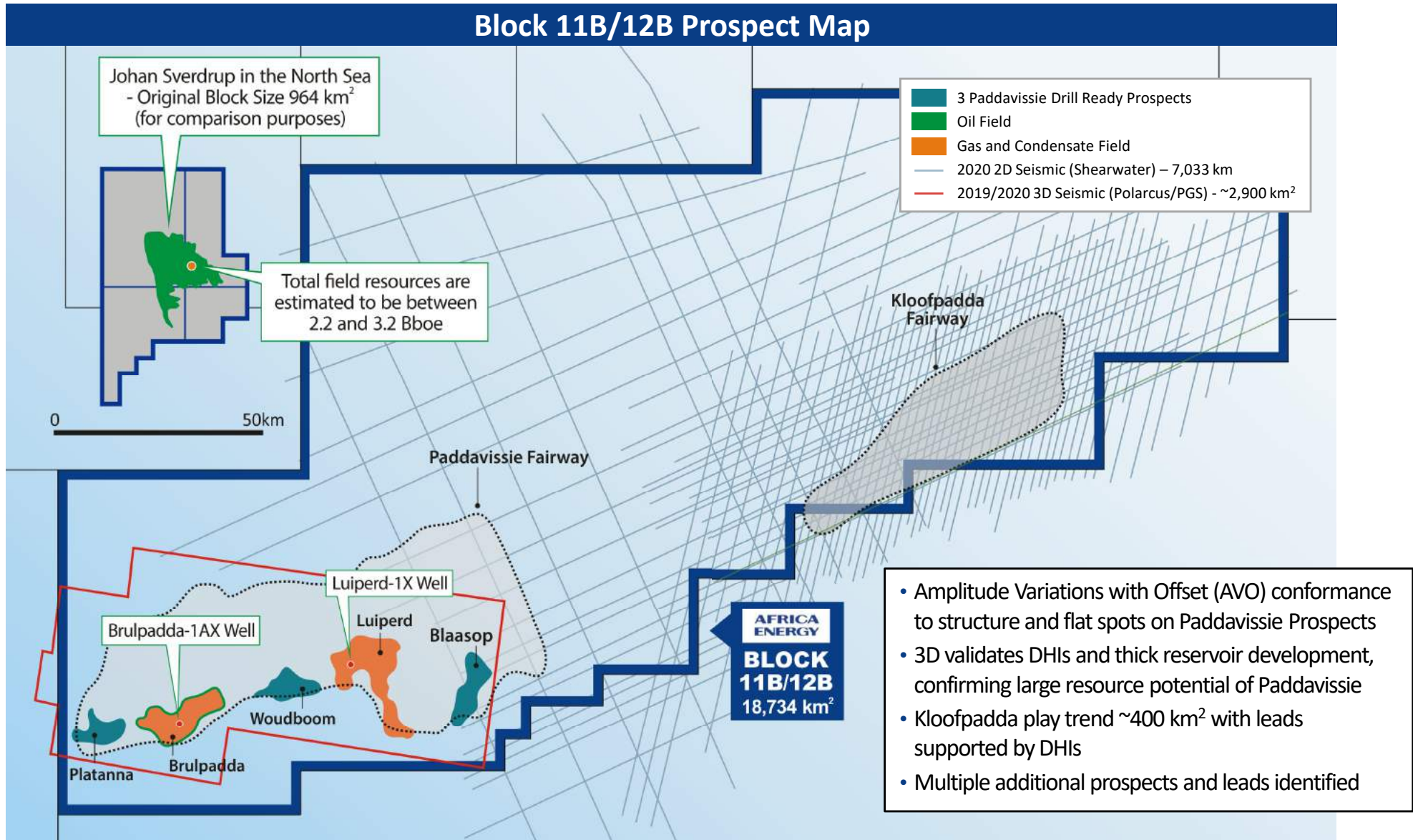


*(1) The Company has signed definitive agreements that, subject to approvals and completion, will increase the effective interest in Block 11B/12B to 10%.*

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

# South Africa Block 11B/12B

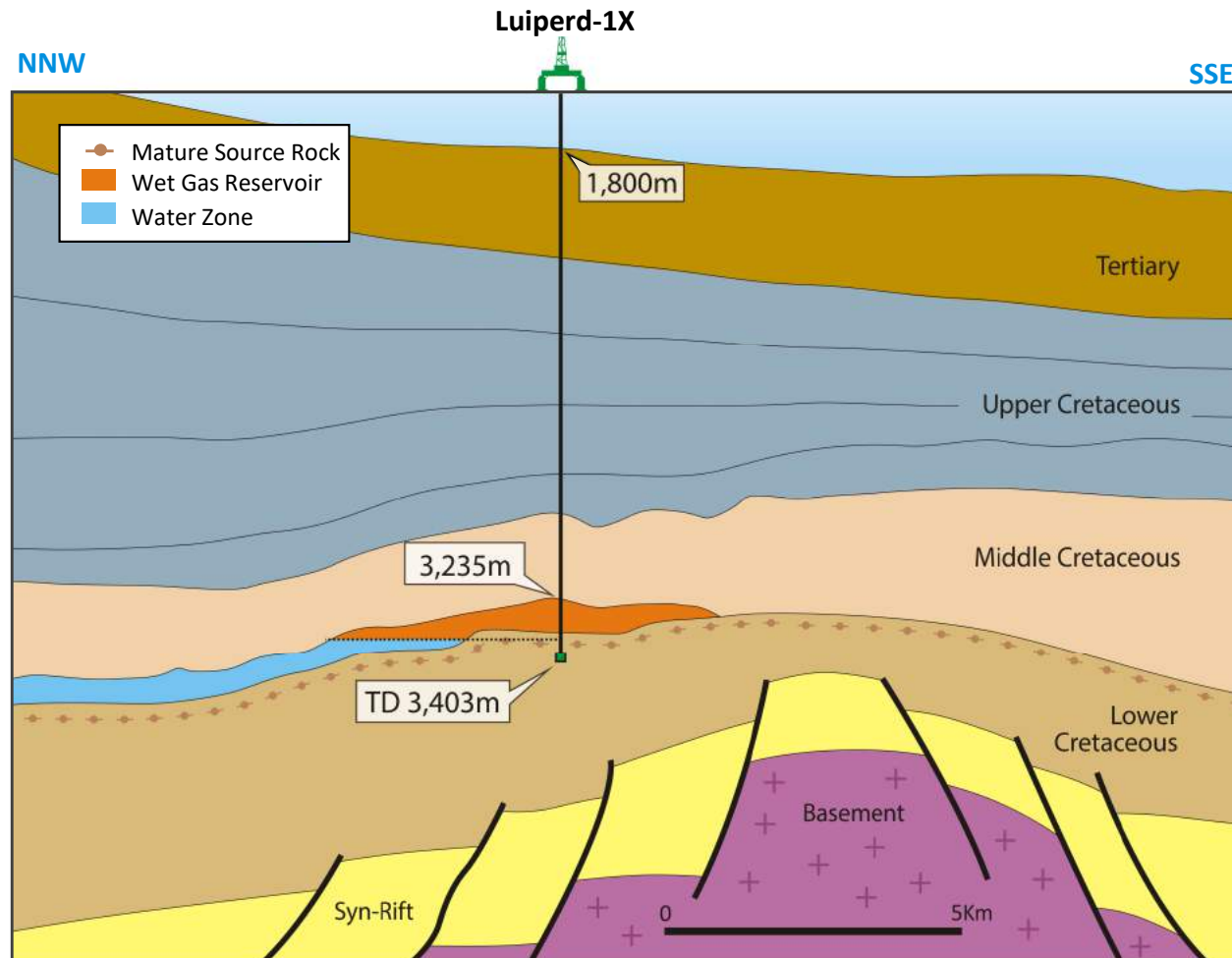
## Huge Block with Plenty of Running Room





# South Africa Block 11B/12B

## Luiperd Gas Condensate Discovery

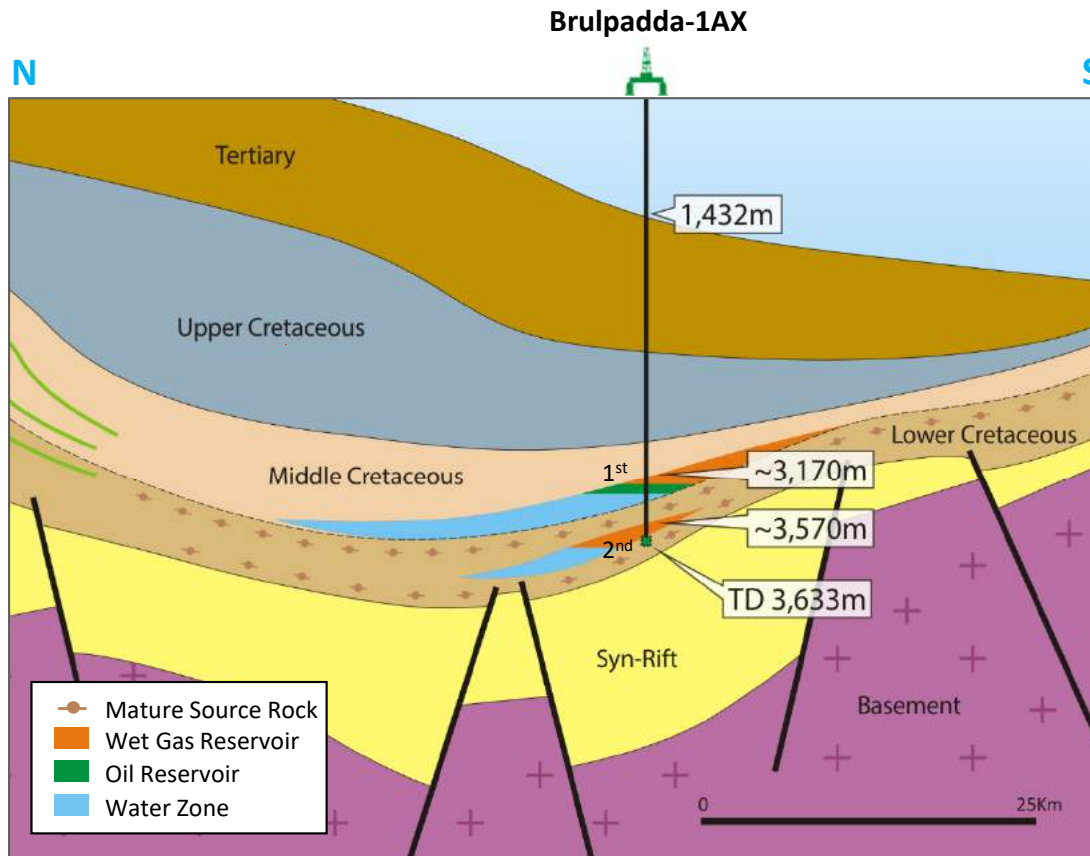


### Paddavissie Objective

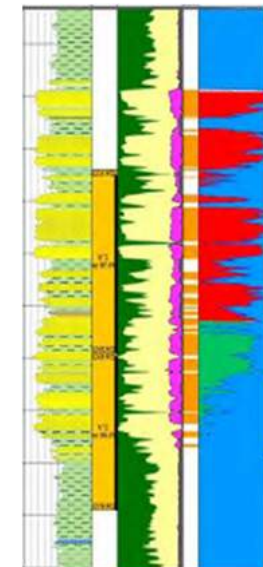
- 73 meters net gas condensate pay
- Gas down to bottom of reservoir with water contact expected down-dip
- Possible oil rim down-dip
- Significantly de-risks remaining three Paddavissie Prospects
- Drill stem test (DST) flowed 33 MMcfpd natural gas and 4,320 bpd condensate on 58/64" choke
- Reservoir connectivity better than expected
- Absolute open flow (AOF) potential expected to be significantly higher than restricted DST flow rate
- Positive DST results improve development scenario

# South Africa Block 11B/12B

## Brulpadda Gas Condensate and Oil Discovery

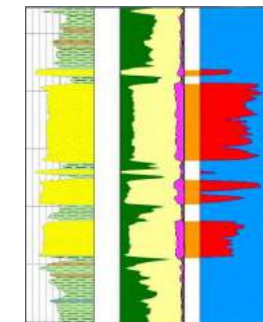


### Paddavissie Objective (Primary)



- 34 meters net gas condensate pay plus oil pay
- High productivity anticipated given high net-to-gross and good quality of reservoirs
- Significantly de-risks remaining three Paddavissie Prospects

### Deep Objective (Secondary)



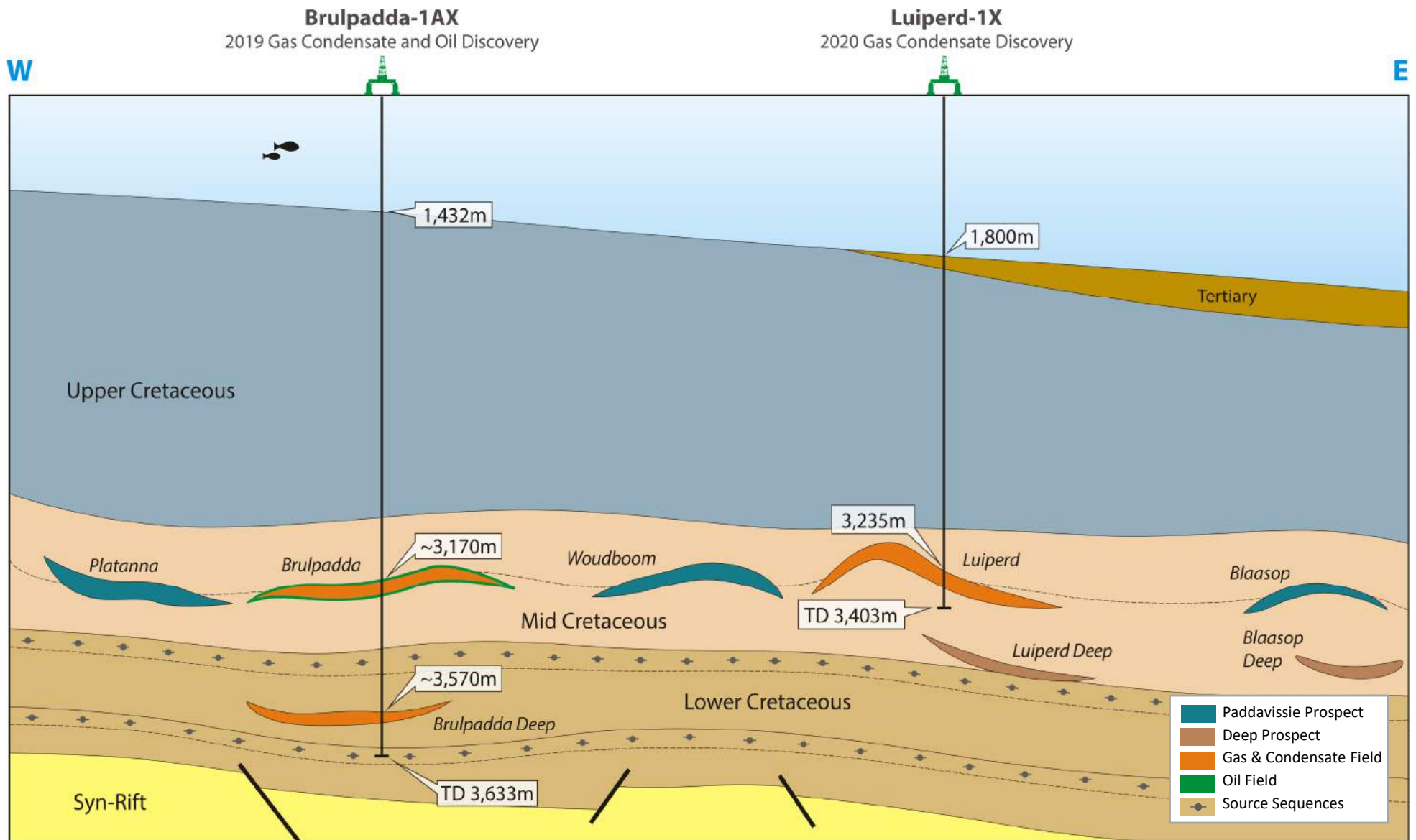
- 23 meters net gas condensate pay
- High productivity anticipated given high net-to-gross and good quality of reservoirs
- De-risks other prospects and leads
- No oil-water contact encountered

*“...Total has opened a new world-class gas and oil play and is well positioned to test several follow-on prospects on the same block.”*

*– Total press release, February 7, 2019*

# South Africa Block 11B/12B

## 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)
- Low-risk exploration well planned up-dip from discovery
- Analogous to Lokichar Basin (Kenya) and Albertine Graben (Uganda)

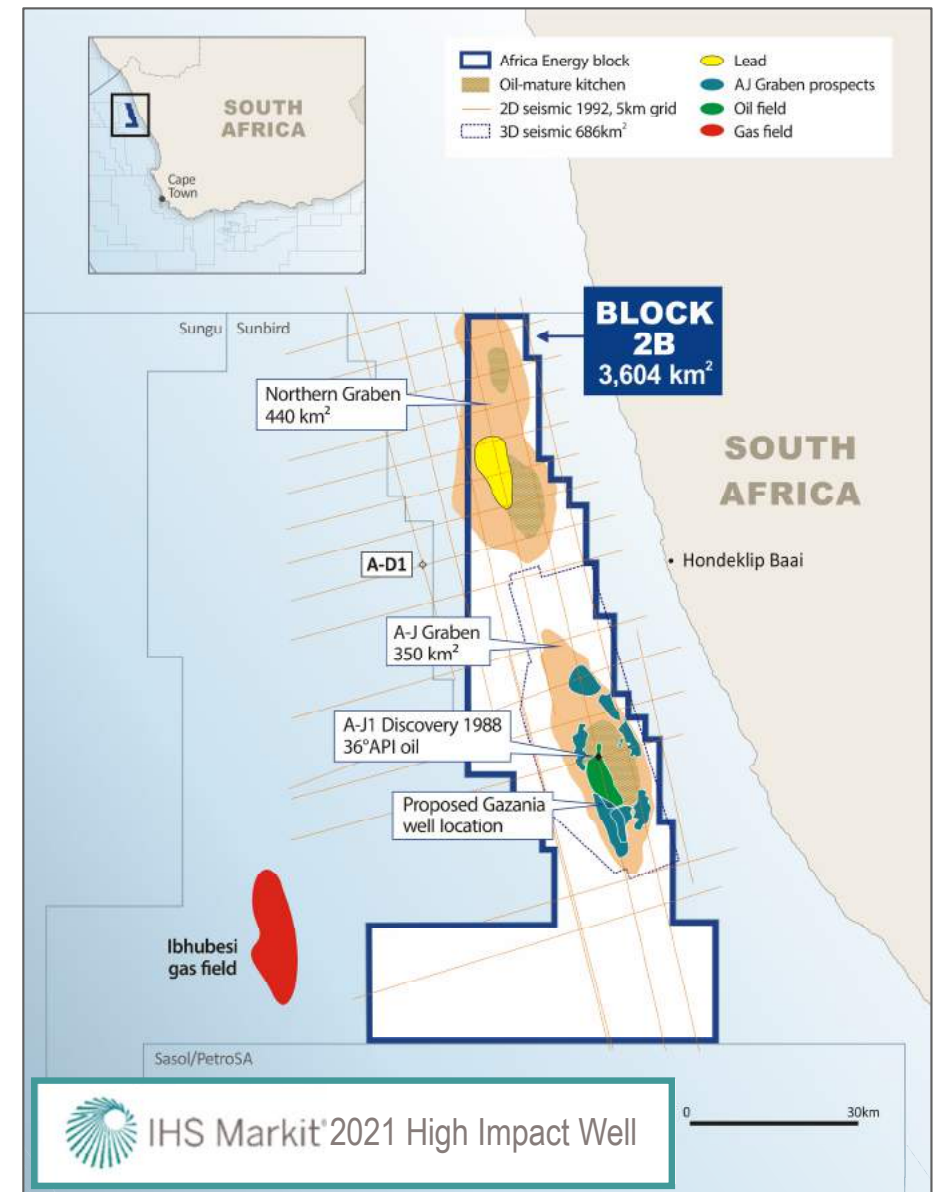
### Asset Summary

|                                   |  |
|-----------------------------------|--|
| <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>          | Q3 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.

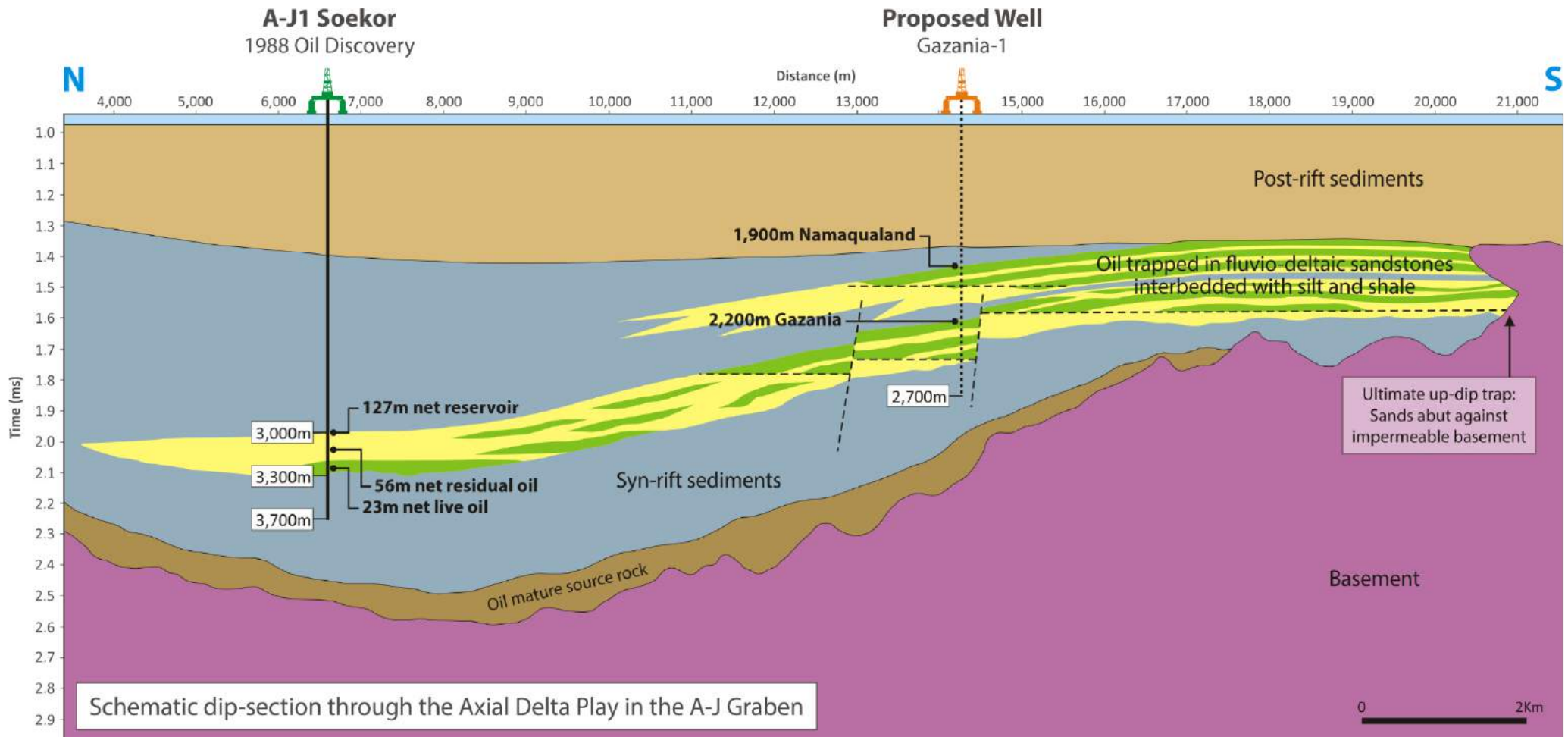
(2) Best Estimate Prospective Resources; 200 MMbbl have been subject to resource assessment by qualified third-party resource auditor.

(3) Company estimate.



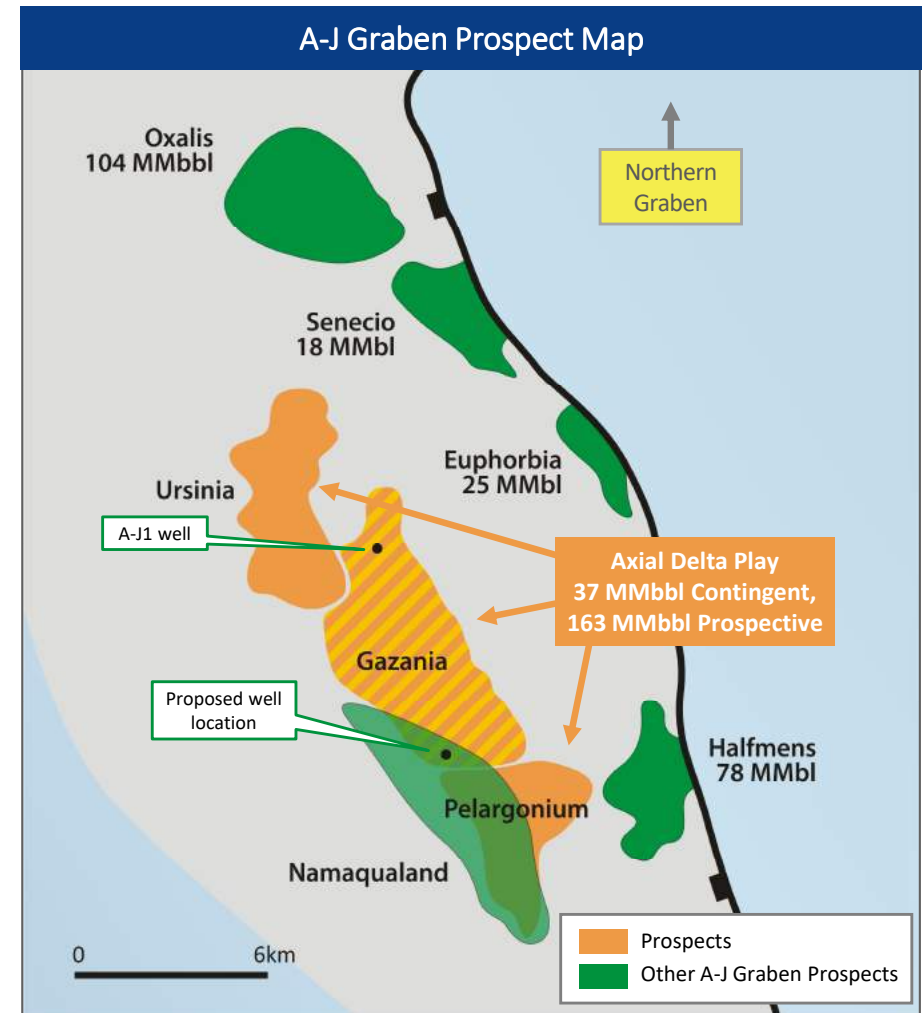
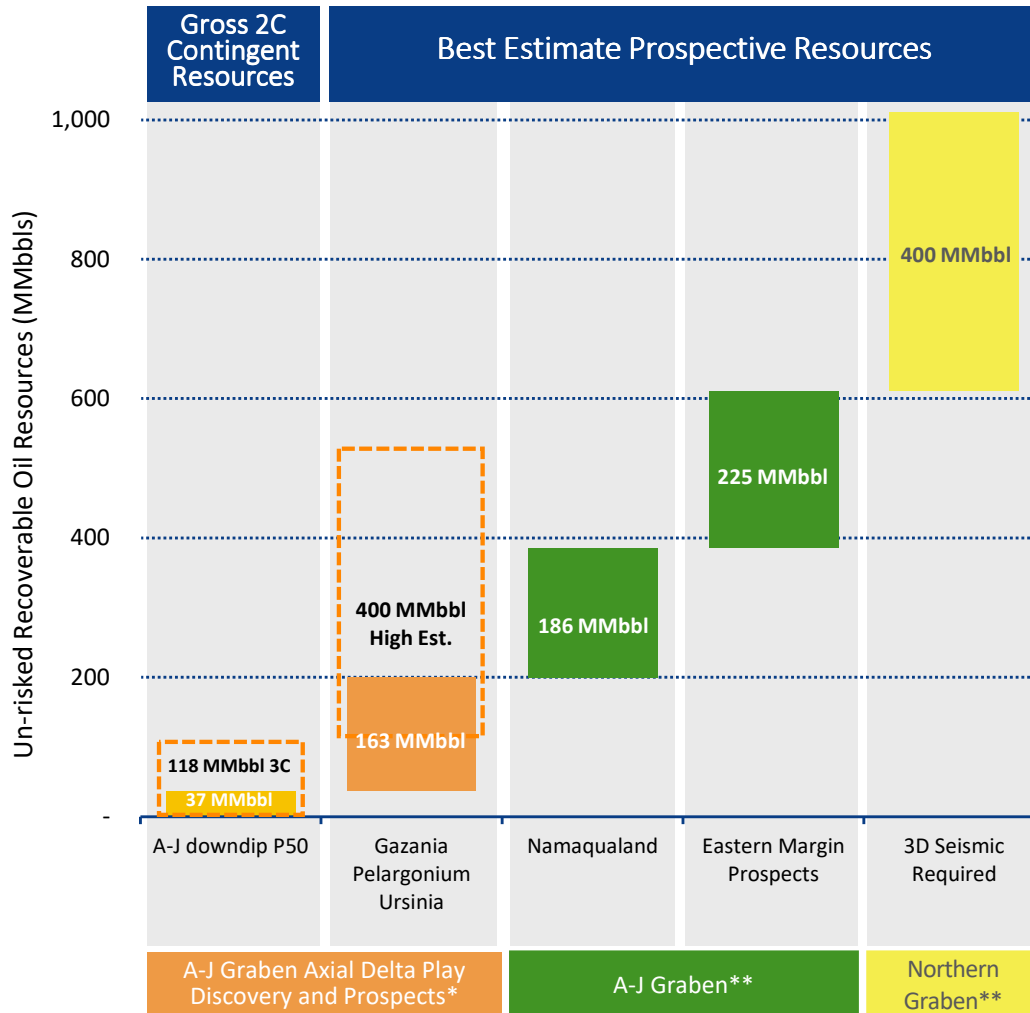
# South Africa Block 2B

## A-J Graben Axial Delta Play



- Proposed drilling location will test both Namaqualand and Gazania Prospects
- Gazania Prospect up-dip 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.



# Summary

## High-Impact Exploration

- Block 11B/12B – Commercial threshold achieved
- Block 2B - Oil basin with existing discovery
- PEL 37 - Proven play with additional prospectivity

## Proven Team

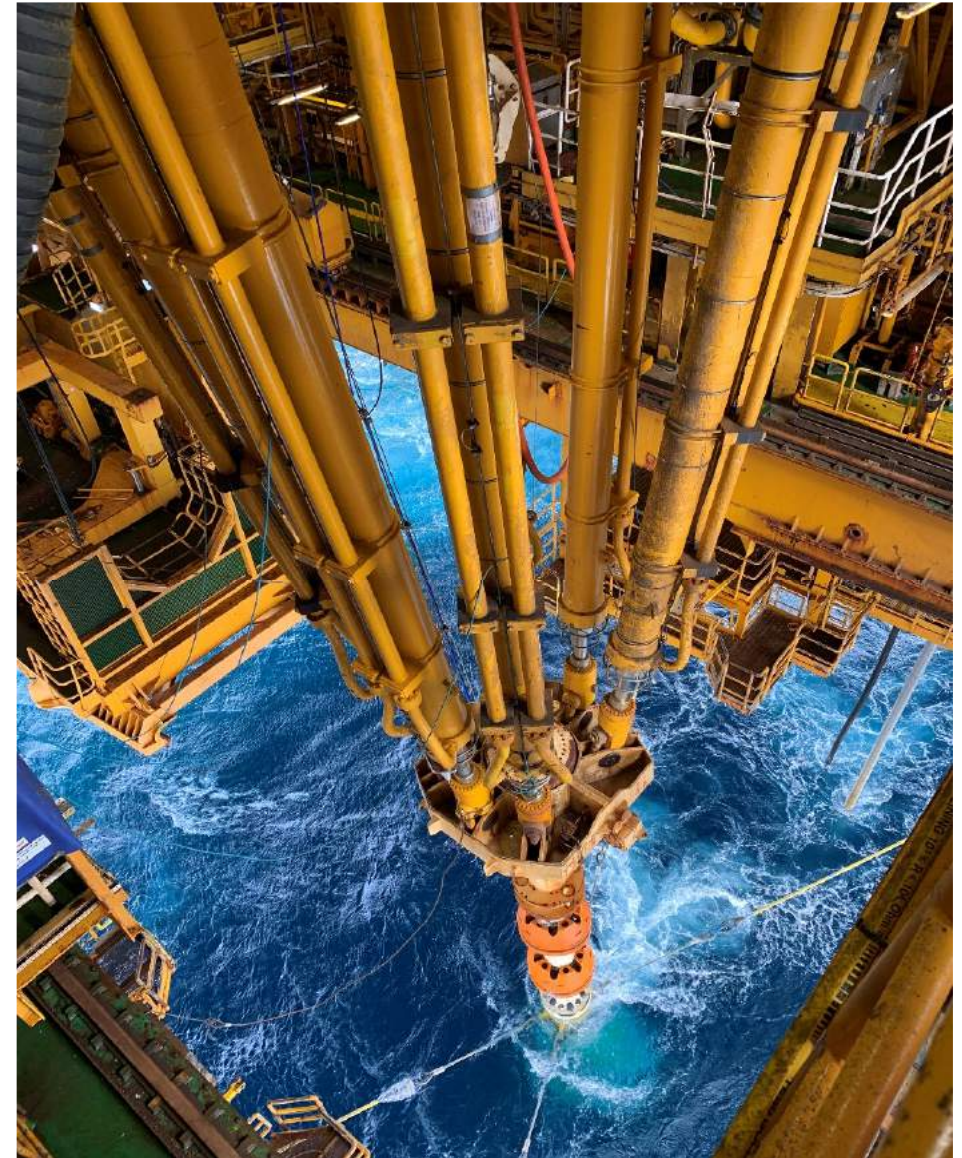
- Experienced board and senior management
- Technical team with significant exploration success across Africa from Energy Africa / Tullow Oil

## Solid Backing

- Supportive shareholders from the Lundin Group

## Good Timing

- Acquired world-class exploration assets during oil price downturn

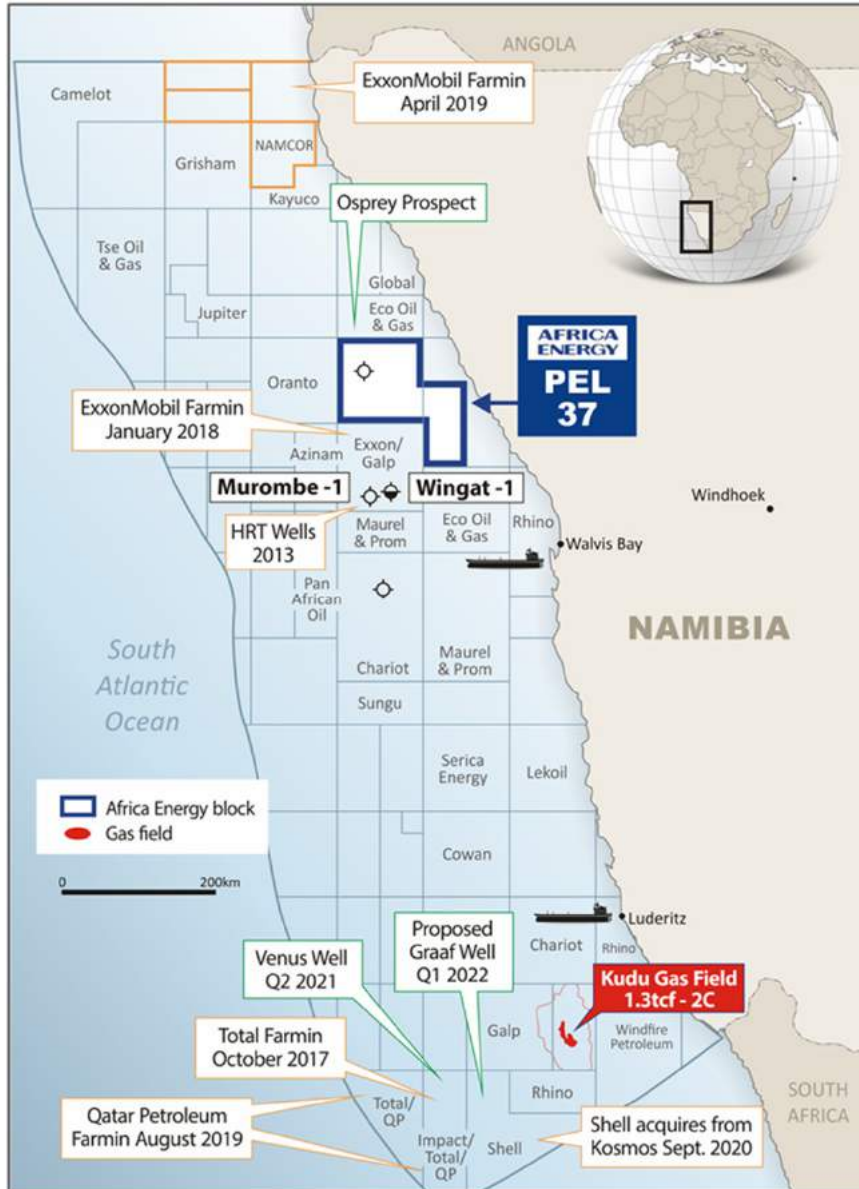


*The Odfjell Deepsea Stavanger rig on Block 11B/12B offshore South Africa.*

# 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 51.15%), Pancontinental Namibia (43.85%), 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 43.85% of PEL 37.

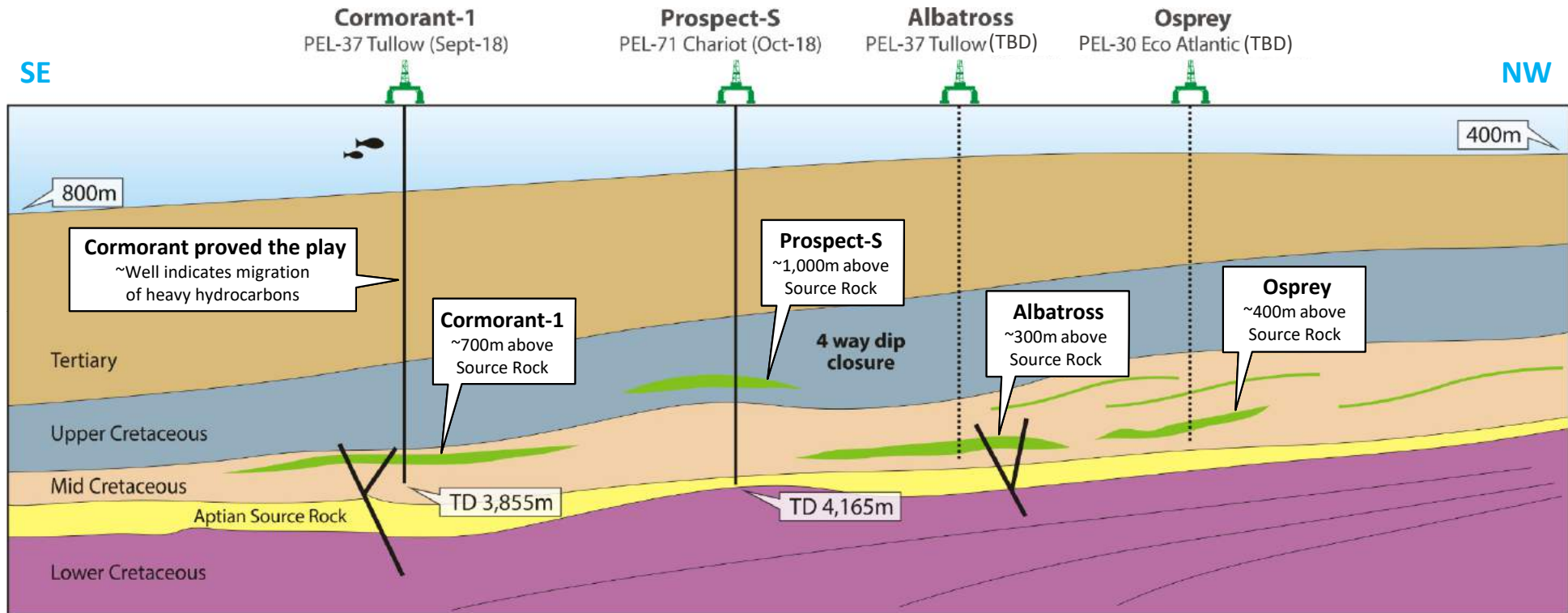
(2) Best Estimate Prospective Resources; obtained from third-party public disclosure and have not been subject to independent audit by the Company.

(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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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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