

AFRICA ENERGY CORP

# Near-Term High-Impact Oil Exploration

September 2018

A LUNDIN GROUP COMPANY



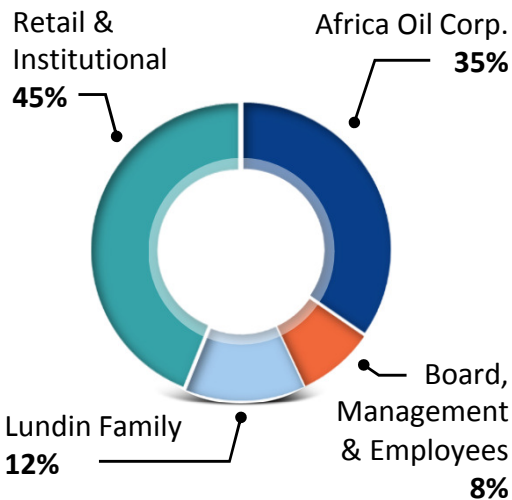
*Ocean Rig Poseidon currently drilling the Cormorant Prospect on PEL 37 in Namibia.*

# Corporate Profile



- Independent oil exploration company
- Listed on TSX Venture and Nasdaq First North Stockholm
- Focused on under-explored regions in Africa
- Backed by Lundin Group
- Proven technical team from Tullow Oil / Energy Africa
- Three near-term high-impact exploration assets <sup>(1)</sup>
- Reviewing additional acquisition opportunities

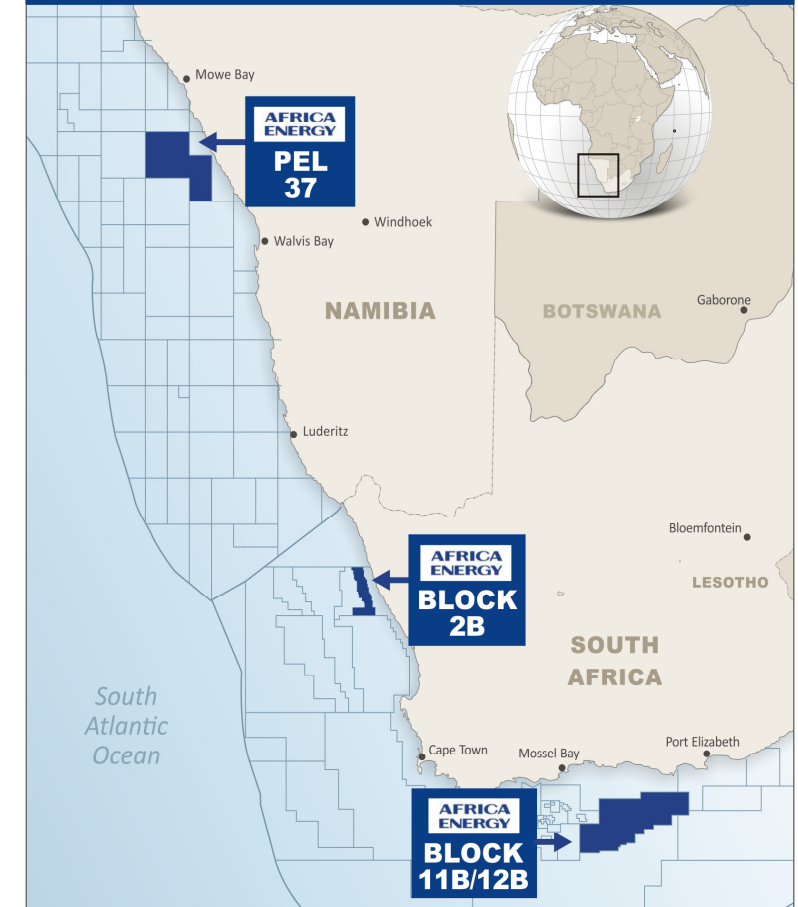
## Share Ownership



## Corporate Snapshot

<b>AFE/AEC</b>	TSX-V/First North Ticker
<b>C\$0.22</b> <b>SEK 1.45</b>	Share Price at September 7, 2018
<b>681.6</b>	Common Shares (million)
<b>33.4</b>	Stock Options (million)
<b>\$113.80</b>	Market Cap (US\$ million)
<b>\$0</b>	Debt (US\$)
<b>\$44.10</b>	Cash at June 30, 2018 (US\$ million)
<b>13</b>	Number of Employees

## Asset Footprint

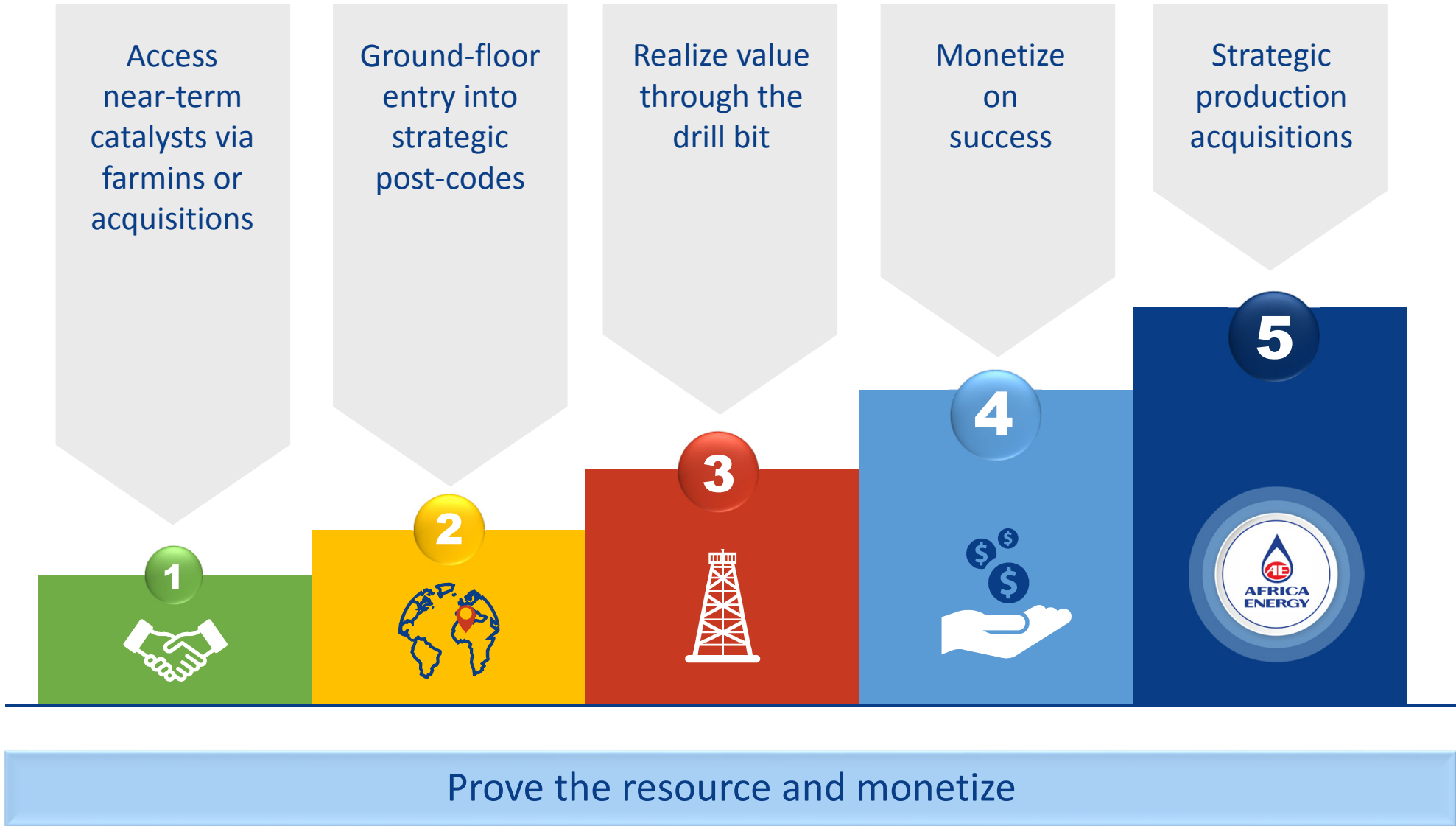


## Equity Research

Pareto Securities	London	Shahin Amini
Numis Securities	London	Thomas Martin
SpareBank 1 Markets	Oslo	Teodor Sveen-Nilsen

(1) Block 11B/12B transaction subject to closing.

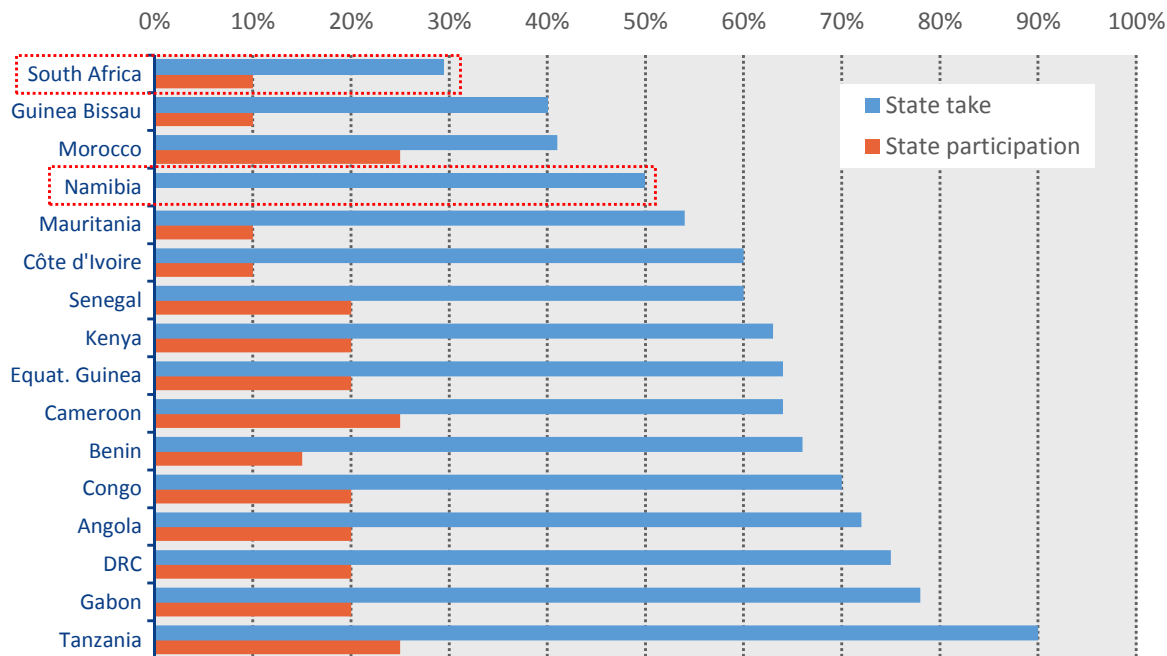
# Business Model & Strategy



# Building a Regional African Champion

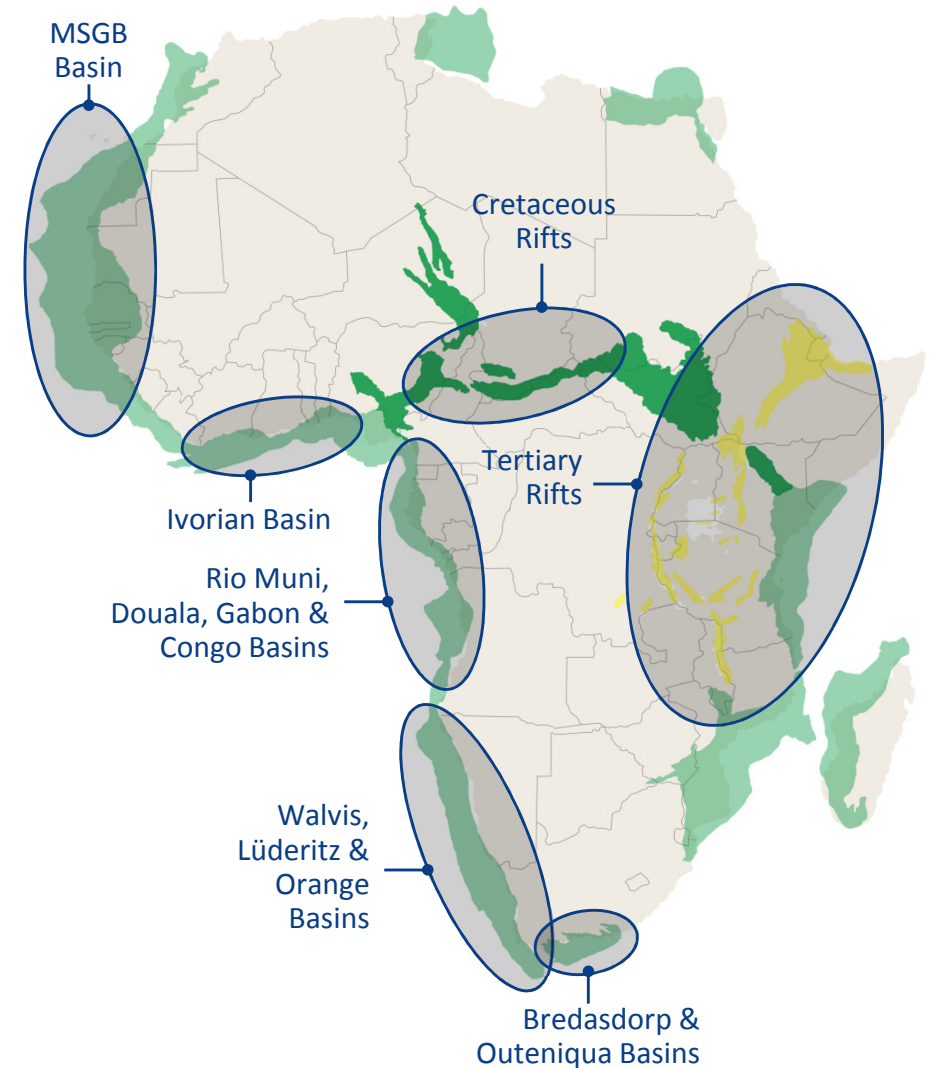
- Focused on frontier regions in Africa
- Building high-quality exploration portfolio of non-operated minority interests
- May look to acquire producing assets long-term
- Targeting stable countries with solid commercial terms

## Net State Take & Participation by Country



Source: Company estimates.

## New Venture Focus Areas

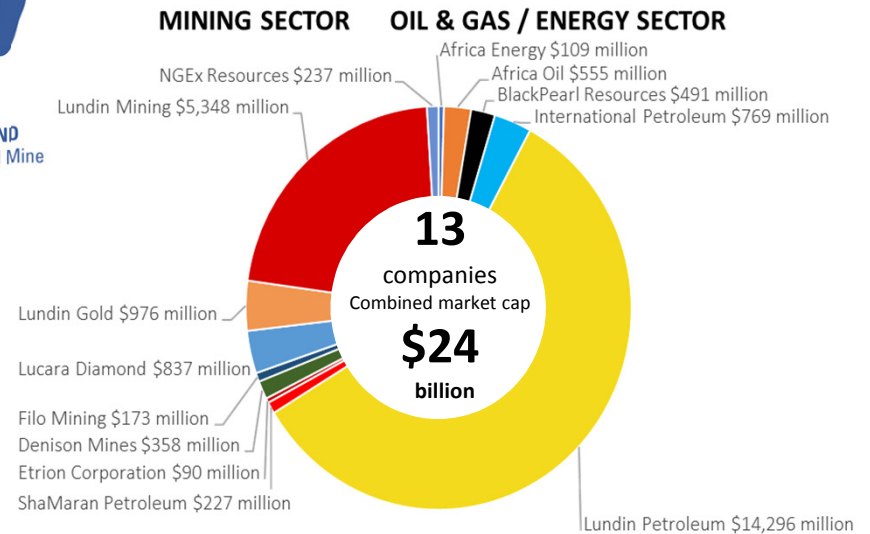


# Lundin Group of Companies



Core shareholder with global footprint

Group market cap information shown in CAD as of June 30, 2018.

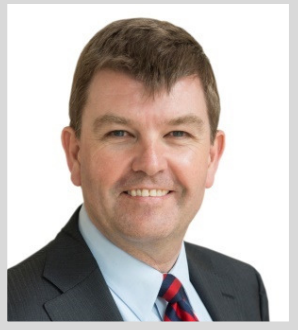


# Lundin Group in Africa



Lundin investment in Africa exceeds \$5 billion

# Non-Executive Directors



**Ashley Heppenstall, Chairman**

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



**Keith Hill, Director**

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



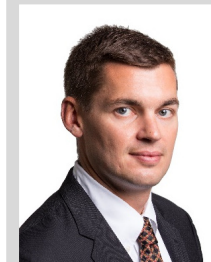
**John Bentley, Director**

- Chairman of Faroe Petroleum plc and Deputy Chairman of Wentworth Resources Ltd.
- Previously CEO of Energy Africa Ltd.



**Ian Gibbs, Director**

- CFO of Africa Oil Corp.
- Director for several Lundin Group companies



**Adam Lundin, Director**

- President and CEO of Filo Mining Corp.
- Previously Co-Head of the London Office for Pareto Securities Ltd.

Seasoned oil and gas veterans that know how to create value

# Senior Management



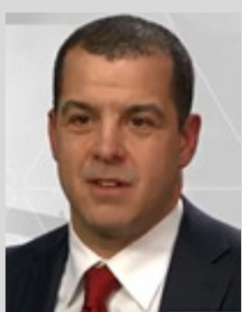
## Garrett Soden, President, CEO and Director

- 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

- 32 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

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



*Africa Energy office in Cape Town, South Africa.*

## Technical Team of Geologists and Geophysicists

- Stratigraphic trap play and rift play expertise
- Instrumental in oil discoveries in Ghana, Equatorial Guinea, Uganda and Kenya with Tullow Oil and Energy Africa

Strong management team with regional and sector expertise



# Technical Team's Track Record

## Four Basin Opening Discoveries in Africa

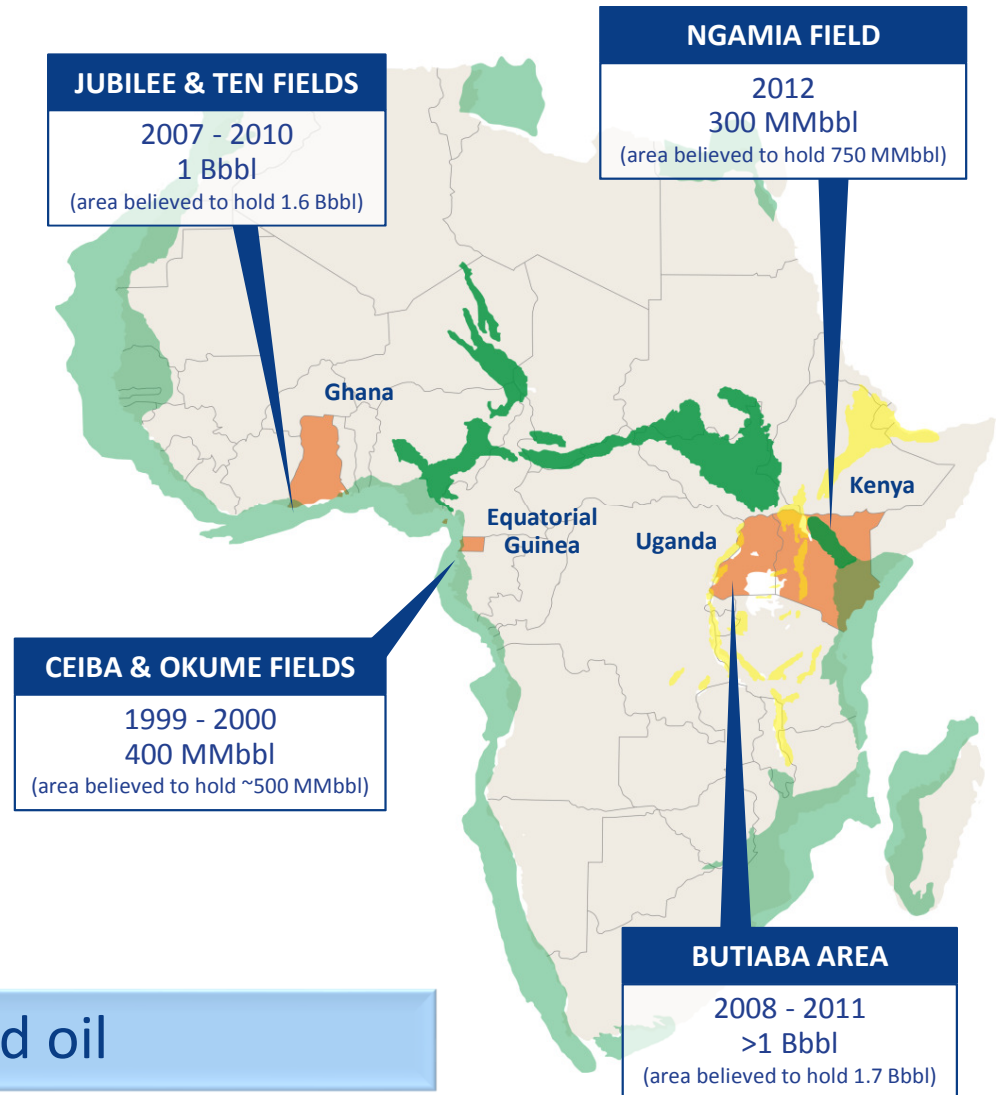


### Stratigraphic Trap Play Type:

- Heinz Pferdekamper played major technical role in Jubilee, TEN, Ceiba and Okume discoveries, Atlantic margin of Africa
- Doug Brown and Tobias Tonsing played significant roles in play and resource extensions for onshore and offshore Gabon

### Rift Play Type:

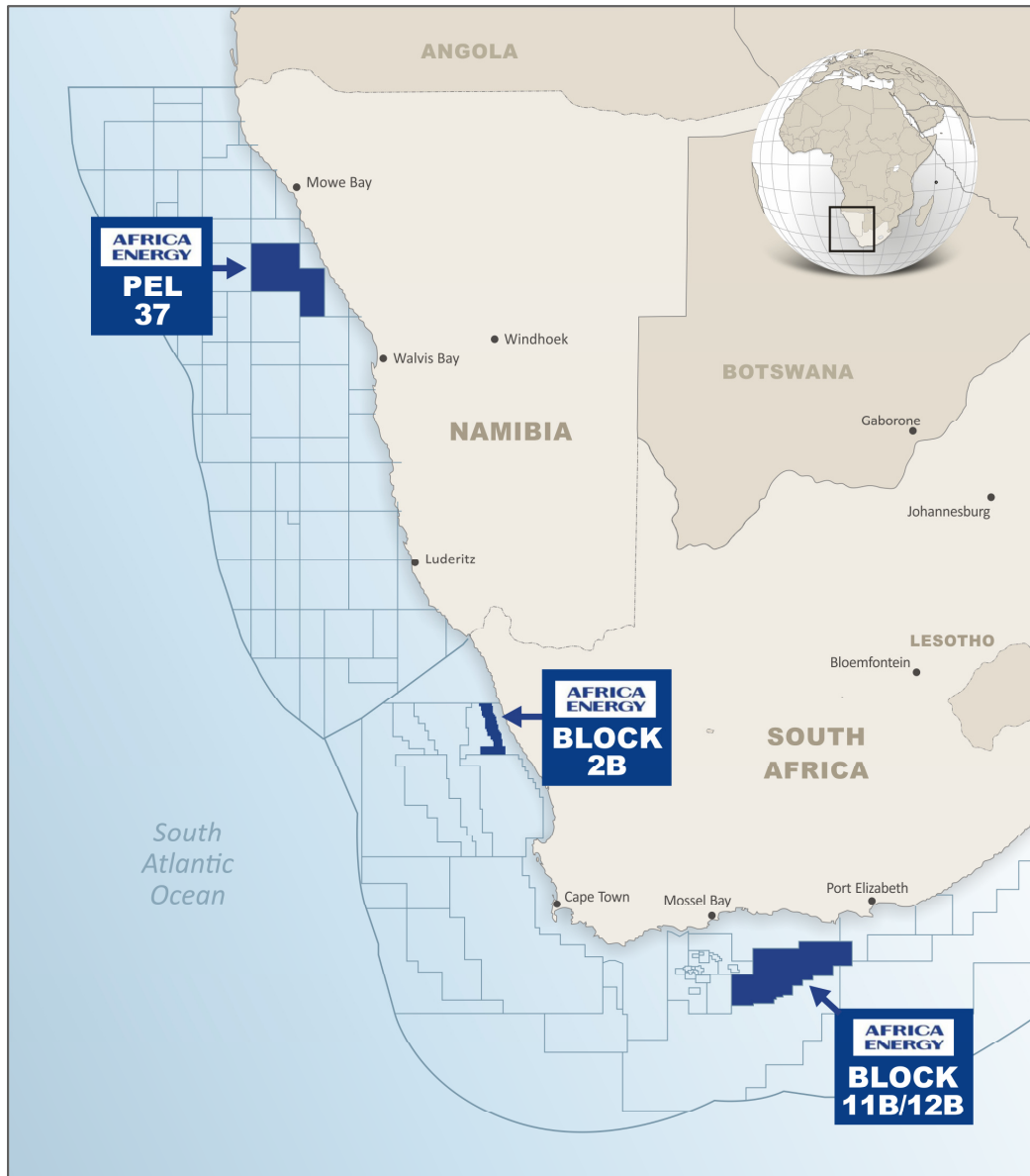
- Paul Burden played integral role in discovery of oil in Albertine and Lokichar Rifts, onshore East Africa
- Doug Brown had exploration success in Cretaceous-aged Rifts in offshore Indian and Atlantic regions



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 – Three Drill-Ready Prospects



## PEL 37, offshore Namibia

- 10% effective interest
- Operated by Tullow Oil
- Significant resource potential
- Cormorant Prospect spudded September 4, 2018

## Block 2B, offshore South Africa

- 90% participating interest
- Operated by Africa Energy
- Proven oil basin with existing discovery
- Farmout process with potential well in 2019

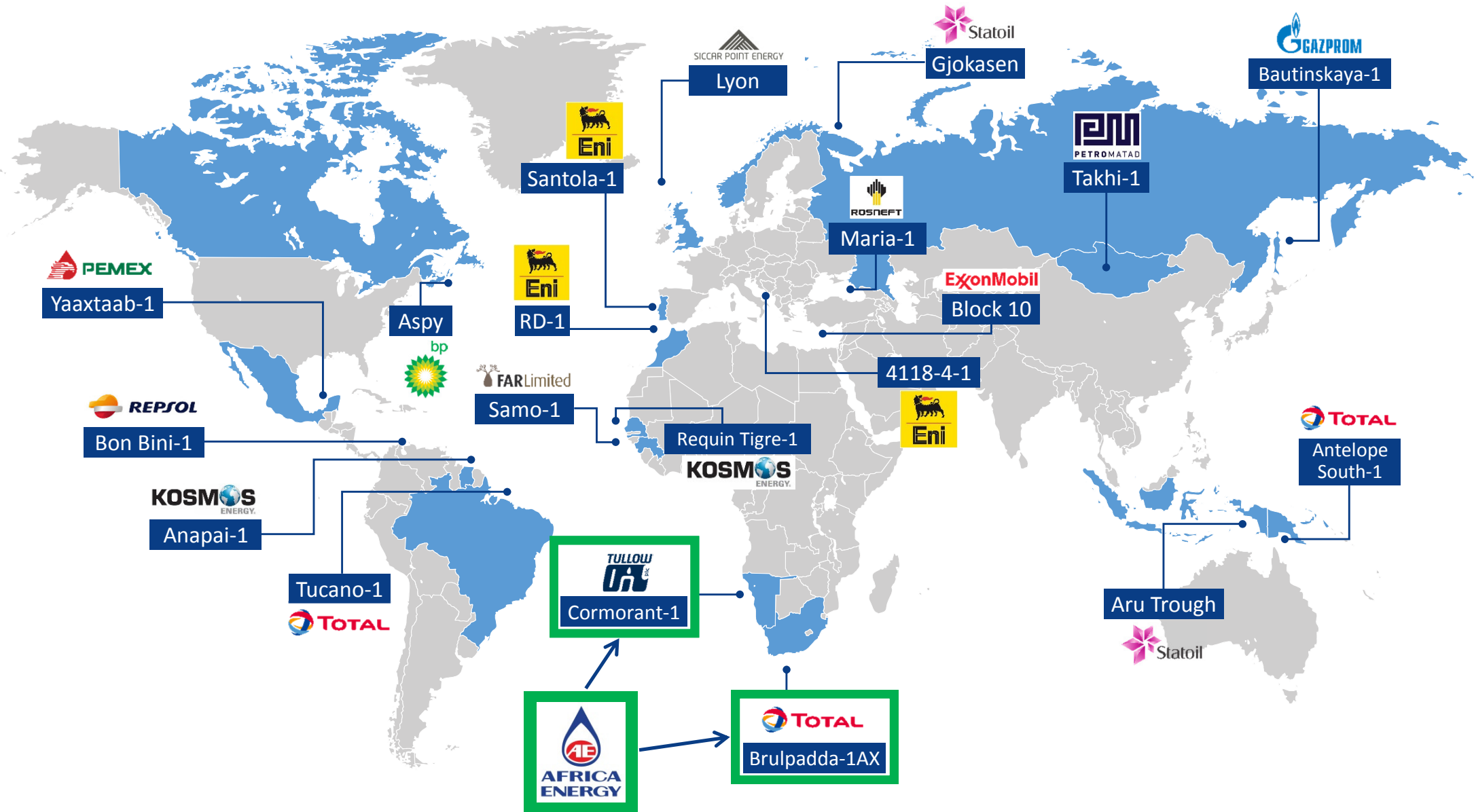
## Block 11B/12B, offshore South Africa

- 4.9% effective interest\*
- Operated by Total SA
- Huge resource potential, high chance of success
- Drilling of Brulpadda Prospect planned December 2018

*\*Block 11B/12B transaction subject to closing.*

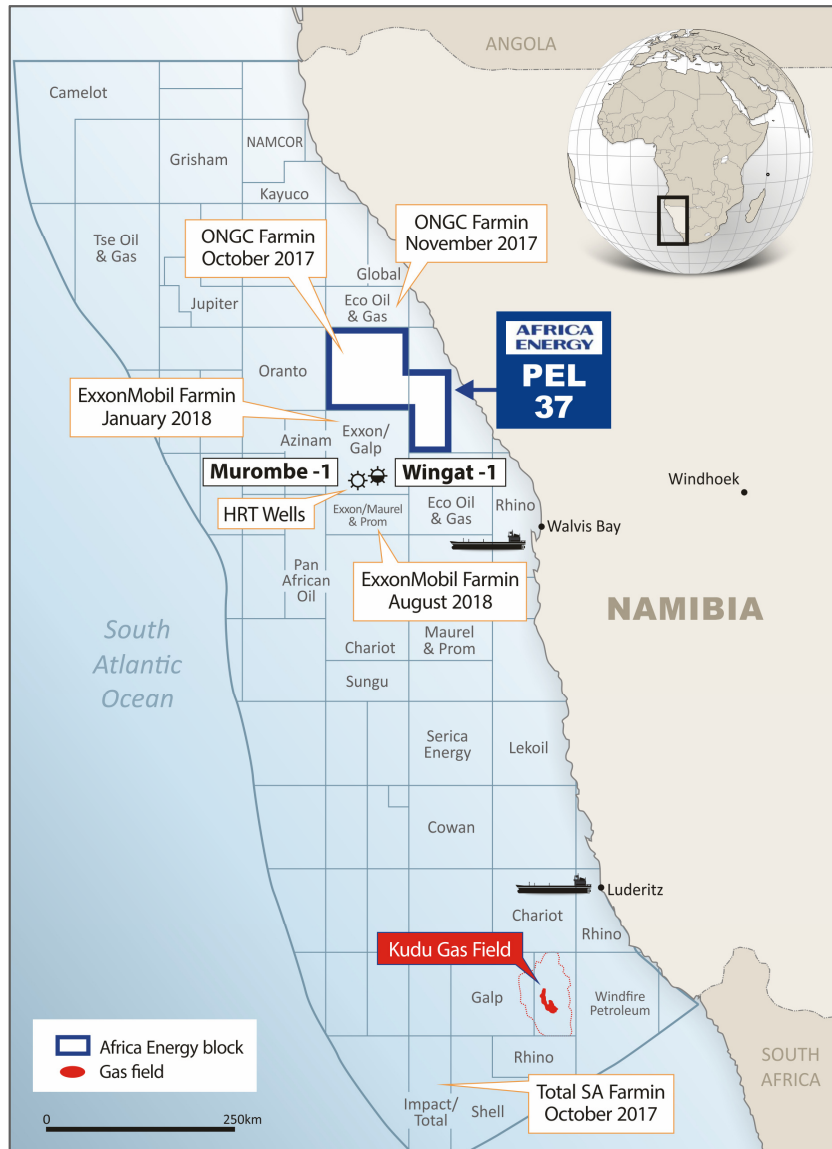
# Wood Mackenzie Top-20 Prospects in 2018

## New Plays and Large Prospects



# 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

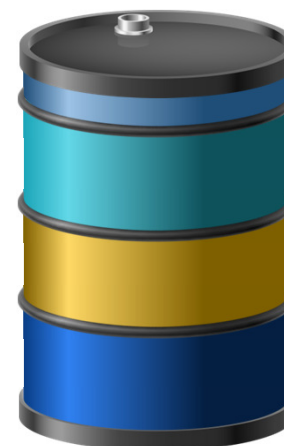
Namibia has two major ports to service the oil industry

### Recent Country Entrants



### Fiscal Terms

State Take < 50%



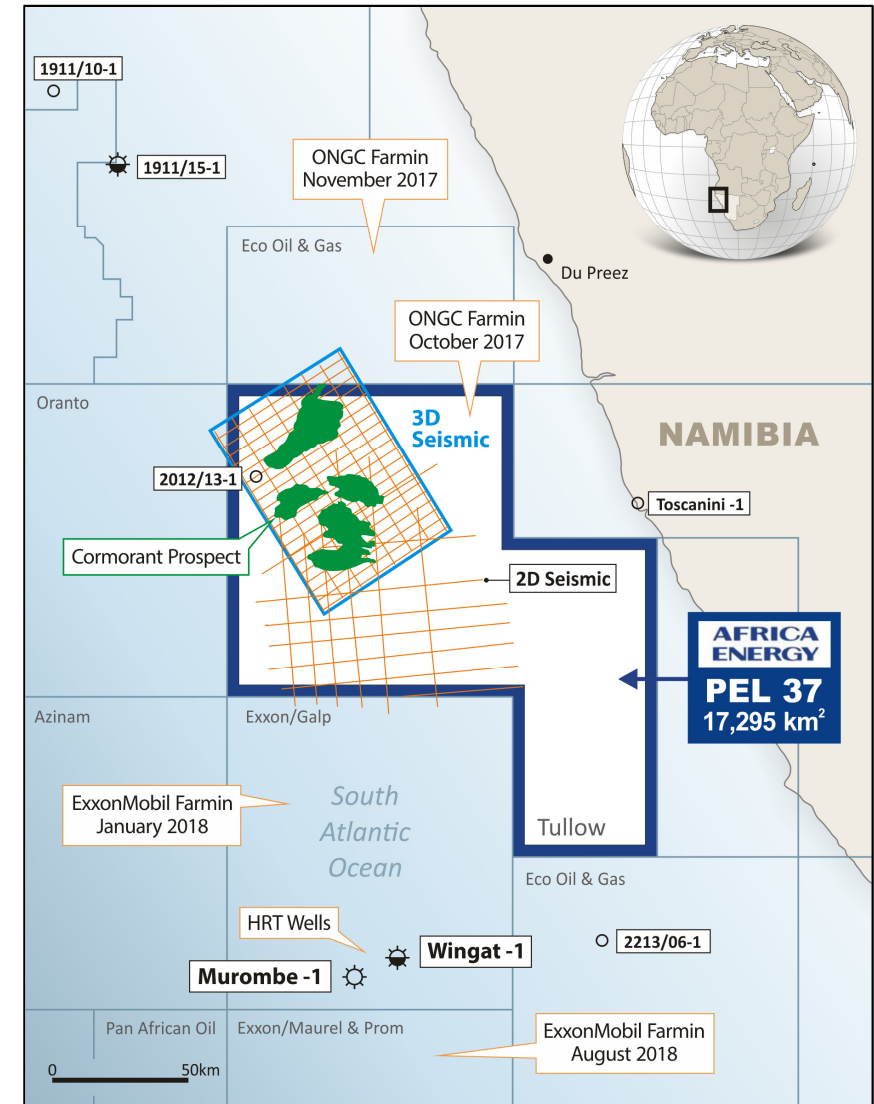
- **Royalty: 5%**
  - **Income Tax: 35%**  
Additional Profits Tax (APT): levied in 3 tiers, if after-tax rate of return levels achieved, nil for PEL 37 in 2nd and 3rd tiers
  - **After Tax Profit**
  - **Tax Deductible Costs:** E&P expenses deductible when incurred, development costs depreciated over 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
- Best Estimate Prospective Resources of 915 MMbbl <sup>(2)</sup>
- Significant follow-on potential in Cormorant success case
- Further upside 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	545 m
First well prospect size	124 MMbbl <sup>(2)</sup>
Play type	Submarine fan
Min. commercial field size	~110 MMbbl at \$60/bbl <sup>(3)</sup>
Work program to date	3,300 km <sup>2</sup> 3D seismic and 1,000 km <sup>2</sup> 2D seismic
Past costs to date	> \$35 MM <sup>(3)</sup>



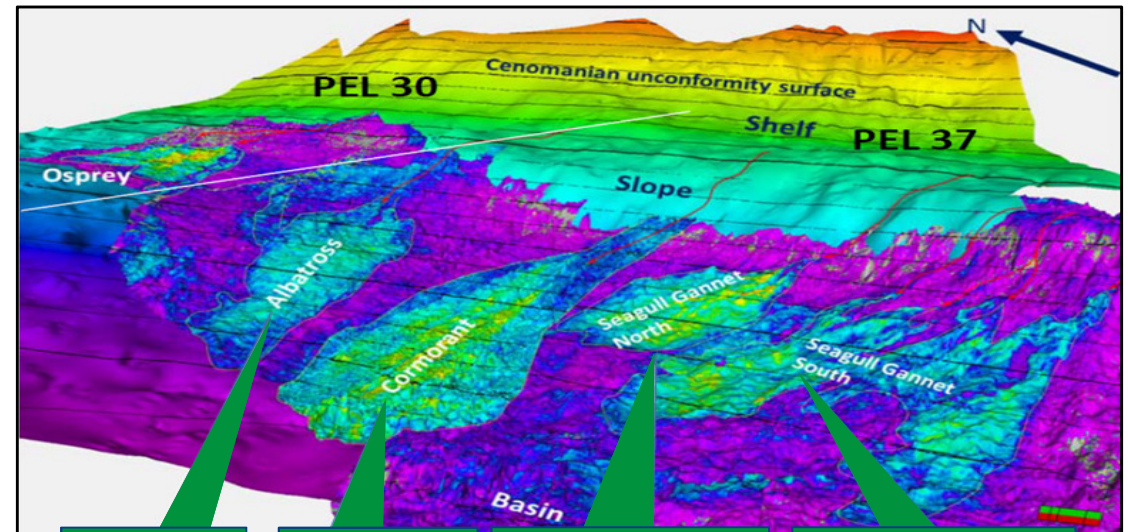
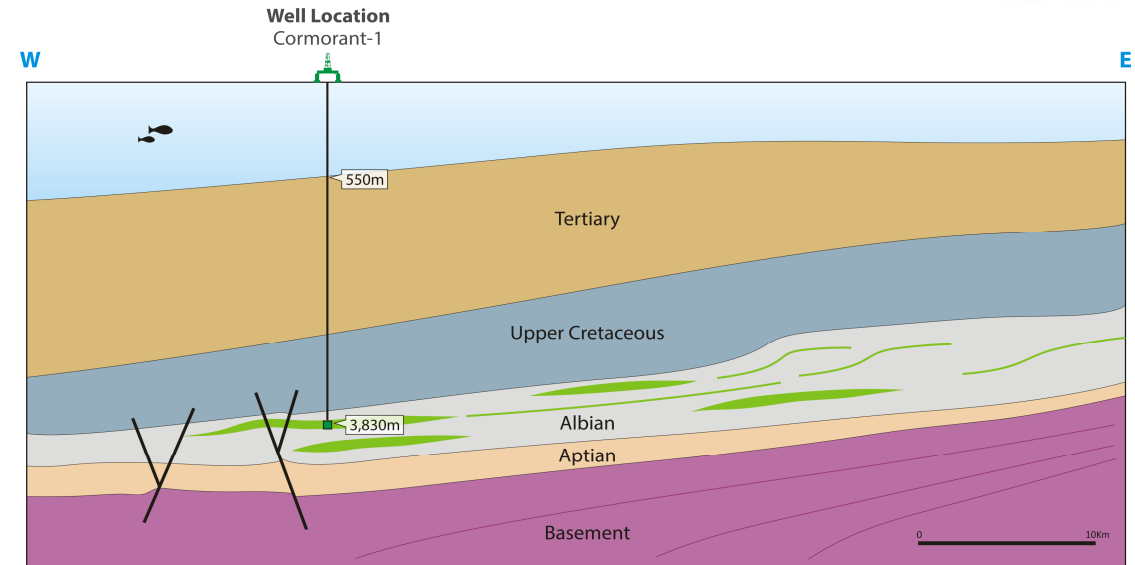
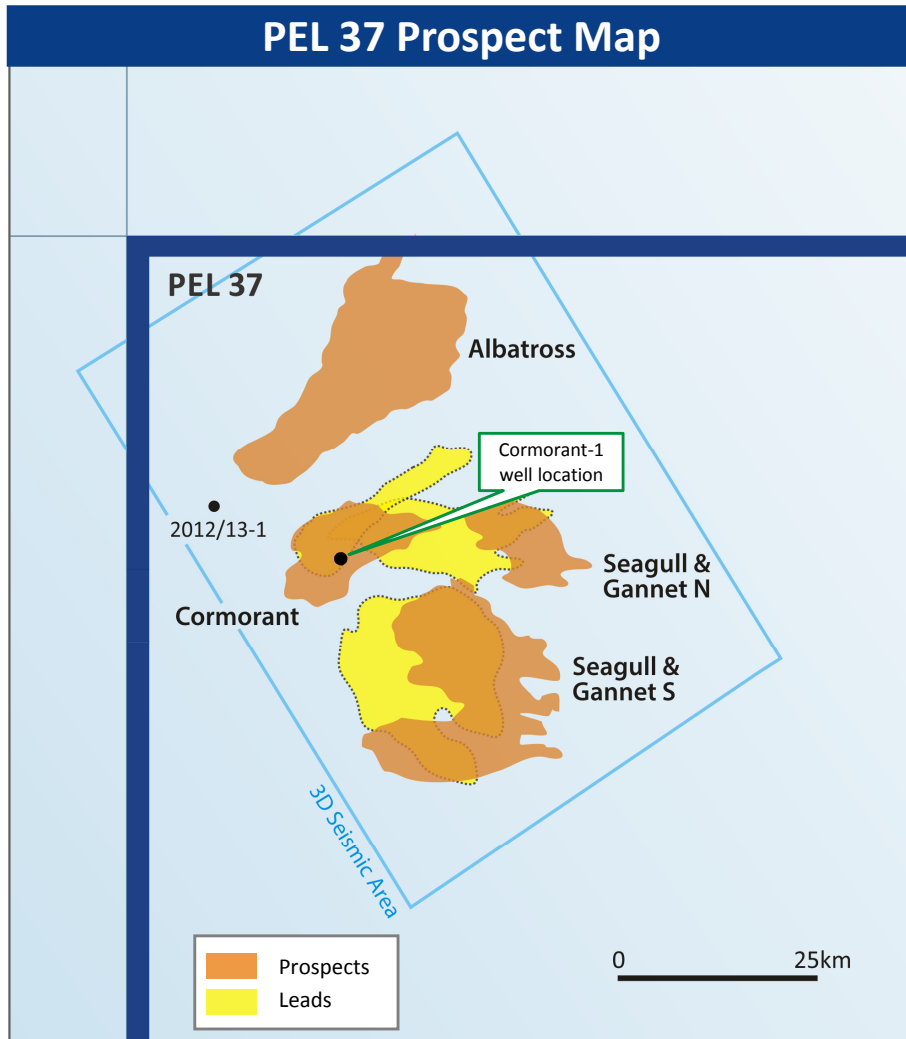
<sup>(1)</sup> Africa Energy owns one-third of Pancontinental Namibia, which owns 30% of PEL 37.

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

<sup>(3)</sup> Company estimate.

# Namibia PEL 37

## Four Large Submarine Fans



Albatross Prospect	Cormorant Prospect	Seagull Gannet North Prospect	Seagull Gannet South Prospect
293 km <sup>2</sup>	120 km <sup>2</sup>	90 km <sup>2</sup>	273 km <sup>2</sup>

Note: Colors in graphic above represent the magnitude of the amplitude response rather than scale of prospect.

- High amplitude fans overlie mature Albo/Aptian source formations

# South Africa Overview

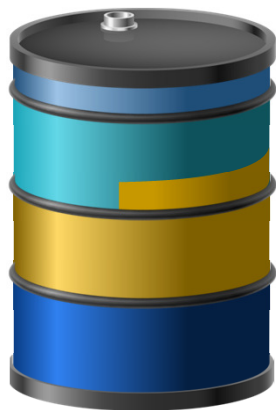
## Attractive Location / Fiscal Terms

### Active Players



### Fiscal Terms

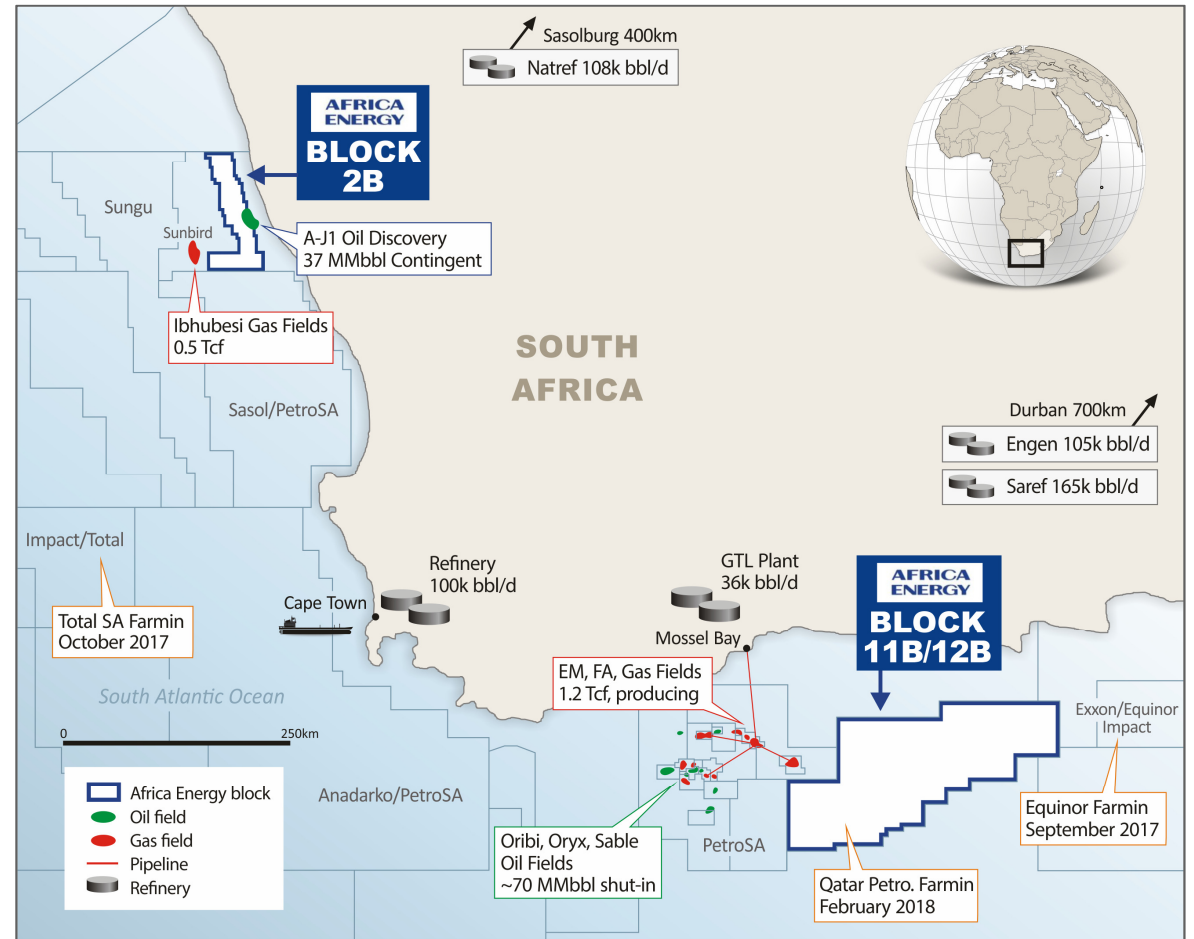
State Take < 30%



- **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:

- 10-20% State back-in rights / 10% BEE participation rights <sup>(1)</sup>



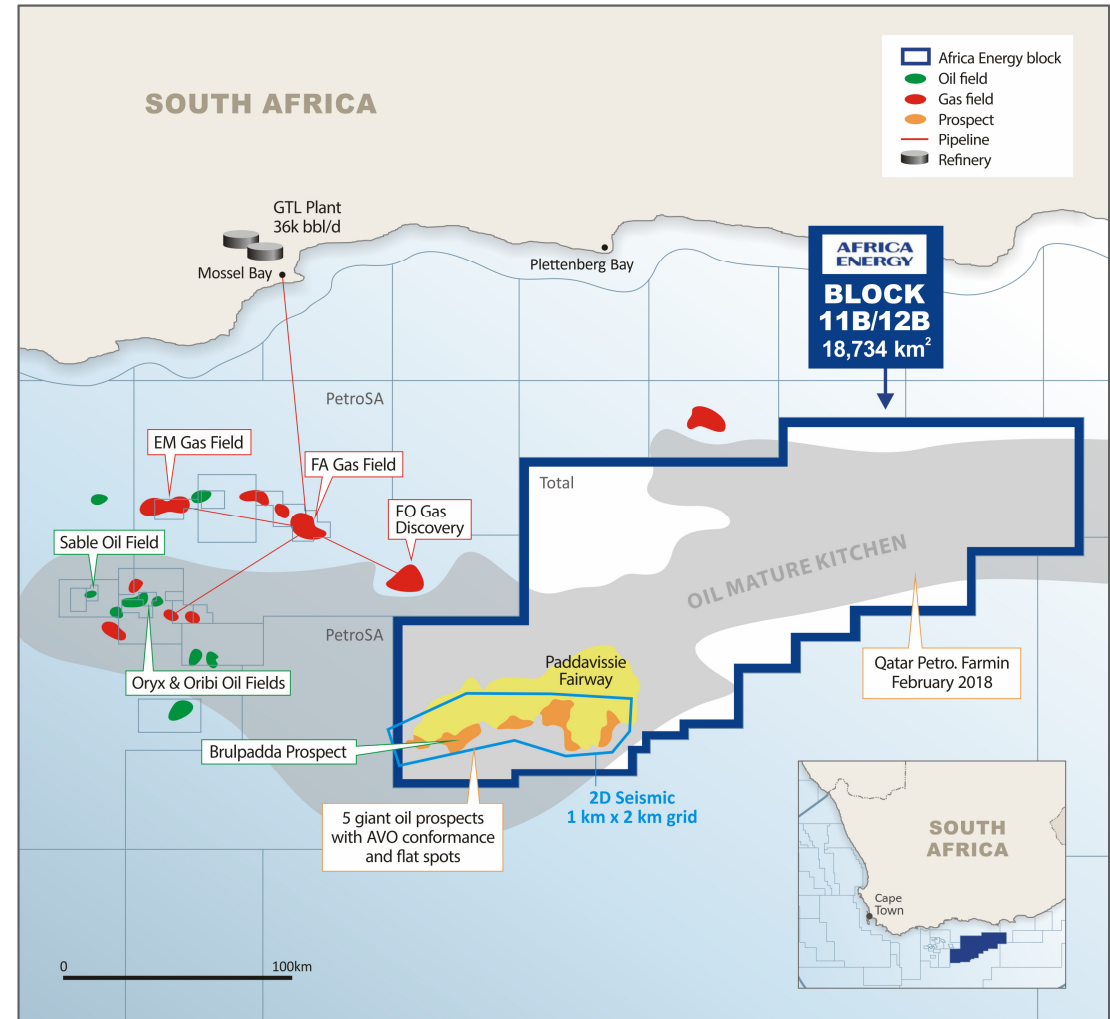
Blocks 2B and 11B/12B located near existing discoveries and infrastructure

<sup>(1)</sup> Subject to approval of Mineral and Petroleum Resources Development Act (MPRDA).

# South Africa Block 11B/12B

## Huge Resource Potential with High Chance of Success

- Five Cretaceous-age fans identified on 2D seismic
- Petroleum system proven by nearby oil fields
- Multi-billion-barrel prospectivity <sup>(2)</sup>
- High likelihood of oil success
- Significant follow-on potential in Brulpadda success case



(1) Africa Energy owns 49% of an entity that will hold 10% in Block 11B/12B. Transaction closing subject to standard conditions, including Government approval.

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

(3) Company estimate.

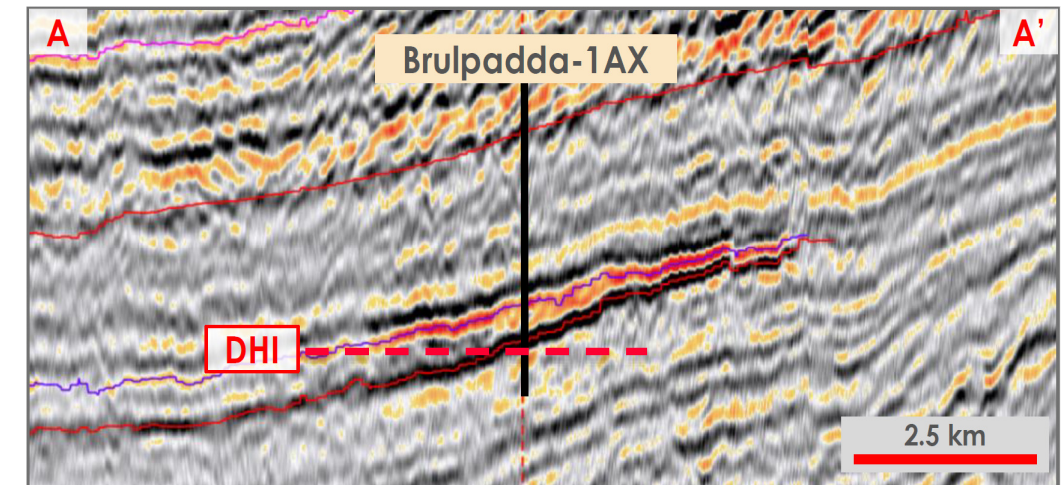
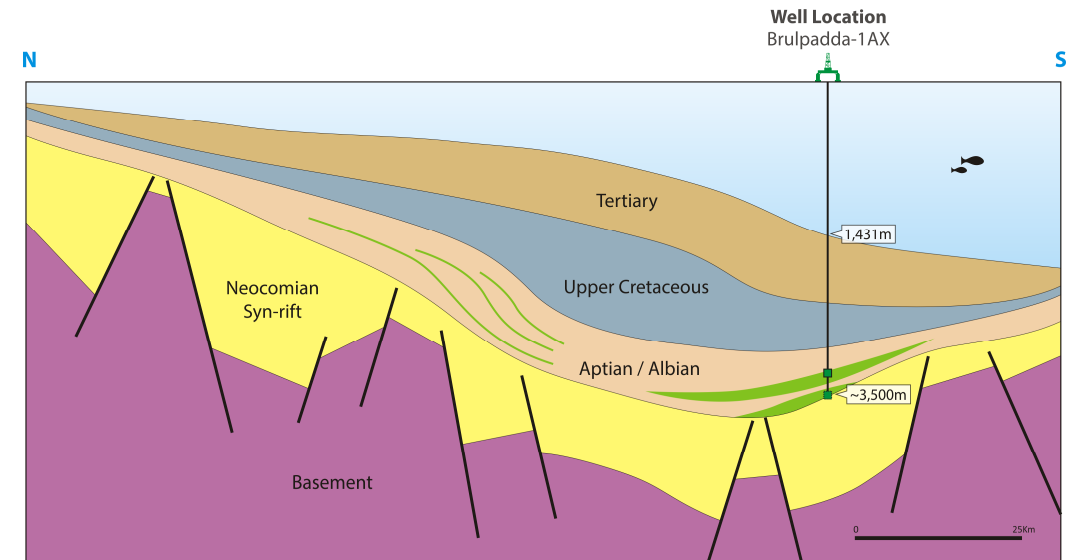
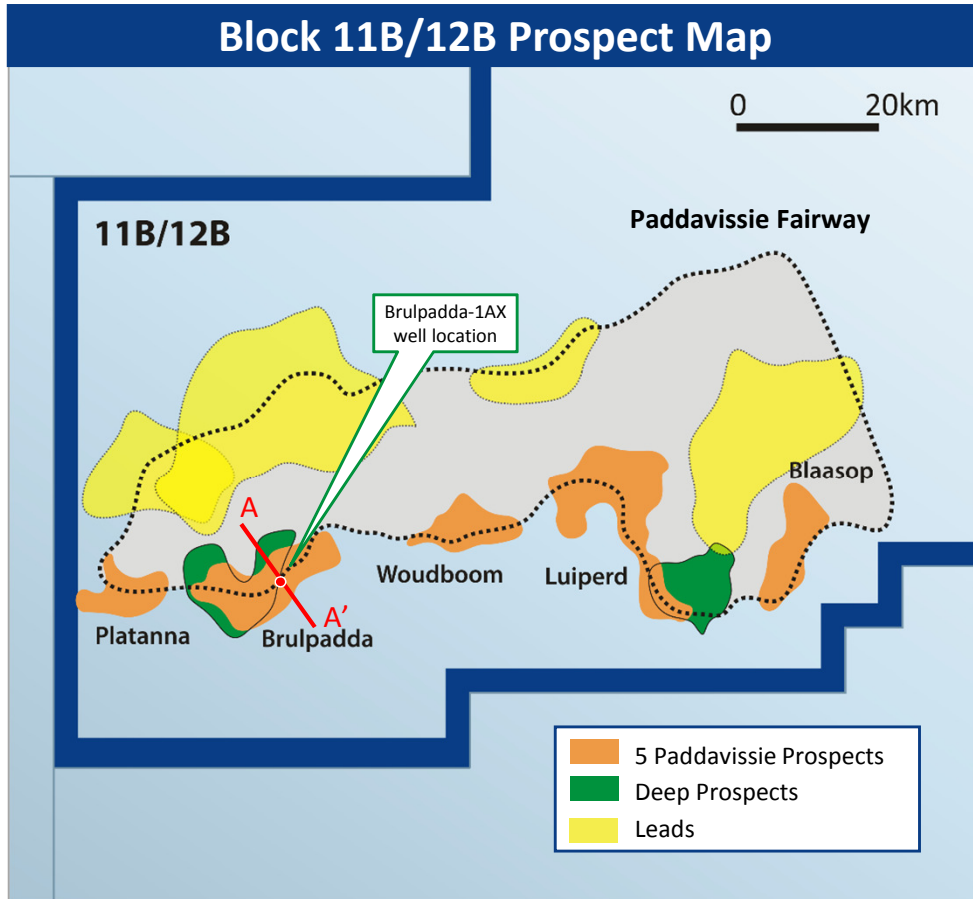
### Asset Summary

<b>AEC effective interest</b>	4.9% <sup>(1)</sup>
<b>Partners</b>	Total (operator with 45%), Qatar Petroleum (25%), CNRL (20%)
<b>Basin</b>	Outeniqua Basin
<b>First well</b>	Brulpadda 1-AX re-entry well
<b>Planned spud date</b>	December 2018
<b>Water depth</b>	1,431 m
<b>First well prospect size</b>	> 500 MMbbl <sup>(2)</sup>
<b>Play type</b>	Submarine fan
<b>Min. commercial field size</b>	~350 MMbbl at \$60/bbl <sup>(3)</sup>
<b>Work program to date</b>	2,200 km <sup>2</sup> 2D seismic and first attempt at Brulpadda well
<b>Past costs to date</b>	> \$150 MM <sup>(3)</sup>



# South Africa Block 11B/12B

## Five Giant Oil Prospects with Seismic Flat Spots



- Direct Hydrocarbon Indicators (DHI) on seismic data: Amplitude Variations with Offset (AVO) conformance to structure and flat spots

# South Africa Block 2B

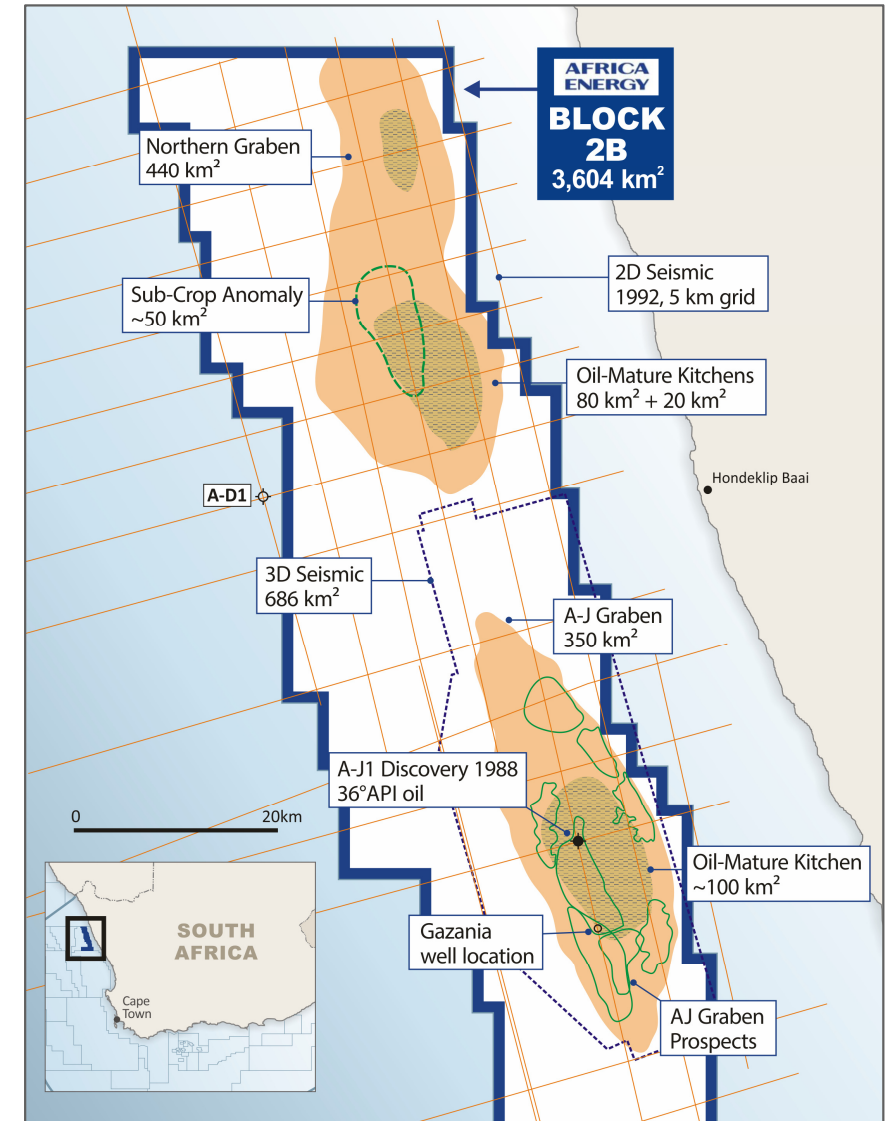
## Proven Oil Basin

- Farmout process attracting interest from majors
- Near-term low-risk exploration well planned (~\$20 MM)
- A-J1 oil discovery from 1988 flowed high-quality oil to surface (36° API)
- Analogous to Lokichar Basin (Kenya) and Albertine Graben (Uganda)
- Best Estimate Prospective Resources of over 600 MMbbl for A-J1 Graben<sup>(1)</sup> with additional upside in Northern Graben

Asset Summary	
AEC participating interest	90% (operator)
Partners	Crown Energy AB (10%)
Basin	Orange Basin
First well	Gazania-1
Planned spud date	Q3 2019
Water depth	150 m
First well prospect size	349 MMbbl <sup>(1)</sup>
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
Past costs to date	\$14 MM

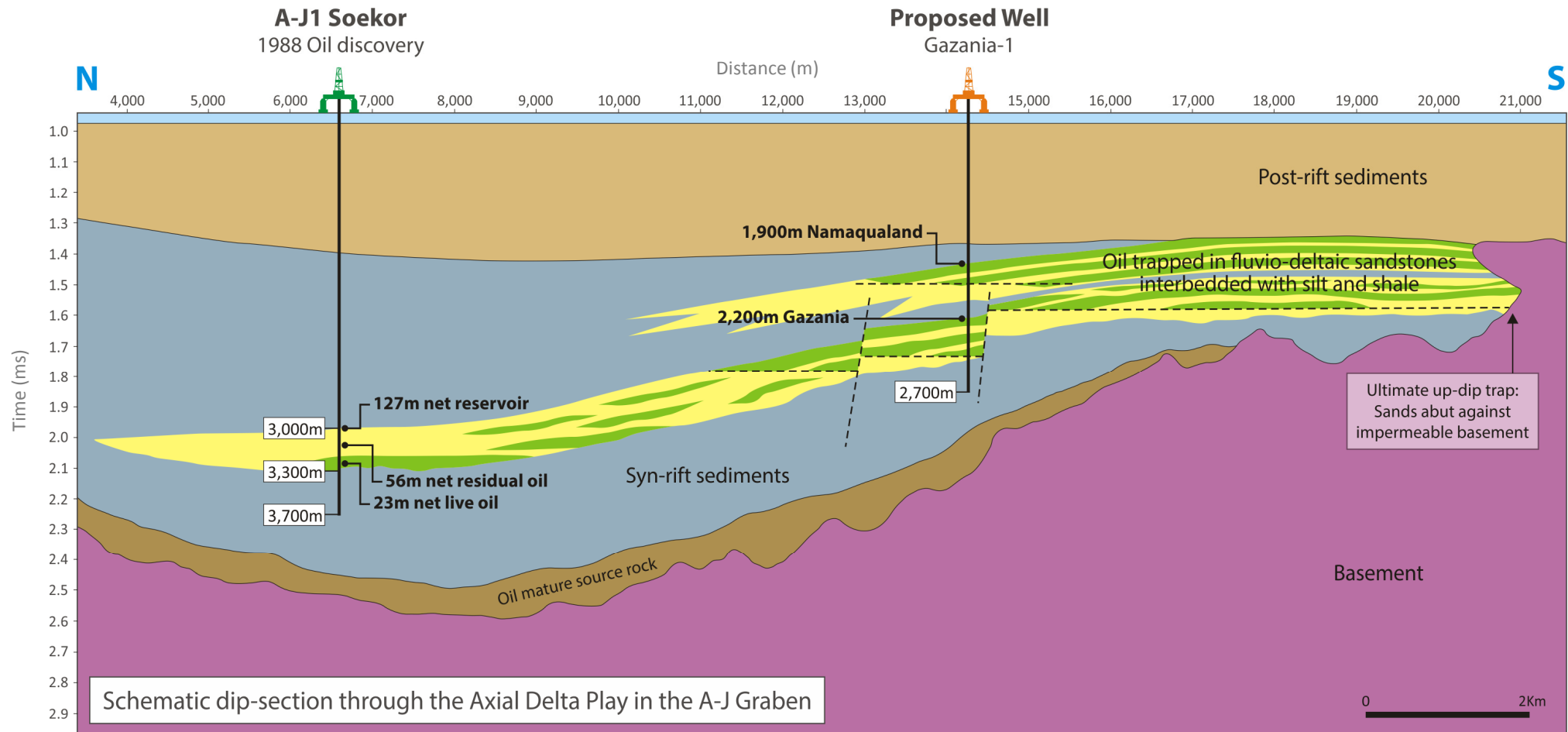
(1) Best Estimate Prospective Resources - 200 MMbbl have been subject to resource assessment by qualified third party resource auditor.

(2) Company estimate.



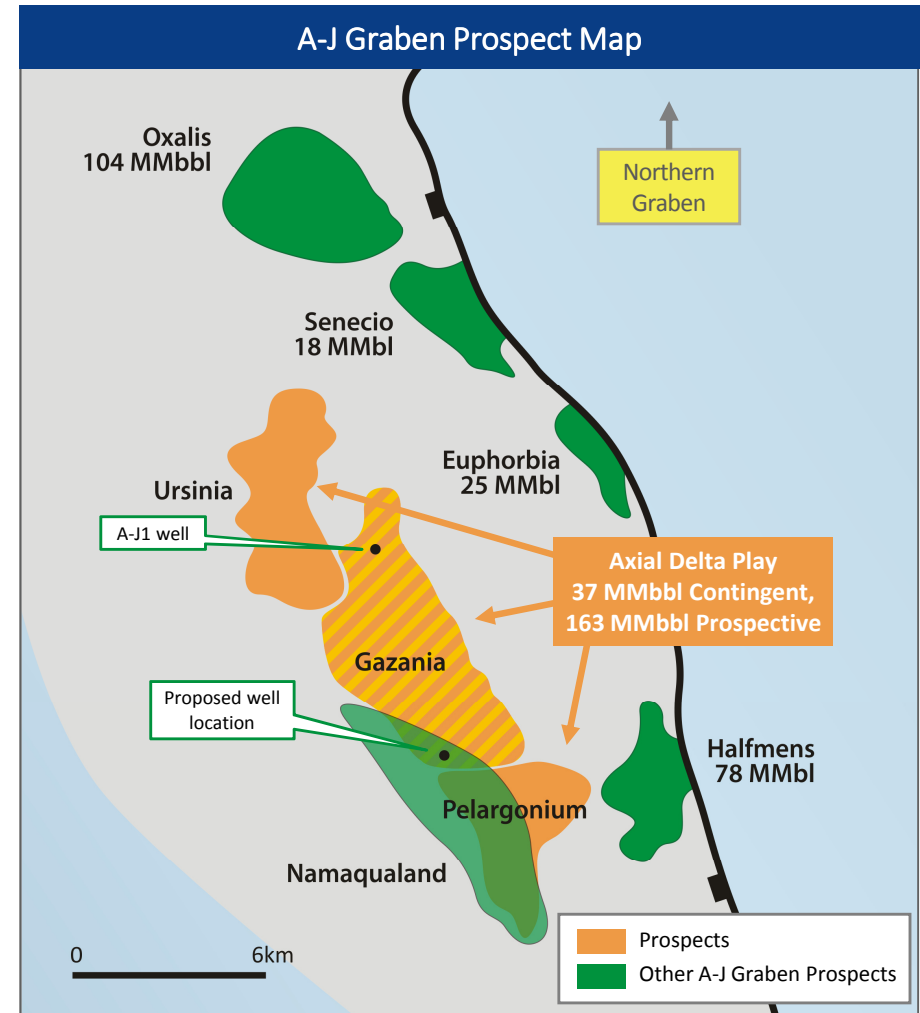
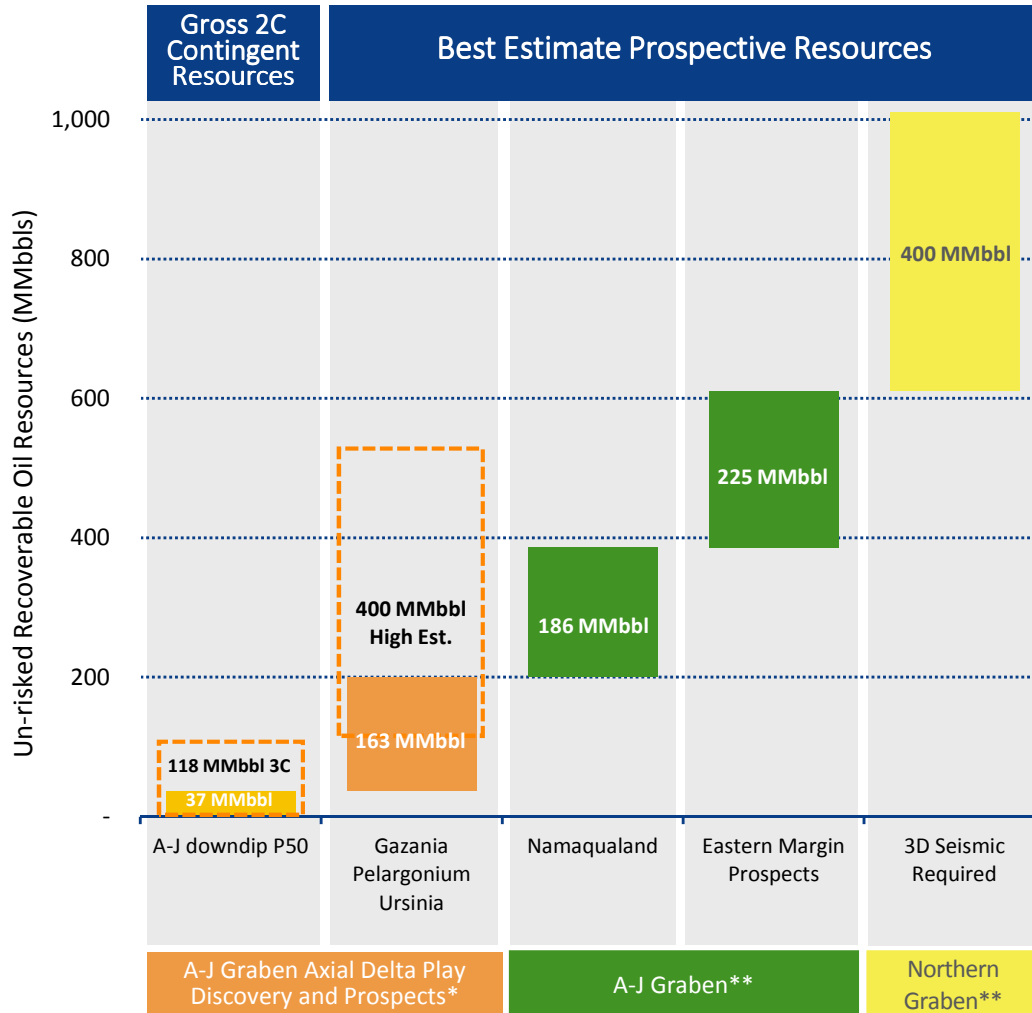
# South Africa Block 2B

## 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

# 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 April 23, 2018. 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 – Platform for Growth

## Near-Term, High-Impact Exploration Wells

- PEL 37 - Potential upside over a billion barrels
- Block 11B/12B - Multi-billion-barrel prospectivity
- Block 2B - Proven oil basin with existing discovery

## Team of Proven Oil Finders

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

## Solid Backing

- Supportive shareholders from Lundin Group
- Recently closed \$45 million financing

## Good Timing

- Acquired world-class exploration assets during recent oil price downturn



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For additional details on the Company and certain risk factors, please see the Company's Annual Information Form filed on April 23, 2018 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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Creating Value Through Oil Exploration in Africa

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