Namibia
Oil and Gas Conference

3rd Edition

"FROM EXPLORATION TO ACTION: POSITIONING NAMIBIA AS THE NEXT ENERGY FRONTIER"

Industry Leader's Insights

YOUR LEGAL & BUSINESS CONNECTION TO AFRICA
SNC INCORPORATED
LAWYERS & BUSINESS ADVISORS

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Windhoek, Namibia
Wednesday, 13 August 2025

PRESENTATION OUTLINE

YOUR LEGAL & BUSINESS CONNECTION TO AFRICA
SNC INCORPORATED
LAWYERS & BUSINESS ADVISORS

INTRODUCTION

1. INTRODUCTION

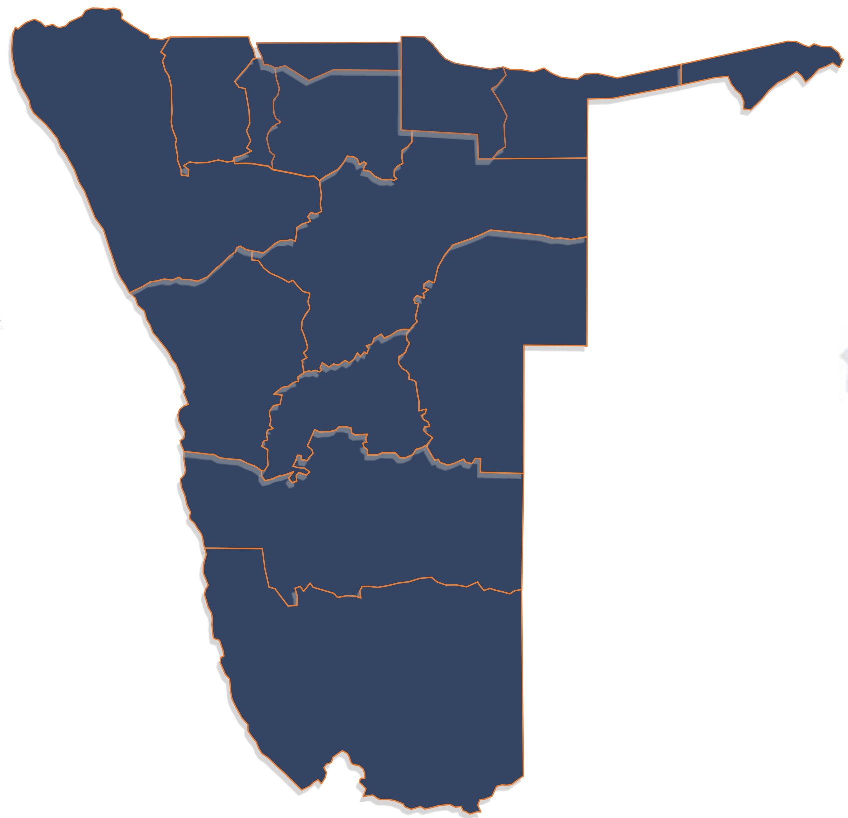
Nearly 6 billion boe of oil and gas discovered in the deepwater Orange Basin since 2022

Namibia is 2.3x the size of Germany. Population of 3 million. Middle income market economy. Commodity exports. GDP per capita is $5k (top 10 in Africa).

Upstream industry began in the 1970s. Chevron discovered the Kudu gas field in 1974, but it was never developed.

Until 2022, Namibia had been barren for exploration with a string of dry holes. Limited interest from major IOCs.

Geological similarities with the deepwater Cretaceous basins of Brazil generated interest. However, it is not a pre-salt play.



Everything changed in Q1 2022 with the Graff (Shell) and Venus (TotalEnergies) discoveries.

13 exploration wells since 2022 have resulted in 10 deepwater discoveries in the Orange Basin. Only two discoveries are currently considered commercial.

Venus and Mopane are among the biggest oil and gas discoveries in Sub-Saharan Africa. Venus is in the design stage for its first development phase.

TotalEnergies and Galp Energia have been successful with large discoveries. Chevron and Rhino - Azule Energy (Eni-BP JV) have farmed into Orange basin acreage. Shell has written-off its exploration costs

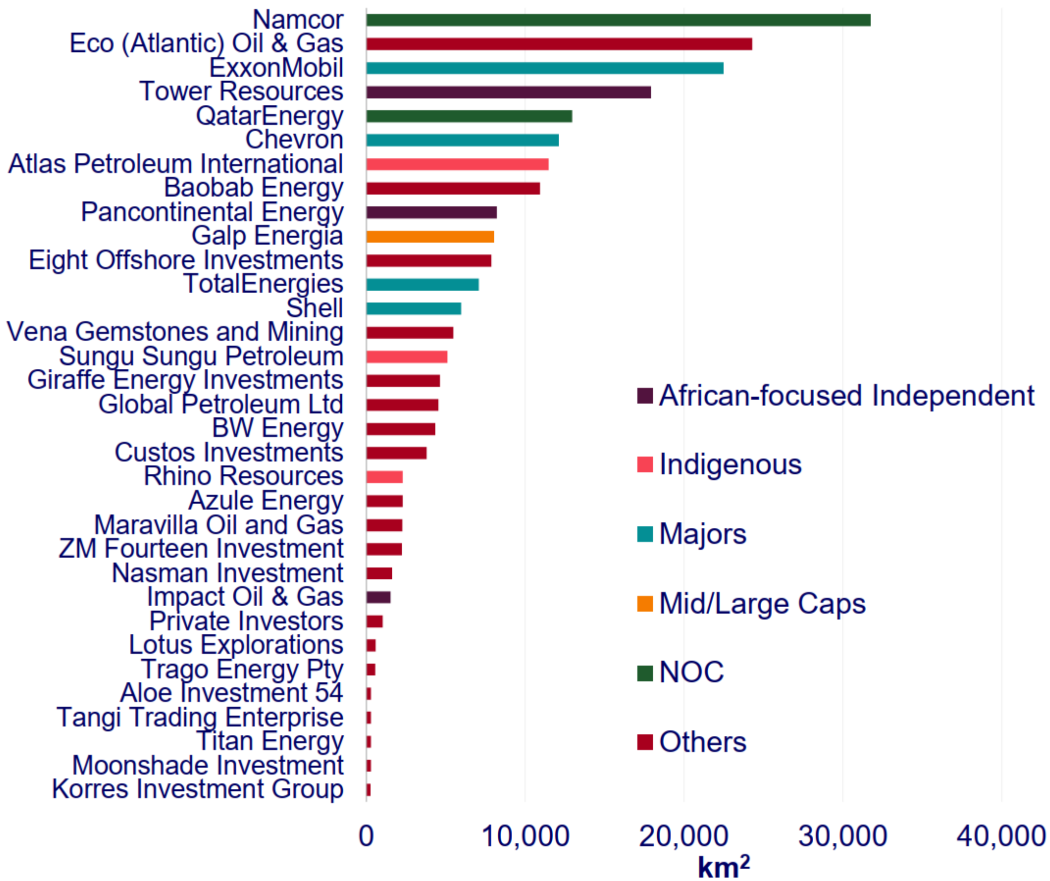
Source: Wood Mackenzie

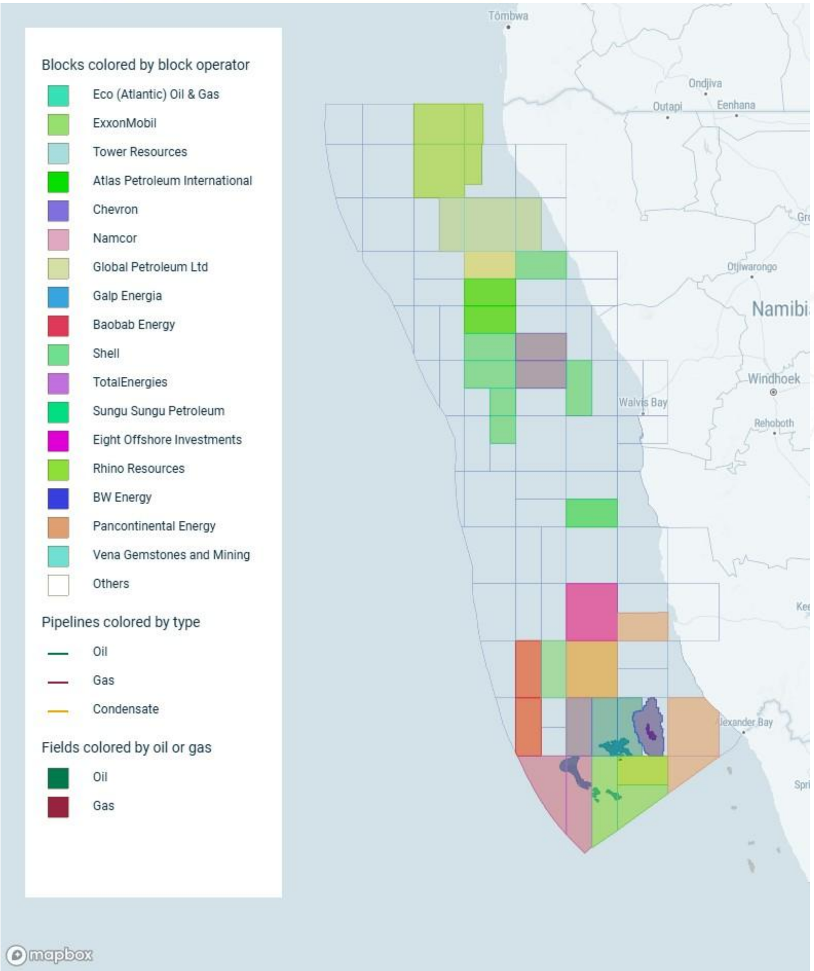
NAMIBIA'S ACREAGE

2. LICENCED OFFSHORE ACREAGE

220,000 km² licenced acreage offshore Namibia

Net offshore acreage by company





Source: Wood Mackenzie Lens Upstream.

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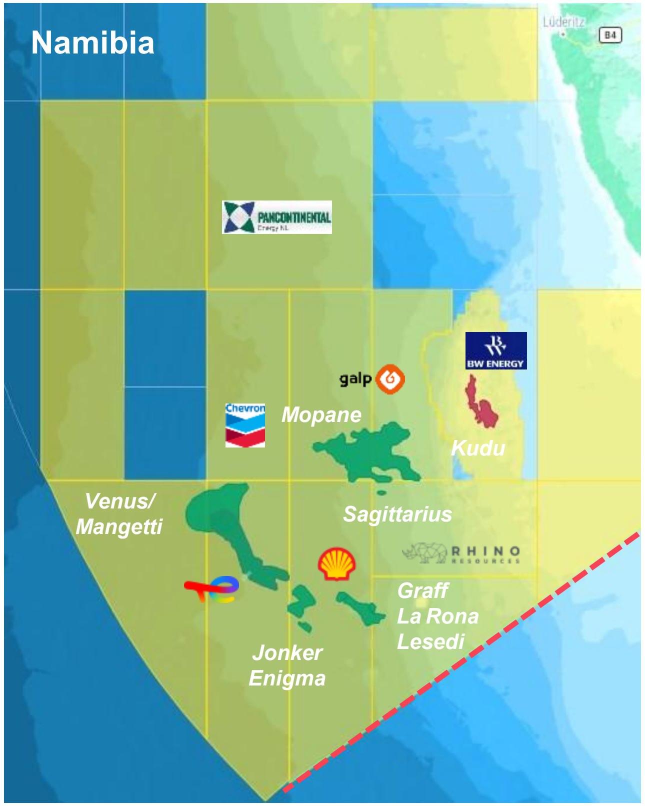
WHERE ARE WE?

3. NAMIBIA EXPLORATIONS AND DISCOVERIES

There were up to four deepwater drillships active in Namibia's Orange Basin



Source: Wood Mackenzie Lens Upstream.

2022

- Basin-opening **Graff** oil & gas discovery
- Quickly followed by the **Venus** discovery
- Shell drilled **La Rona**-1X well on Graff structure

2023

- Shell discovers standalone **Jonker**
- TotalEnergies completed Venus-1A appraisal well
- Shell flow tests a sidetrack on Graff-1X
- Shell makes **Lesedi** find close to Graff
- Shell Cullinan-1X well: a dry hole to the north
- TotalEnergies Nara: tight hole west of Venus
- TotalEnergies flow test on Venus-1A
- Shell Jonker-1A appraisal

2024

- TotalEnergies Venus-2A appraisal well
- Shell Jonker-2A drilled and flow tested
- Galp **Mopane-1X** discovery and Mopane-2X success
- TotalEnergies **Mangetti-1X** discovery also proved Venus northern extension
- Galp Mopane-1X flow test
- Shell **Enigma-1X** discovery
- Mopane-1A and Mopane-2A completed

2025

- TotalEnergies Tamboti-1X well completed (non-commercial)
- Chevron Kapana-1X well dry hole
- Galp completed the **Mopane-3X** appraisal well on the southeast of Mopane structure
- Rhino Resources **Sagittarius-1X** well success
- Rhino Resources Drilled **Capricornus-1X** , which was success
- **Marula-1X** drilled (operated by TotalEnergies) Non-commercial

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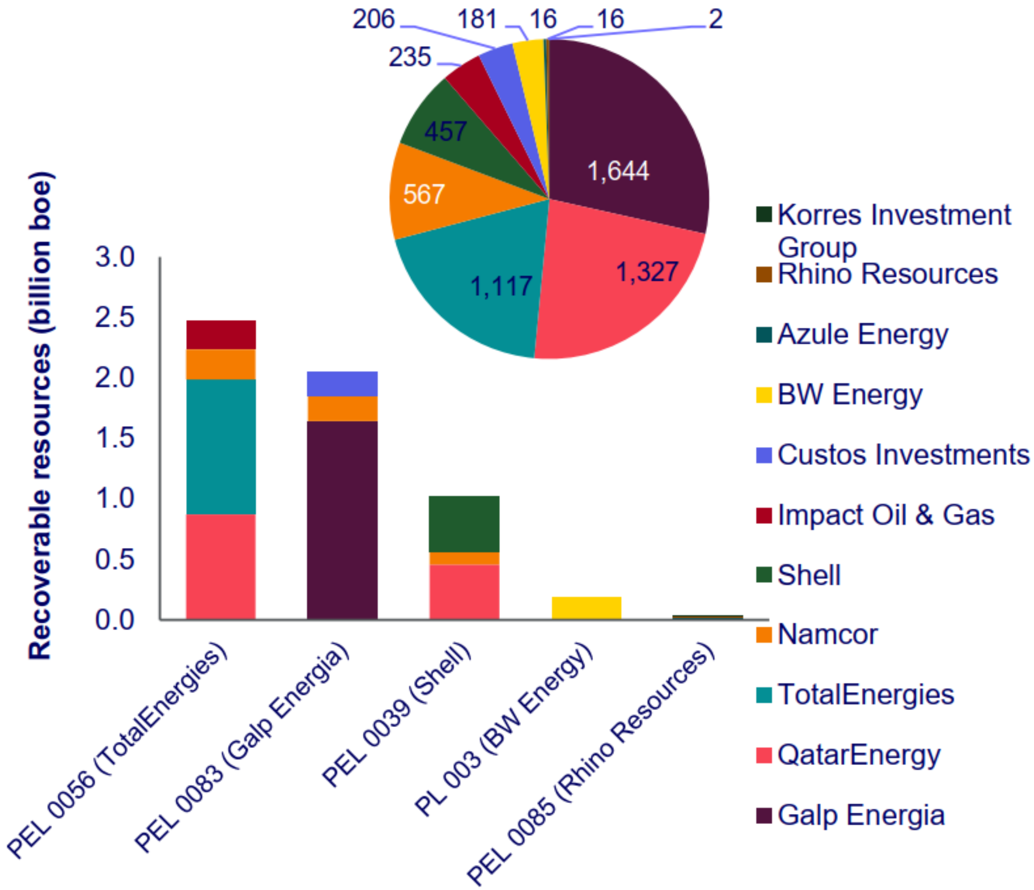
4. RESOURCE POSITIONS BY COMPANIES

Galp Energia, QatarEnergy and TotalEnergies all have material resource positions



Source: Wood Mackenzie Lens Upstream.

- **Galp** seeking to farm-down its 80% in PEL 83 (hosting Mopane).
- **Qatar Energy** holds 30% to 45% across the Euro Majors' blocks,
  as its high-impact exploration strategy pays-off.
- **TotalEnergies** operates blocks 2913B & 2912. Exploration budget heavily weighted to Namibia over 2022-2024. In planning stage for first Venus development phase (FPSO).
- **Shell** has drilled 6 exploration wells on blocks 2913A & 2914B plus 3 appraisal wells on Graff and Jonker. Resources are considered sub-commercial.
- **Chevron** farmed in PEL 90 licence (80%) in 2022 and PEL 82 (80%) in 2024. Kapana-1X well in January 2025 was dry.
- **(*) BP** and **Eni** have indirect interests in Namibia via **Azule Energy** (an Eni/bp JV) in partnership with Rhino Resources. A discovery was made on PEL 85.
- **Impact Oil & Gas** farmed down to TotalEnergies in Q1 2024 with a loan/repayable carry to first oil.

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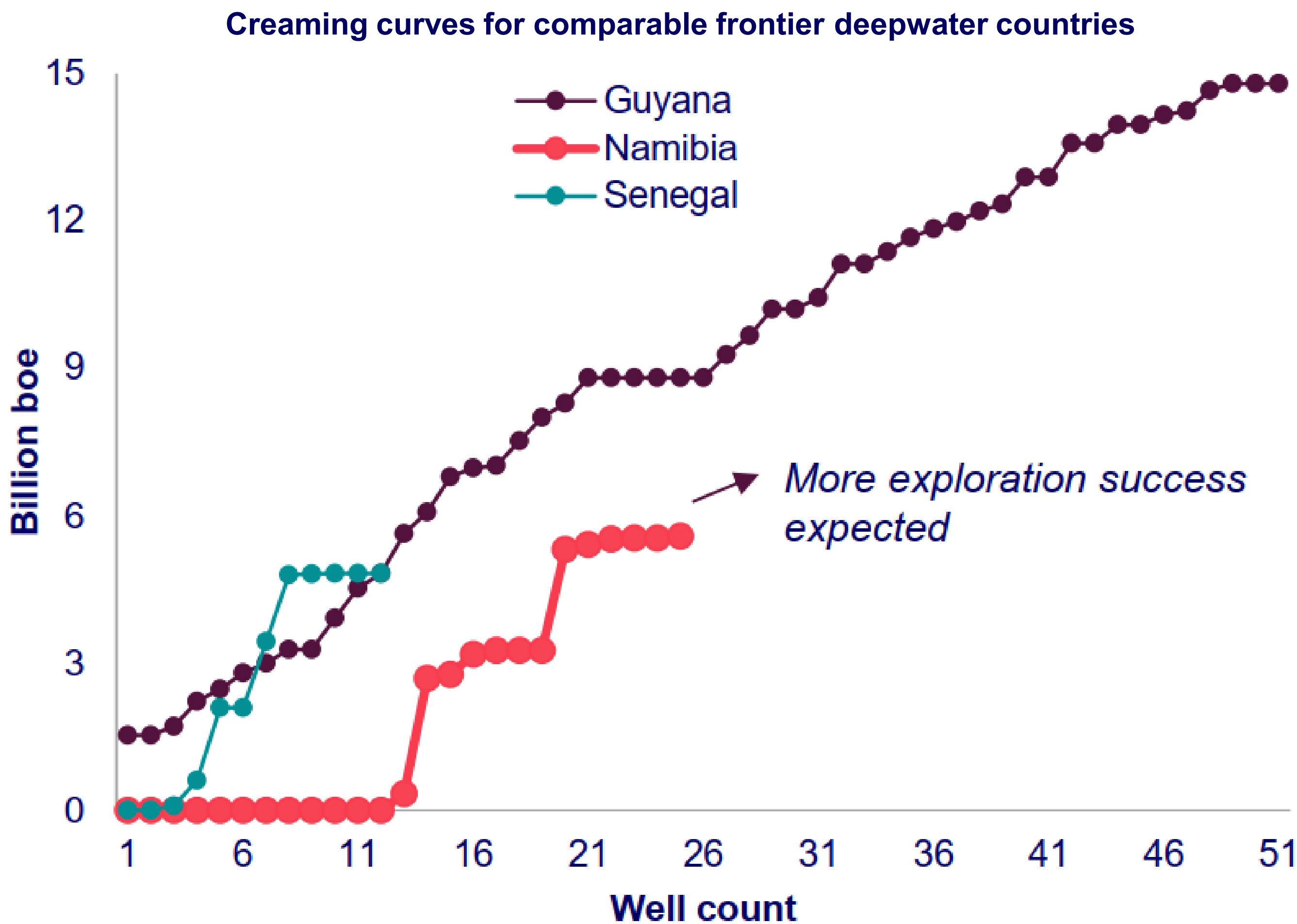
5. COMPARISON WITH GUYANA AND SENEGAL IN TERMS OF DISCOVERIES

Nearly 6 billion boe discovered in the Albian-Upper Cretaceous deepwater turbidites play from 10 wildcats



Source: Wood Mackenzie.

6. NAMIBIA CONCESSION TERMS

Namibia Favourable Concession Terms

- Terms are resilient to low oil prices, progressive at high prices
- Oil & gas royalty = 5%; Corporate Income tax = 35%
- Additional profits tax linked to contractor Real Rate of Return:
  - 15-20% RRR: APT fixed 25%
  - 20-25% RRR and >25% RRR, APT negotiable
- The NOC, NAMCOR has 10-15% equity in most blocks and operates some of the blocks. In future NAMCOR might increase its equity in licenses either through;
  - Exploration costs carried but not repaid
  - Pre-production costs carried and are re-paid
- Namibia has internationally competitive fiscal terms
  - Namibia is most competitive in West Africa and comparable to Guyana

WHERE ARE WE GOING

7. MORE EXPLORATION AND APPRAISALS WELLS

At the present stage more exploration and appraisal needs to be done to better understand and de-risk the orange basin and other basins.

BW Energy

- Block 2814A Kharas Prospect in Q4 2025
- Rig already secured
- Deepsea Mira semi-submersible rig
- Second well slated for early 2026

Rhino Resources

- Block 2914A Volans-1X Well
- Commenced 31 July 2025
- Northern Ocean's semi-submersible Deepsea Mira

TotalEnergies

- Block 2913B Marula-1X exploration well
- February 2025
- Northern Ocean's semisub *Deepsea Mira*
- Block 2912, Olympe Prospect Q4 2025 or Q1 2026

Galp Energia

- Block 2813A Mopane 3X well
- Found columns of light oil and gas-condensate in high-quality sandstones
- Q1 2026 a well likely to be drilled

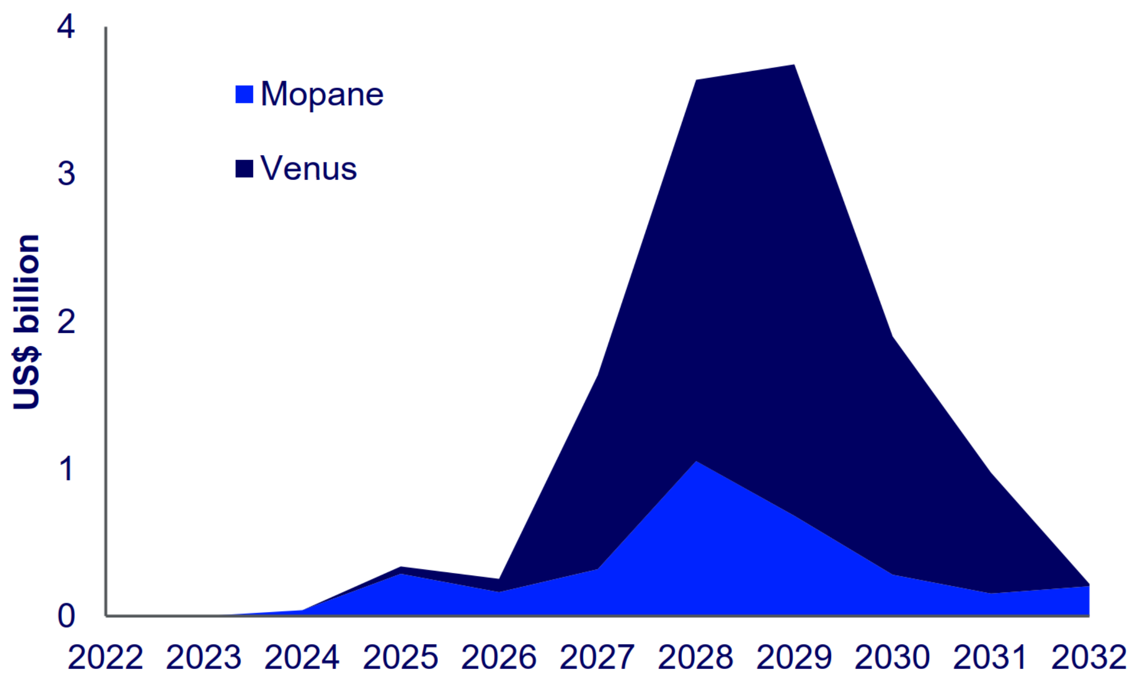
ReconAfrica

- Onshore; The Kavango West 1X exploration prospect spud on July 31st

8. MOMENTUM TOWARDS FIELD DEVELOPMENT

At present only two projects have momentum towards a field development

Namibia Development Cost profile (Real Terms)



Development Assumptions

- Multiple FPSOs will be required to develop the resources;
- Vessel sizes will be between 80 kb/d and 200 kb/d;
- Earlier phases will require gas reinjection
- Full field developments will require gas monetization
- Over 100 subsea wells could be drilled (comprising producers, water and gas injectors)
- Further exploration and appraisal success will determine development scale

Source: Wood Mackenzie.

9. FIELD DVELOPMENT PLANS (FDP)

- The FDP is a key document between the **licensee** and the **host country**.
- At the time of awarding a licence, **no development project is available**; license terms are therefore generalised.
- Once a discovery is made, its development requires specific actions and conditions, which are documented in the FDP.
- Once an FDP has been processed and approved by the licence group, the **operator will submit it to the government.**
- The government will **discuss the plan**, perhaps **ask for modifications**, and ultimately **approve the plan**.
- Government approval is **necessary** before development operations can be allowed to begin.

10. FINAL INVESTMENT DECISION (FID)

Final Investment Decision (FID) is a crucial stage in oil and gas projects as it's the final stage to decide whether to go ahead with the project or not. In other terms, it's the final stage to determine if the investment in the project would be beneficial or not.

> *"We need to be aligned with the government. That means agreeing on how we share costs and manage risk…. We don't want to launch a project if the cost of production is too high. If the breakeven is above US$20 per barrel, it becomes very difficult."*
>
> **TotalEnergies CEO Patrick Pouyanné**

FID for Namibian Projects: 2026 - 2027

1. TotalEnergies - Venus: TotalEnergies is currently working on a development plan for the site. FID expected in Q4 of 2026.

2. BW Energy – Kudu Gas Field: BW Energy plans to develop the Kudu gas field. FID prospect in late 2026.

3. Galp - Mopane: Galp is in discussions with potential partners about selling a part of its 80% share to another oil company who will likely operate the field. FID to follow after appraisals.

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WHAT WE HAVE TO DO

11. WHAT WE HAVE TO DO

FAST TRACK ESTABLISHMENT OF UPSTREAM PETROLEUM UNIT (INDEPENDENT REGULATOR)

- Necessary amendments to be done to the Petroleum Exploration & Production Act for establishment of the Upstream Petroleum Unit
- Upstream petroleum regulator to oversee exploration and production activities.

FAST TRACK REVIEW OF UPSTREAM PETROLEUM LEGAL FRAMEWORK

- Petroleum Exploration and Production Act of 1991
- Petroleum Taxation Act 3 of 1991
- Model Petroleum Agreement 2007
- Enact Exploration & Production Regulations

DEVELOP COMMUNICATION STRATEGY

- Communication strategy to manage citizens expectations, which can be collective benefit, individual or group benefit
- Early and continuous stakeholder engagement to reduce mystery about the oil & gas sector
- Effective stakeholder engagement and communication with the public,, civil society, legislators, students, political parties, media, youth groups.

FINALIZE LOCAL CONTENT LEGAL FRAMEWORK

- Finalize Local Content Policy, get it approved and signed by Cabinet
- Develop Local Content Regulations, with monitoring, evaluation, enforcement mechanisms and provisions for sanctions
- Local content to accelerate participation of indigenous companies in the sector

HIRE CONSULTANTS, LAWYERS AND ADVISORS TO FAST TRACK THE NEEDED REFORMS

- The Government will need to hire consultants, lawyers and advisors to fast track the needed reforms
- Adequate budget should be availed

EVALUATE APPLICATIONS FOR PETROLEM BLOCKS AND AWARD LICENCES

- For past 2 years no applications for Petroleum Blocks were evaluated, meaning no petroleum licenses were awarded
- As a result limited seismic surveys were conducted, which will result in a few wells being drilled

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CHALLENGES AND OPPORTUNITIES

12. CHALLENGES

Ultra Deepwater Exploration

- Blocks at 3000m water depth
- Challenges in drilling
- More advanced technical know-how to needed
- Companies shying from these deeper blocks because of many challenges

Challenges

- High Exploration and Production Costs
- Complex Logistics and Infrastructure
- Harsh Environmental Conditions
- Technical Complexity and Advanced Technologies
- Environmental Risks and Regulations
- Security and Safety Concerns

LOCATION

Depth and Distance from Shore
- The wells are located at a depth of 3000 meters
- More than 250 kilometres from the shore

Extensive Area Coverage
- The size of petroleum blocks are big and covers areas exceeding 12000 square kilometres.

TECHNICAL

Subsurface Complexities and Lower Rock Permeability
- The rock formations in petroleum blocks in the Orange Basin exhibit lower permeability

High Gas to Oil Ratio
- The resources discovered have a high gas to oil ratio, which further complicates the extraction process.

MARKET

Tiny local gas market
- The gas market in Namibia is not well established but there is opportunities in SADC

13. INCENTIVES FOR DEEPWATER EXPLORATION

Namibia's deepwater oil exploration sector has gained significant attention, positioning the country as a potential energy hub in Africa. To attract more international oil companies to acquire exploration blocks, Namibia can build on its existing favourable fiscal and regulatory framework, drawing lessons from global practices while addressing the unique challenges of deepwater operations. Namibia could:

•*Introduce Special Tax For Deep Water Projects :*

•*Reduced Performance Guarantees for deep water projects*

•*Offer Flexible work programmes for deep water projects*

Incentives

- **To attract more companies to acquire ultra deep blocks we should consider incentivizing them**
- **Consider reducing royalty and tax rates for those drilling in deeper water**

Brazil	Angola
• In Brazil they have REPETRO & REPETRO-SPED (Decree No. 9,128 and Law No. 13,586), amongst others which provide for: ○ Reduced Corporate Tax Rates for Deep Water Projects (Pre-Salt) ○ Tax Exemptions on Imported Equipment ○ Local Content waivers ○ Royalty reduction on the incremental production	• **Presidential Decree No. 282/20, of October 27, 2020, approved Angola's Hydrocarbon Exploration Strategy 2020–2025, Some of the key tax benefits include:** ○ **Reduced Corporate Tax Rates** ○ **Accelerated Depreciation Allowances** ○ **Tax Exemption on Imported Equipment** ○ **Reimbursement of Exploration Costs**

14. DRIVERS OF OPPORTUNITIES

Successful exploration and production in nascent oil and gas nations require a combination of advanced technology, strategic partnerships and risk management.

Advanced Technology

Best practices include conducting thorough geological and geophysical surveys to identify viable reserves, as seen in Namibia's recent offshore discoveries in the Orange Basin. Advanced drilling technologies, such as horizontal and directional drilling, can access previously unreachable reserves, enhancing efficiency and reducing environmental footprints.

Strategic Partnership

Partnerships with international oil companies (IOCs) are vital, as demonstrated by Guyana's collaboration with ExxonMobil, which facilitated rapid production scaling. These partnerships provide access to expertise, capital, and technology, but nascent nations must ensure fair contracts to protect national interests.

Risk Management

Risk management is critical for any nation conducting exploration, it covers geological uncertainties, operational safety, regulatory changes and financial volatility. For instance, Namibia faces challenges with high gas-to-oil ratios, requiring additional infrastructure, which could delay development and increase costs of explorations.

CONCLUSION

15. CONCLUSION

With the right policies, stable licensing and fiscal regime, Namibia can position itself as a highly attractive destination for investors in the energy sector. For Namibia, leveraging recent discoveries, estimated at 6 billion barrels of light oil and 2.2 trillion cubic feet of natural gas, requires strategic planning, through a well-structured approach, through measures such as addressing infrastructure needs, such as upgrading ports, airports and roads and training local workforce, to maximize economic benefits while minimizing environmental and social risks.

THANK YOU!

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