



# 20210922 - Presentation Scot Evans - Africa E&P Summit 2021- Unofficial transcript

Wed, 9/22 8:28PM • 18:07

## SUMMARY KEYWORDS

namibia, basin, oil, carbonate, drilled, esg, shows, fracture, wells, zones, namibian, seismic, rocks, calibrated, data, company, government, saturations, gas, onshore

## SPEAKERS

Scot Evans, Gayle Meikle

**Gayle Meikle** 00:14

So we've got the amazing recon Africa coming up next, this company's been taking some strides, and a lot of interest from the industry in this company. Scot Evans has joined us, flown in all the way from Texas. Thank you for making this immense effort to join us. And Scot is gonna talk to us about the newly discovered Kavongo Basin and enthuse us in the rocks, Scott, if you can.



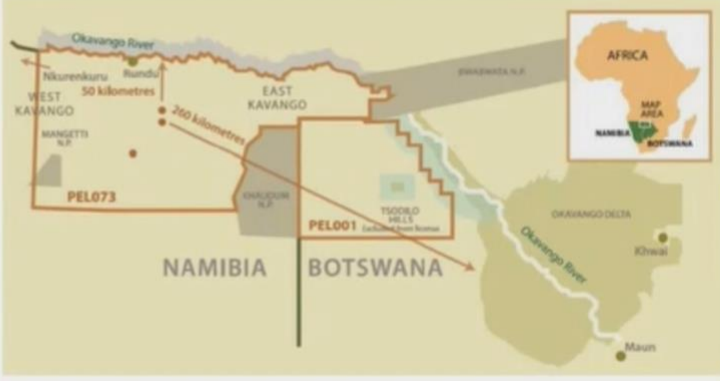
**Scot Evans 00:49**

Okay, I hope I live up to the introduction, Gayle. So again, my name is Scot Evans, I'm going to talk about four things in our time together here. 1 Just talk about the company because we're the new family in the neighborhood, if you will. And in the play. We'll talk about are basin-opening well, which we finished earlier this year, which we're really excited about. I'll talk about our seismic program, and then talk about the ESG, and what we're doing. You know, even though we're just in the stratigraphic well phase of this project, as people have talked about earlier today, onshore, you're very intimate. You're very intimate with the area with the people you work with the people you live with. And so that's absolutely critical to us. So we're making ESG commitments far earlier than certainly I've ever seen from another company.


**Scot Evans 01:38**

The forward looking statement, as someone said earlier, don't do anything based on what I say.

## RECONAFRICA: UNLOCKING THE VALUE OF THE NEWLY DISCOVERED KAVANGO BASIN

<p><b>8.5 MM acres covering the entire Kavango basin in Namibia and Botswana</b></p>	
<p><b>First two wells prove active petroleum system</b></p> <ul style="list-style-type: none"> <li>• Light oil and natural gas shows, exceeding pre-drill expectations</li> </ul>	
<p><b>Stable governments – competitive fiscal terms</b></p> <ul style="list-style-type: none"> <li>• Licence Contracts</li> <li>• Royalties 5% in Namibia</li> </ul>	
<p><b>Strong Cash Position ~C\$60M</b></p> <ul style="list-style-type: none"> <li>• Fully funded multi-well drilling and 2D seismic programs</li> </ul>	
<p><b>Catalyst-rich near, medium and long term</b></p> <ul style="list-style-type: none"> <li>• 450km of 2D Seismic ongoing through October 2021</li> <li>• Second phase drilling program in 2H 2021</li> <li>• Significant partnering potential in Q1 2022</li> </ul>	

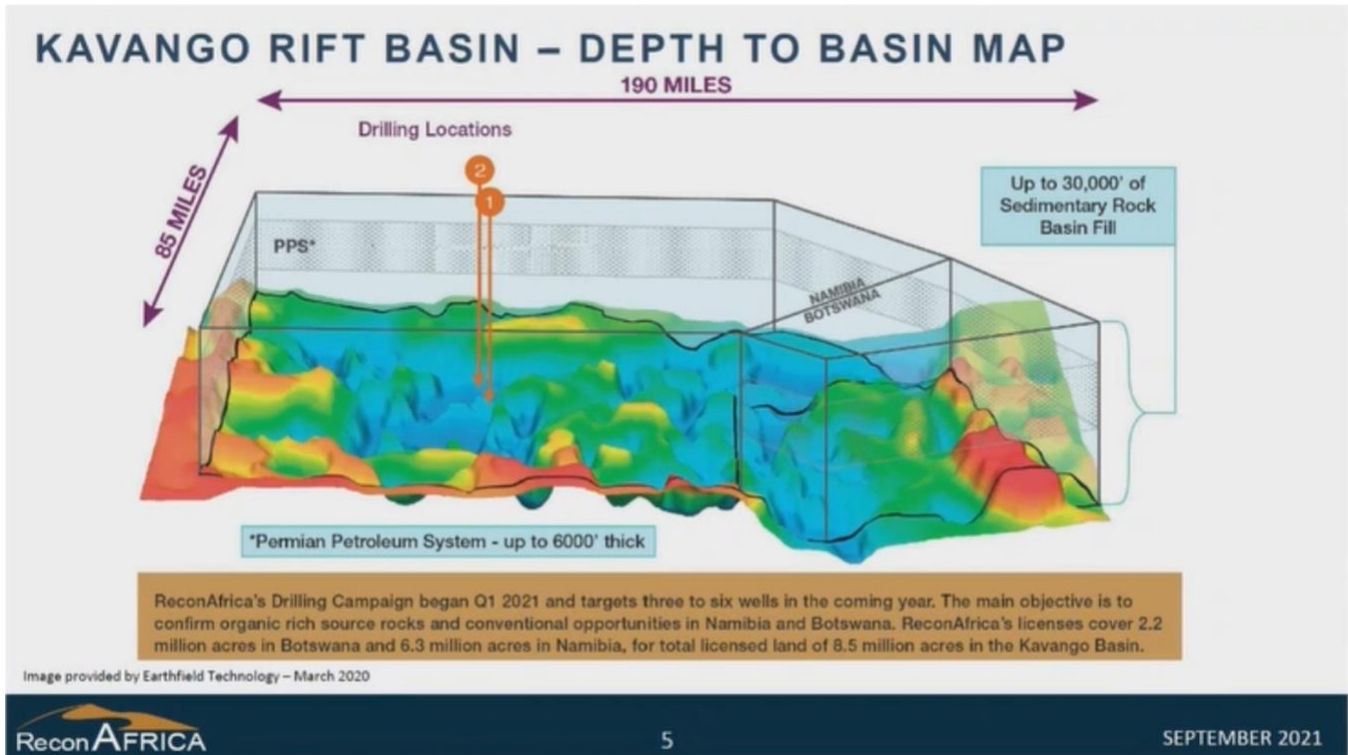
ReconAfrica controls the entire Kavango Basin in Namibia & Botswana


4
SEPTEMBER 2021

**Scot Evans 01:44**

So just an introduction to the company. So ReconAfrica, is based on essentially the Kavango Basin play. We have 8.5 million acres in the play, basically locking up the whole basin between Namibia and Botswana. The first two wells that we have drilled, have shown that we have an active petroleum system. And I'll talk a little more about what I mean by that. And talk about the first well as places to invest, these are two great countries have stable governments, democratic governments, petroleum laws, and these terms that are encouraging to investment. As a company, we're in a good cash position just been under 60 million in the Treasury. And that's after acquiring our own drilling rig, which, as a geologist, if you asked me "Do you want to own a drilling rig?", I would have said, "Are you kidding?" a

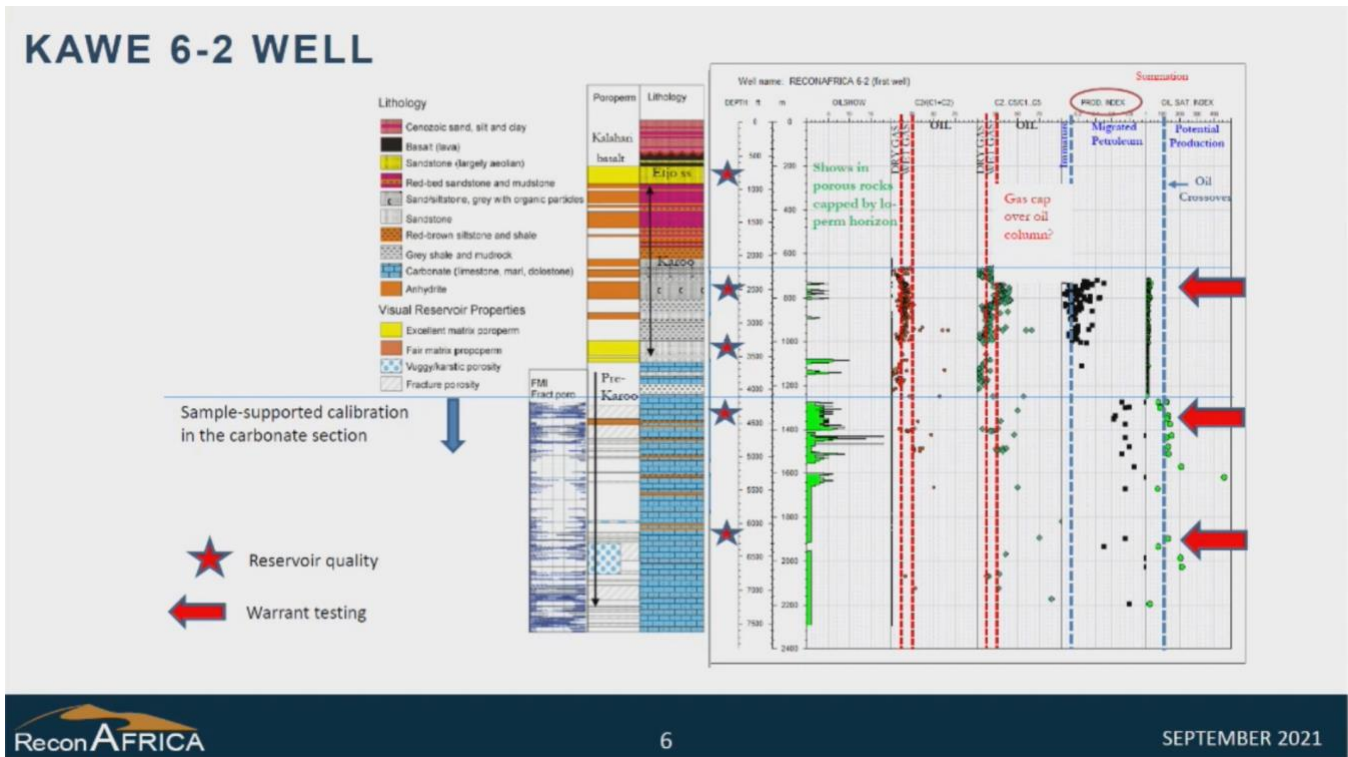
few years ago. It's turned out to be brilliant, having your own rig. And we have no debt. We are also in a time of being very catalyst-rich in the near term. We have our first well drilled and we have data on it coming back from CoreLabs and all that we'll talk about. We're shooting the first 450 kilometers of seismic data in the basin. We are going to start a second phase of drilling program towards the end of the year, probably in November, December timeframe. And again, any we're getting to the point where we could start talking about partnering potential. As someone I think, use the word earlier today, we want to achieve basin mastery and understand the basin better than anybody. But it's a large basin, and obviously partnering is part of the future.



**Scot Evans 03:25**

So to talk about the play itself, this is the aeromagnetic data. The folks that started the company made the brilliant move of being the first ones to get this data that was actually flown, acquired by the Namibian government, and we weren't the first to interpret it. So this is high quality aeromag data on tight spacing, running across Namibia and Botswana. We have it regionally. So we look to the West and the east. And what you're looking at is a depth of basement map. That's what gravity is really good for, it shows you the depth of the basement. It doesn't tell you what's in there, but any geologists in the room can see some structural trends along the edges of the basin and again, blue being deep red being shallower. The play premises are pretty basic. You know, we feel we're, and if you look at the work of Jim Granath, and others, Dr. McGregor, that are published. We're along what we call the Southern Trans-Africa Rift System. It extends really all the way across from here to the eastern African coast. We see evidence both in this map and in the wells that, yes, we are in this rift system. The second part of the play is understanding the Karoo supergroup, which has [refining] very diverse across southern Africa. But we have done a lot of regional work. [Some of the excellent guys] who did a lot of

paleo geography and established that is the premise of the play, you know the Karoo has, you know, clastic sequences and source rock sequences. And like the Karoo studies, the Southern Trans Africa Rift System, and then this depth of basement map, showing us where the basin is. And what basic structures are, the keys to the play. It might be a little hard to see, but we have the locations of the first two wells The first well was meant to be drilled on a structural feature in a thicker part of the of the basin. We consider this, you know, a conventional play, we've always looked at it as conventional. And even though it's a new basin that's been hiding under the Kalahari Desert, we feel that, you know, all basin style is conventional. And frankly, that's, you know, that our operating premise for certainly as long as I've been with the company.



**Scot Evans 05:41**

So, to talk about the well, and I know there's a lot of detail, anything that I talked about in terms of the six two, which is the basin opening well, is publicly available on our website, and obviously, with the approval with the Namibian Ministry of mines and energy. So the first well encountered a series of oil and gas shows, you know, the right side of the chart is around the geochemistry. The left side about the rocks. There's basically two sections, you know, almost 2500 feet of what we call the Karoo, and then a section below that we would call in pre-Karoo. The oil and gas shows are throughout that section. Shallower, they are a little, they seem to be [high] gas. We had in some cases, oil over the shakers and some oil in the mud, but good shows, this is up in the Upper clastic sequence. As we went down the well we continue to see shows, and many of those actually in the lower carbonate sections. So again, a fairly exciting mud log, if you will, for those of you that are students of exploration. It shows there are a number of different intervals, three of which we felt merit future testing, although the well is now completed. Temporarily abandoned. The carbonate rocks are interesting in that they have, as I'll show

you in the next slides, both porosity and permeability matrix as well as fracture. The log in the far left shows fracture porosity. And we also found that we have anhydrite in there as potential seals. So, and within the intervals, there's probably five potential sets of reservoir rocks of different, clastic above and carbonate below. So we look at this well as well that opened up the basin. It is the oils from what Dan Jarvie's work is showing us are migrated. And there's papers on our website that point to this. So all the oil we're seeing here is is migrated oil. Okay.



## Summary Potential Reservoir Zones

Zone	Net thickness	Avg. Porosity	Calculated Avg Water saturation*	Oil/Gas shows	Comments
Clastic 700	54	20%	98%	Good oil and gas	Significant oil shows, gas c2+
Clastic 800	14.9	19%	100%	Fair oil and gas	Live oil in drilling fluid
Clastic 1000	94	20%	98%	Trace	Up to 25% Porosity. High Net/Gross ratio
Carb 1350	5.3	9%	56%	Good oil	Core porosity 17%. Oil observed in drilling fluid
Carb 1900	29.2	8%	61%	Weak shows	Core porosity 14%, fractures present

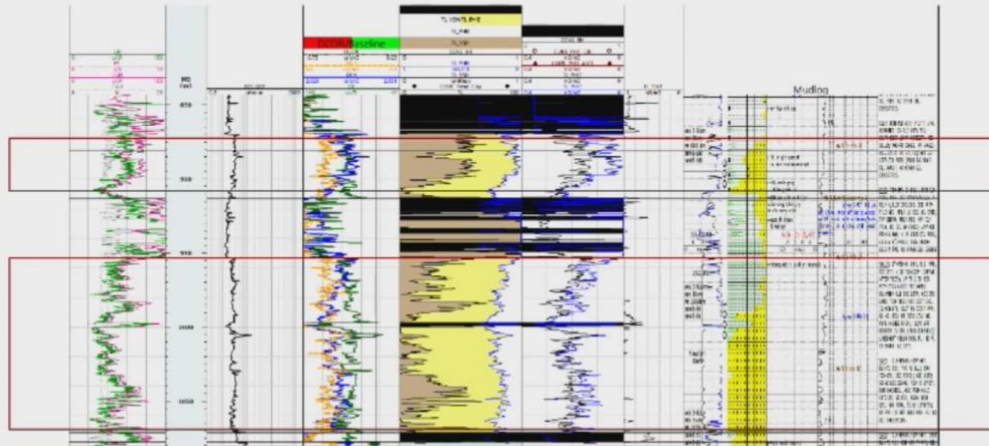
\*logs and cores measure water saturation, hydrocarbons represent the balance of pore volume

### Scot Evans 08:01

Now, we are taking a very studious approach as we release data. And we're using our third parties to provide work. So we recently put on our website summary work from Netherlands Sewell who's doing the petrophysics for us. And their summary of, I'd say the calibrated data from the well - calibrated mean we got data back from core labs and data back from, and integrating that with the logs, so that we've calibrated them - and you can see that we have five reservoir zones indicated, three clastic at the top, two carbonate below. All good potential conventional reservoirs. On the right side, we have the oil and gas shows. The shallow zones had oil and gas shows, but we would probably think of it more as residual, because they were pretty shallow, and the water saturations turned out to be quite high. But then the rocks have oil in them. So there's there's definite shows. We get down to the carbonate, so we're getting good water saturations, some some leftover well saturation even swept in the cores. And so we're able to calibrate those and get matrix porosities, as we go down further, quite a bit of fracture porosity. So bottom line is that we have a very nice basis from which we can now conduct our exploration of the basin.



## Strat Test 6-2 Clastic 800m and 1000m Zones of Interest



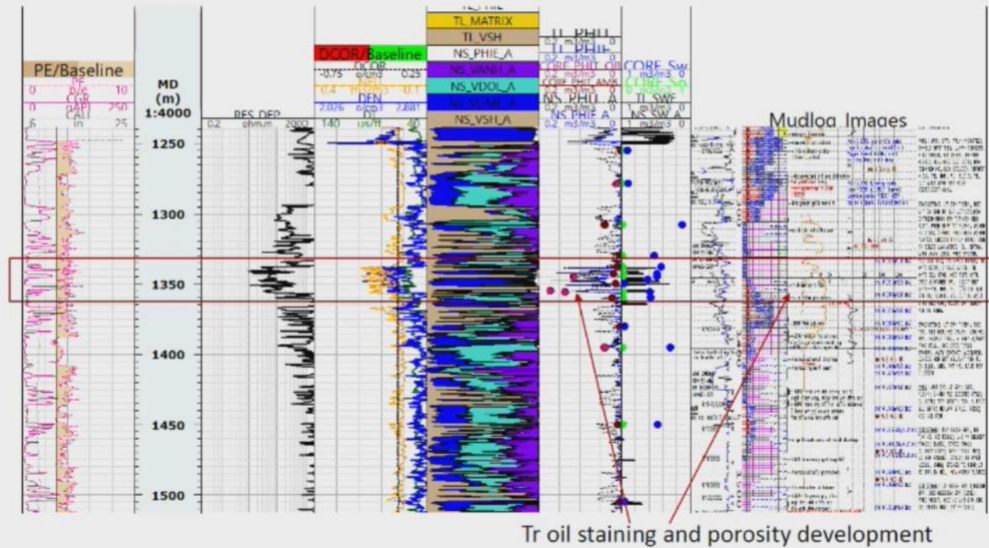
No Core data over this interval

**Scot Evans** 09:35

Just put a little more detail onto that. So the clastic reservoirs were shown here, and again, we have the shallower clastics, we had quite good oil shows in them. But again, they probably are [inaudible] in a migration standpoint. Lower zone, a beautiful sandstone of probably basalt, good basalt sandstone, we think in the Karoo, that we think we will be able to follow all around the basin. So we're very happy with these clastic reservoirs.



## Strat Test 6-2 Zone Of Interest Carb 1350

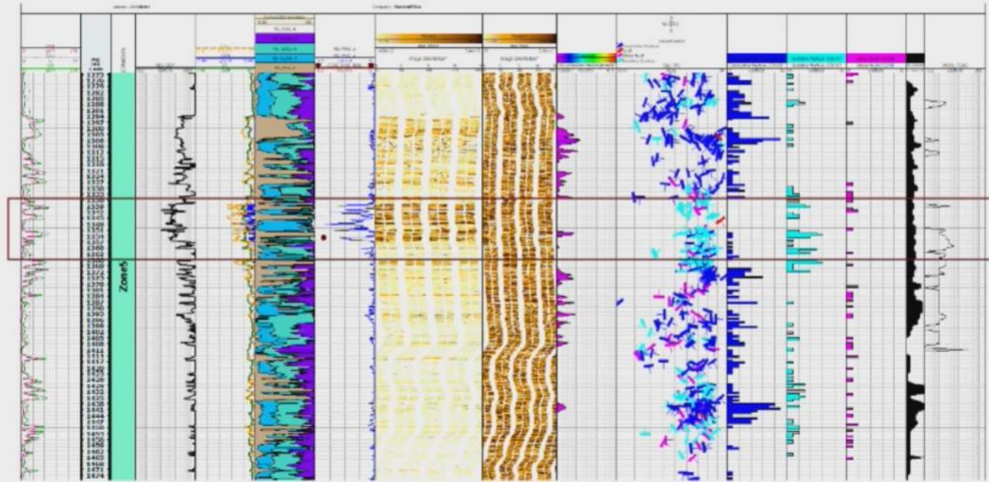


Scot Evans 10:07

Carbonates, you know, obviously, for anybody who's worked in carbonate rocks, you really have to have your core data before you can say anything about them. So we were able to take sidewall cores all through this section. And this particular zone in particular, I'm showing the 1350 shows good development of matrix porosity, decent water saturations, and also some oil residual saturations. And you can see the interesting character of the alternating nature of these carbonates with Dolomites, siltstones and limestones. So again, this is just one of the better oil zones of interest that we're seeing in the well.



## Strat Test 6-2 Carb 1350 FMI & Well logs, Fracture Porosity



Not heavily fractured

### Scot Evans 10:50

And what was interesting also is, you know, we ran image logs along there, and so, this is a blow up of this carbonate section. And so, in the middle, you can kind of see the area that had good natural porosity, or matrix porosity developed. Below, you can see the fracture porosity and the association of oil shows from the mud log with those fractures. So obviously, [inaudible] this is a system that has oil coming through it, go through fractures and in the matrix zone in particular, which we found really interesting. So it's kind of like what you want to see for carbonates. Good, you know, matrix development generally in the Dolomites, but also fracture development as well.



## 2D SEISMIC PROGRAM – 450KM (JULY – NOVEMBER 2021)

- ❑ Low intensity Polaris Explorer 860 seismic acquisition tractor, designed for environmentally sensitive areas
- ❑ One of the lowest impact seismic acquisition equipment in the world
- ❑ Low cost / high quality data
- ❑ Weight drop system, no shot holes
- ❑ Direct line between 6-2 well and 6-1 well to confirm the geologic model

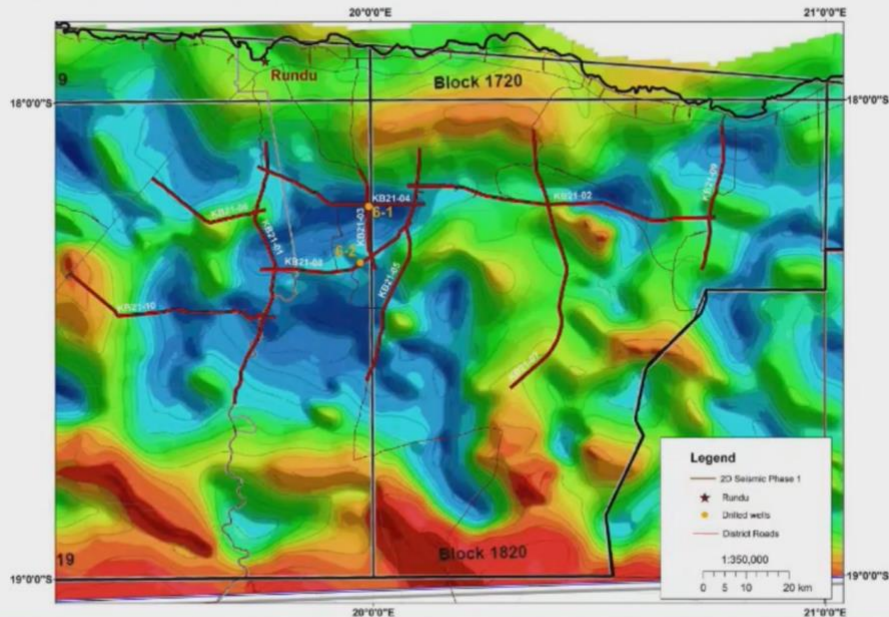


Polaris 860 Seismic Tractor : One of lightest impact equipment available

### Scot Evans 11:35

Now, we get onshore, you know, because of the lower cost of drilling, in fact, we own our rigs. We really wanted to drill the wells first. And thus be able to, you know, calibrate our seismic, because, again, we're in the desert, [inaudible] lots of statics issues. So we wanted to understand what we had first before we went and started shooting seismic. So we began our seismic program about two months ago, we are using something I hadn't used before but it's turning out to be quite effective, and also very environmentally sensitive. It's called a, in layman's terms, it's a Thumper. So an accelerated weight drop system to generate the signal. We found it has a [narrow] footprint, all of our seismic right now is taken along existing roads, pathways, etc. and is, if you will, the least intrusive to the local wildlife. So this program is ongoing. We obviously are shooting tie-lines, so we can tie our wells to the seismic and then carry it across the entire basin, as shown here.

## 450KM 2D SEISMIC PROGRAM MAP



### Scot Evans 12:44

So here is the aeromag map, it shows you the seismic lines that we're shooting, we're probably about two thirds of the way through at this point. And again, it's 8.5 million acres, 6 million in Namibia. There's sub basins developed. So it's really, you know, for us, we're really excited to be on the beginning of this journey to understand the Kavango. There's a lot of structuring that we can quite see in the wells, and it's tying in with the rift system. And we feel that there's a wealth of potential prospects that we'll find along here, plus the fact that we've already proven that we have hydrocarbons and potentially test a couple zones that are certainly worth testing in our first well.



## COMMITMENT TO ESG FROM THE START

- ☐ Carbon Neutral Target
  - Develop Carbon offset projects lock step with project development
  - Reforestation, offsets, emissions reductions
- ☐ \$10 million ESG Commitment
  - \$1 million donated for COVID relief efforts
  - Fresh water well drilling program for regional communities (20+ well program)
  - Educational, agricultural, wildlife and health & wellness focus
- ☐ Strategies to align with Namibian and Global policies
  - Namibia's Vision 2030, Harambee Prosperity Plan, NDP5
  - CDP (Carbon Disclosure Project), UN Global Compact, TCFD (Task Force on Climate-Related Financial Disclosure), SASB (Sustainability Accounting Standards Board), GRI (Global Reporting Initiatives) Sustainability Disclosures



Solar Powered Water Pumps



### Scot Evans 14:31

To get on our ESG commitment. Again, we're onshore This is a very intimate environment we work day to day with the people in the Kavango. You know, as a new company, we have a kind of interesting place in that we can start out carbon neutral, and as we go forward, really have an advantage position in terms of keeping that neutrality and we're already beginning to look at things like reforestation, if you ever fly into the Kavango, you can see the need to do that, you know, again, you know, no flare well tests, and then gas to power. So we have a lot of things that we can do, we've already made a \$10 million commitment to ESG, we've made a major commitment to fighting COVID, which had a late spike in Namibia. And then, being very, very intimate with the government and working hand in hand with the ministries on advancing ESG initiatives.

## ENVIRONMENTAL AND COMMUNITY ENGAGEMENT BEST PRACTICES

### Active Engagement with Local Communities

- Strong local hiring and training policy
- Safe drinking water well program - underway
- Actively supporting higher levels of education

### Strict adherence to regulations and environmental best practice

- No drilling in environmental sensitive areas, local ecosystems will be protected
- Working in concert with all relevant Government Ministries

### Environmental Consultation Process

- Comprehensive Stakeholder Consultation, Environmental Impact Assessments and Environmental Management Plans for all projects and activities
- Received drilling Environment Clearance Certificate in August 2019 and Seismic 2021



ReconAfrica's 1<sup>st</sup> Community Water Well

### **Scot Evans** 15:30

We have a lot of best practices that really start with engagement, you have to engage with the communities. And we've worked really closely to do that, stick clearly to the regulations and best practices, which we bring in from around the globe. And to make sure that we're consultative with everybody who's involved.

## RECONAFRICA CONCLUSIONS

- ❑ ReconAfrica holds 8.5 million acres - highly prospective Permian-aged basin
- ❑ Success with first two wells provides confirmation of a conventional petroleum system
- ❑ Supportive government, attractive fiscal terms, stable regulatory and political environment
- ❑ ~C\$60 million of cash
  - Fully funded multi well drilling program and 2D seismic programs in '21/'22
- ❑ Catalyst-rich near term
  - 1<sup>st</sup> well over 250 meters (820ft) of light oil and natural gas indicators/shows, NSAI report showing 198m of reservoir rock
  - 2<sup>nd</sup> well over 350 meters (1,148ft) of light oil and natural gas indicators/shows
  - Second phase drilling program in 2H 2021
  - Significant partnering potential in Q1 2022

### Scot Evans 15:49

So, conclusions. Hopefully I didn't talk too too fast. But I'm probably the only new yorker in a group. So I'm used to that. We hold a large acreage position in what we think is a newly discovered basin, we have essentially drilled a well that's opened the basin, drilled our second wells with similar results. We have a supportive government, we're well positioned from a cash perspective. And we have a catalyst rich near-term environment, where we are shooting our seismic and prepare to start drilling again, late this year and into 2022. So I did it under 15 minutes. Very good.



**Gayle Meikle 16:37**

Bang on. Wow, I just watched that clock go down and he was just on the nail. Well done you. Thank you so much, Scott. And obviously wishing you all the best there as well. And what a privilege to work in Namibia. And you know, the Namibian government's Maggie Shino unfortunately couldn't be here today. But I know that she's watching online, alongside Namcor, who have supported the event as an online sponsor. So Namibia very much with us in spirit here and hi to Maggie Shinno and her team. We look forward to seeing you in 2022.