

# 20211109 – Presentation Craig Steinke

## Africa Oil Week Dubai (AOW)

### Unofficial transcript

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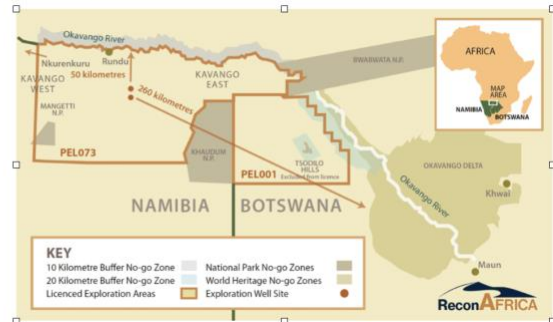
**Craig Steinke** 00:22

Good afternoon. My name is Craig Steinke. I'm the founder of ReconAfrica. As I'm here today to provide you with a brief overview of ReconAfrica's operations in Namibia, and then focus in on our ESG program. So start with the [inaudible] forward looking statements and risk factors.

## KAVANGO BASIN: ONE OF THE LARGEST UNDEVELOPED ONSHORE BASINS GLOBALLY

One Company has licenced the entire Kavango Basin - Namibia & Botswana - 8.5 million acres

- **First two wells discover an active petroleum system with reservoir quality rock**
    - 6-2 well confirmed 198m (650 ft) of net reservoir over five intervals encountering light oil and natural gas
    - 6-1 well preliminary results - 350m (1.148 ft) of oil and natural gas shows over seven potential zones
  - **450km 2D Seismic and Upcoming Multi-Well Drilling Program Key to Unlocking Commercial Potential of Entire Basin**
    - 2D Seismic Program successfully completed - undergoing interpretation
    - Second phase of multi-well drilling program early Q1 2022
  - **Stable governments, with competitive fiscal terms**
    - Licence contracts with exploration and production phases
    - Royalties: Namibia 5%, Botswana typically 3-10%
  - **Catalys-rich near term**
    - Seismic: Phase 1 data undergoing interpretation
    - Multi-Well Drilling Program: commencing early Q1 2022
- Key to commerciality*
- JV process in H1 2022 - good unsolicited interest



Slide 2: Author's impression of slide used

**Craig Steinke** 00:51

I'd like to start the presentation with providing you with a brief overview of how ReconAfrica actually discovered this new sedimentary basin that dates back to 2013., when myself and a good international technical team, we went around the world looking for undeveloped large-scale, onshore oil and gas conventional opportunities. But at the same time, we were looking for governments that were inviting industry to come and help them develop their indigenous sources of energy. That was very important to us.



**Craig Steinke 01:31**

So we're, it's big, long story, but the short story is that we wound up in Namibia, specifically Northeast Namibia. We just on a geological hunch, we just felt that there was an undiscovered overlooked sedimentary basin, or there could be one there. But when things really turned around for us was when we're at the Ministry of Mines and Energy in Namibia. They previously had done a very good piece of work, where they flown a tight grid, high quality aeromagnetic survey over the lands that we're interested in. And nobody had ever acquired that survey. And as a consequence, nobody had ever, never interpreted it. So, I bought it and we took it to Houston Earthfields Technologies in Houston that specialize in aeromagnetic surveys. And we had it interpreted, and the results came back, they were very profound. We had a 30,000 foot sedimentary basin that's covered by Kalahari sand, and that had been overlooked.

**Craig Steinke 02:34**

So I quickly entered into negotiations with the Namibian government. We offered them our work commitment to explore the Kavango Basin. 6.3 million acres of that. And then subsequently, we've gone on into the eastern expansion of the Kavango into Botswana and licensed another 2.2 million acres, so collectively 8.5 million acres.

**Craig Steinke 03:01**

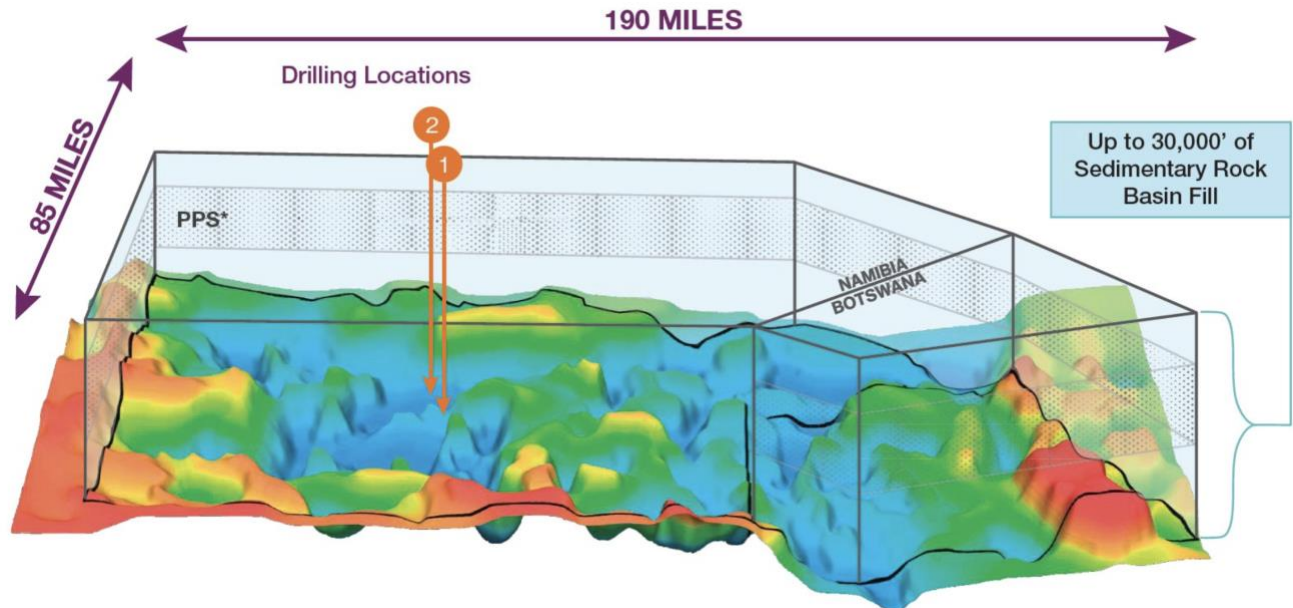
Now, we believe that the Kavango Basin is one of the largest undeveloped onshore basins in the world, where our first job, because there's no wells drilled in this basin yet, our first job was to drill a couple wells and prove that there is an actual working conventional petroleum system in this basin. And that was number one. So we did just that. In the first half of 2021. We drilled two wells, these two wells confirmed, there's an active petroleum system that actually exceeded our pre-drill expectations that light oil and high BTU gas. Fantastic. Then the next goal was to actually shoot some 2d seismic, a big grid of regional 2d seismic, the first one ever, conducted in this basin.

**Craig Steinke 03:49**

And we just completed that in October, the results are just becoming apparent, and so far, preliminary results look very good. Now, importantly, we're dealing with two stable governments, with competitive fiscal terms. They only offer licensed contracts, which is very important to us. And the licensed contracts are split into exploration phase and production phase, the very competitive royalties, five percent in Namibia, three to ten percent in Botswana.

**Craig Steinke 04:21**

So we've got some very interesting times coming up in the next three to six months. First of all, we're completing the interpretation of the 2d seismic program [inaudible], and that is going to allow us to put a second phase of drilling in Q1 2022. It's gonna allow us to now actually drilling to seismically defined traps, which is going to be key to commerciality. And then we'll also, simultaneous to that, we're looking at [inaudible] to enter into joint venture negotiations. We have a lot of land here, we have the whole basin under license, and we're looking for good partners to help us develop this basin and on behalf of both the Namibia and Botswana governments.



Slide 2: similar slide (using kilometres) used, included text: "Both wells 1 & 2 confirm an active petroleum system"

**Craig Steinke 05:07**

Now, here's a here's a look at a 3d rendition of the aeromagnetic survey. You can see that it's a rather large basin, 304 kilometers by 136, up to 30,000 feet deep, those dark blue areas are the depth centers, about 30,000 feet deep. So we've got a thick deep basin. And what we're seeing here is about five sub-basins within the overall greater Kavango Basin.

### BOARD OF DIRECTORS & OFFICERS

<p><b>Jay Park QC, Chairman of the Board and Director</b></p> <ul style="list-style-type: none"> <li>Leading international oil &amp; gas lawyer with experience in seventeen African countries.</li> <li>Former director of Casual Energy, acquired by Glencore in 2014 for US\$1.1 billion</li> </ul>	<p><b>Carlos Escribano CFO, Chartered Accountant</b></p> <ul style="list-style-type: none"> <li>Over 30 years' experience in senior level financial management in the resource sector, including leadership roles with Vancouver based precious metals producers operating in Latin America.</li> <li>Mr. Escribano is a Chartered Professional Accountant</li> </ul>
<p><b>Scott Evans CFO</b></p> <ul style="list-style-type: none"> <li>Scott Evans is an energy industry leader with a combined 35 years of experience with Exxon and Halliburton. In his last position, Mr. Evans served as Vice President of Halliburton's Integrated Asset Management and Technical Consulting organizations where he grew production from 20K to over 100K barrels of oil equivalent per day, creating the equivalent of a Mid-Cap upstream oil company. Expertise in new resource development.</li> </ul>	<p><b>Nick Steinsberger SVP, Drilling &amp; Completions</b></p> <ul style="list-style-type: none"> <li>Nick Steinsberger brings 32 years' experience in petroleum engineering, drilling and completions, production, and surface facilities to ReconAfrica. Nick began his career with Mitchell Energy in 1988 and helped turn the Barnett into the commercial gas play reaching peak production of 5.75 Billion Cubic Feet per day in 2012. Based on its success in the Barnett, Mitchell Energy was sold to Devon Energy for \$3.1 Billion in 2002.</li> </ul>
<p><b>Dr. James Granath Director, Structural Geologist</b></p> <ul style="list-style-type: none"> <li>Dr. Granath is a structural geologist with extensive knowledge in African petroleum exploration. His expertise lies in seismic interpretation and integration with structural analysis, fracture analysis, regional synthesis, and prospect and play evaluation. Dr. Granath spent 18 years with Conoco Inc. in research, international exploration, and new ventures. He has worked on projects in some 40 countries around the world.</li> </ul>	<p><b>Anna Tudele Corporate Secretary &amp; Chief Compliance Officer</b></p> <ul style="list-style-type: none"> <li>Over 30 years of experience working with public companies in the securities and corporate finance areas (Canada and USA)</li> <li>Former VP, Diversity, Regulatory Affairs and Corporate Secretary of Goldcorp Inc.</li> <li>Advisor to Board of Directors on Cross Culture issues and Governance matters including global governance of subsidiaries</li> </ul>
<p><b>Mark Gerlitz Director</b></p> <ul style="list-style-type: none"> <li>Mark Gerlitz is the Principal of Canadian-based Montelago Consulting providing advisory services to the International Energy Industry. Mr. Gerlitz has over 20 years experience advising States, national and international energy companies across the entire energy value chain. His expertise comprises numerous important areas, including: financing, strategic planning, mergers and acquisitions, joint ventures, partnerships, farm-ins and other business combinations, energy marketing sales, as well as environmental, social and governance matters.</li> </ul>	<p><b>Hon. Diana McQueen SVP, Corp Communications &amp; Stakeholder Relations</b></p> <ul style="list-style-type: none"> <li>Senior Policy advisor and business development manager in the fields of Energy, Environment, Regulatory, Indigenous Relations and Municipal issues</li> <li>Held various provincial cabinet positions including: Minister of Energy, Minister of Environment &amp; Water, Minister of Environment &amp; Sustainable Resource Development/Forestry and Climate Change, Minister of Municipal Affairs and Government House leader, and member of numerous committees</li> <li>Extensive energy and environmental public policy experience at regional, provincial and international levels</li> </ul>

### TECHNICAL TEAM

<p><b>Scott Evans CFO, Geologist</b></p> <ul style="list-style-type: none"> <li>Scott Evans is an energy industry leader with a combined 35 years of experience with Exxon and Halliburton. In his last position, Mr. Evans served as Vice President of Halliburton's Integrated Asset Management and Technical Consulting organizations where he grew production from 20K to over 100K barrels of oil equivalent per day, creating the equivalent of a Mid-Cap upstream oil company. Expertise in new resource development.</li> </ul>	<p><b>Nick Steinsberger SVP, Drilling &amp; Completions</b></p> <ul style="list-style-type: none"> <li>Nick Steinsberger brings 32 years' experience in petroleum engineering, drilling and completions, production, and surface facilities to ReconAfrica. Nick began his career with Mitchell Energy in 1988 and helped turn the Barnett into the commercial gas play reaching peak production of 5.75 Billion Cubic Feet per day in 2012. Based on its success in the Barnett, Mitchell Energy was sold to Devon Energy for \$3.1 Billion in 2002.</li> </ul>
<p><b>Daniel Jarvie Geochemist</b></p> <ul style="list-style-type: none"> <li>Mr. Daniel Jarvie is globally recognized as a leading analytical and interpretive organic geochemist, having evaluated petroleum systems around the World. Most notably, he completed the geochemical analysis for Mitchell Energy, in their development of the Barnett formation of the Fort Worth Basin, in Texas. In 2010, he was awarded "Next Energy's Most Influential People for the Petroleum Industry in the Next Decade."</li> </ul>	<p><b>Dr. James Granath Director, Structural Geologist</b></p> <ul style="list-style-type: none"> <li>Dr. Granath is a director of ReconAfrica and a member of the company's technical team. His expertise lies in seismic interpretation and integration with structural analysis, fracture analysis, regional synthesis, and prospect and play evaluation.</li> </ul>
<p><b>Bill Cathey Geophysicist</b></p> <ul style="list-style-type: none"> <li>Bill Cathey, President and Chief Geoscientist of Earthfield Technology, has over 25 years of potential fields interpretation experience. His clients include Chevron, ExxonMobil, ConocoPhillips and many other major and large independent oil and gas companies. Mr. Cathey performed the entire magnetic survey interpretation of the Kavango Basin for ReconAfrica. Mr. Cathey has served as the Chairman of the Potential Fields Group of the Geophysical Society of Houston, and has been a member of the SEG, AAPG, GSA and HGS.</li> </ul>	<p><b>Claire Preece ESG &amp; Corporate Communications</b></p> <ul style="list-style-type: none"> <li>Ms. Claire Preece has over 23 years experience and is well versed in Community and Environment Impact Assessments, environmental and socio-economic reporting, gender development and equity, strategy development, and stakeholder engagement in both private and not-for-profit sectors. Additionally, her work with Boards and Operations teams has allowed her to participate in strategy and planning all the way through to implementation, a valuable continuum of skills and abilities.</li> </ul>
<p><b>Dr. Aragar Warke Geologist</b></p> <ul style="list-style-type: none"> <li>Dr. Warke is a geologist with over 20 years of experience in various fields including regional mapping, geochemistry, hydro- and engineering geology, sedimentology and seismic stratigraphy. He joined the University of Namibia geology department in 2006, reviewed and designed several geology curricula, and headed the department from 2012 to 2015.</li> </ul>	<p><b>Shiraz Dhanani Advisory Committee</b></p> <ul style="list-style-type: none"> <li>Shiraz Dhanani's 40 years of experience with major oil companies, includes BP and ExxonMobil, and is concentrated in new country access with a strong focus in Africa. As Technical Director of BP in Libya, he played an integral role in negotiating a multi-billion dollar exploration and appraisal contract. He also commenced the world's largest seismic operation both onshore and offshore Libya, and initiated the extensive exploration drilling program to develop the assets for BP.</li> </ul>

Slide 3: similar slide used,



**Craig Steinke** 05:34

We've got a very eclectic, successful technical team, we don't have much time to introduce everybody to you today. But we are having a lunch Thursday at 12.30. If you would like to join, to delve into people behind this company, as well as we'll talk more about the license terms at that time.

## NAMIBIA AND BOTSWANA - TWO STABLE DEMOCRACIES

Low Country Risk - Strong Adherence to Rule of Law

### NAMIBIA

- Former German colony, independent from South-Africa since 1990
- Solid infrastructure, paved roads, railroad to port
- Vetted by the Majors, cooperative petroleum regime

### Licence Terms

- ReconAfrica holds 90% working interest in Petroleum Exploration Licence 73
  - NAMCOR (Namibia State Oil Company) holds 10% carry to commerciality
- Exploration Period
  - Exploration period continues to January 2023
    - Right to extend to January 2026
- 25-year Production Licence follows commercial discovery
  - Production licence extendable for 10 years
  - 5% royalty
  - 35% corporate income tax
  - Additional profits tax when after tax IRR > 15%

### BOTSWANA

- Africa's longest standing democracy
- Former UK colony, sovereign since 1966
- Fourth most attractive investment destination in Africa

### Licence Terms

- ReconAfrica holds a 100% working interest in Exploration Licence 001/2020
- Exploration Licence
  - Exploration period continues to June 2024
    - Right to extend to June 2034
- 25-year Production Licence follows commercial discovery
  - Production licence extendable for 20 years
  - Royalty 3 to 10% - subject to negotiation
  - 22% corporate income tax

Slide 4: author's impression of slide used

## COMPANY OWNED (JARVIE-1) DRILLING RIG

- **ReconAfrica** owns its own 1,000 HP drilling rig
- *Rig ownership expected to reduce drilling costs by 50% and provides flexibility*
- Rated to drill up to ~13,000 vertical feet
- 1<sup>st</sup> well completed April 2021
- 2<sup>nd</sup> well completed July 2021
- Second phase drilling program Q1 2022
- The right rig for the Kavango Basin. The rig is mobile and designed for drilling vertically into conventional formations.



Slide 5: similar slide used

### **Craig Steinke** 05:54

Now we've done something as a small exploration company, we've done something very unusual, we bought our own drilling rig. And the reason for that is, two years ago, when we were negotiating a potential drilling contract with international drilling contractors. And on top of the fact that there's a lot of rigs just laying around two years ago, so rigs were cheap, the cost was high of a drilling contractor. So we ran the economics and we decided that we could actually buy our own rig, send it over to Namibia, drill the first couple wells and hold the rig at the end of the day for 50% of the cost of a drilling contractor coming to do it. So we bought a rig, it's a conventional rig a 1,000 horsepower, drills down to about 15,000 feet. It drilled us the first two wells and now it's ready to go for the next drilling program.

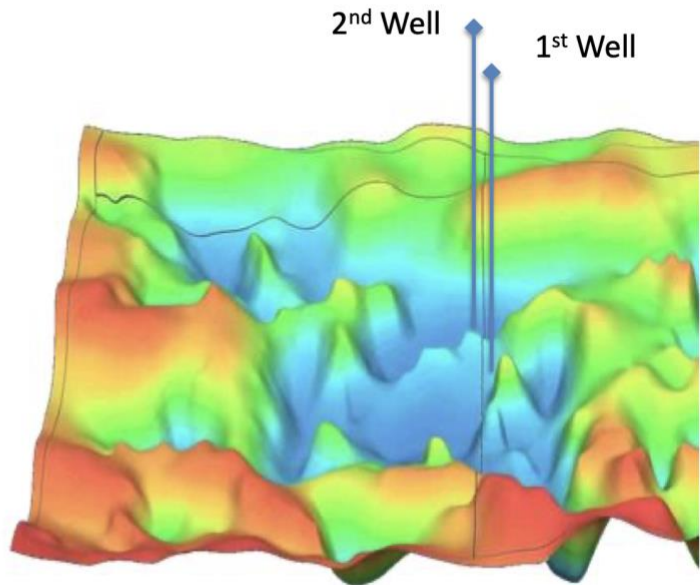
# FIRST SUB-BASIN: TWO WELLS DISCOVER A WORKING CONVENTIONAL PETROLEUM SYSTEM

## The 6-2 Well (First Well)

- Drilled to 2,294m (7,525ft)
  - Over 250m of well samples containing light oil with natural gas
  - Intervals penetrated included porous, permeable sediments
  - Sandstone and carbonate reservoir rocks

## 6-1 Well (Second Well):

- Drilled to 2,780m (9,121ft)
  - Over 350m (1,148ft) of oil/gas shows
  - Seven prospective zones



Slide 6: similar slide used

**Craig Steinke 06:52**

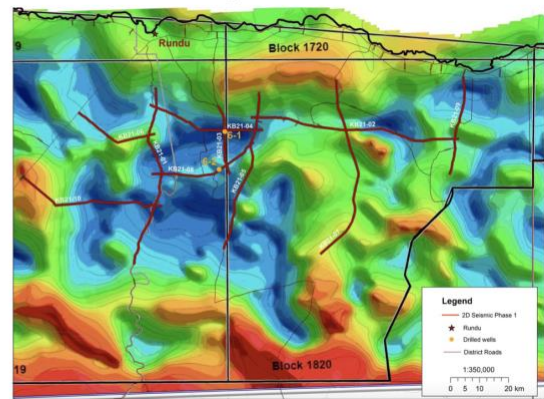
Let's just touch on the results of the first two wells quickly. The first well, we took it down to 7,500 feet, and through the mud logs and the fluid samples, we got light oil and high BTU gas, and again exceeded our pre-drill expectations. We nailed it on both wells

**Craig Steinke 07:09**

We drilled in five reservoir rocks, two of which we expect we can test. And these reservoir rocks are a combination of carbonates and clastics. Second well, similar results. We took them a little deeper down to 9,000 feet. And the cores are at Corelabs now in Houston, waiting for analysis.

## 2D Seismic Program Phase 1 Complete - 450 KM - phase 2 in H1 2022

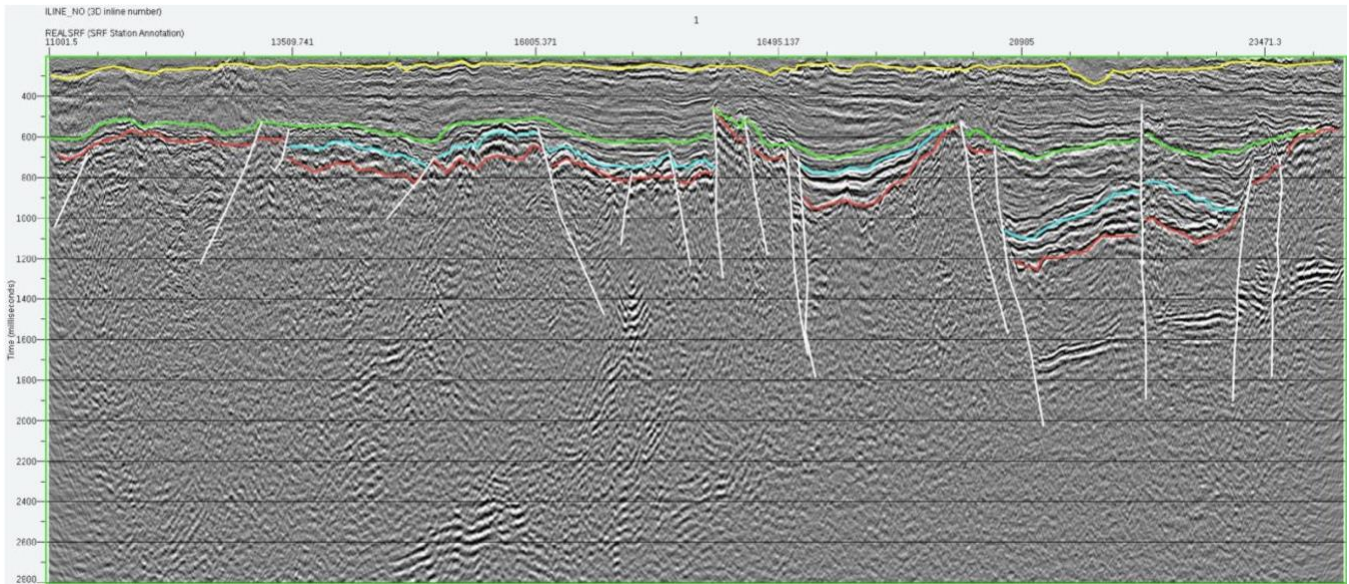
- Low intensity Polaris Explorer 860 seismic acquisition tractor
  - Designed for environmentally sensitive areas
- Low cost / high quality data / weight drop system / no shot holes
- 450km program completed mid-October on time and on-budget - excellent results
  - Processing and interpretation ongoing
  - Targeting seismically defined traps
- Data from the seismic will provide the basis for multi-well drilling program to commence early Q1 2022
- Data interpretation leads to third-party resource report
- Second phase of 2D seismic acquisition to start in H1 2022



Slide 7: author's impression of slide used

### Craig Steinke 07:32

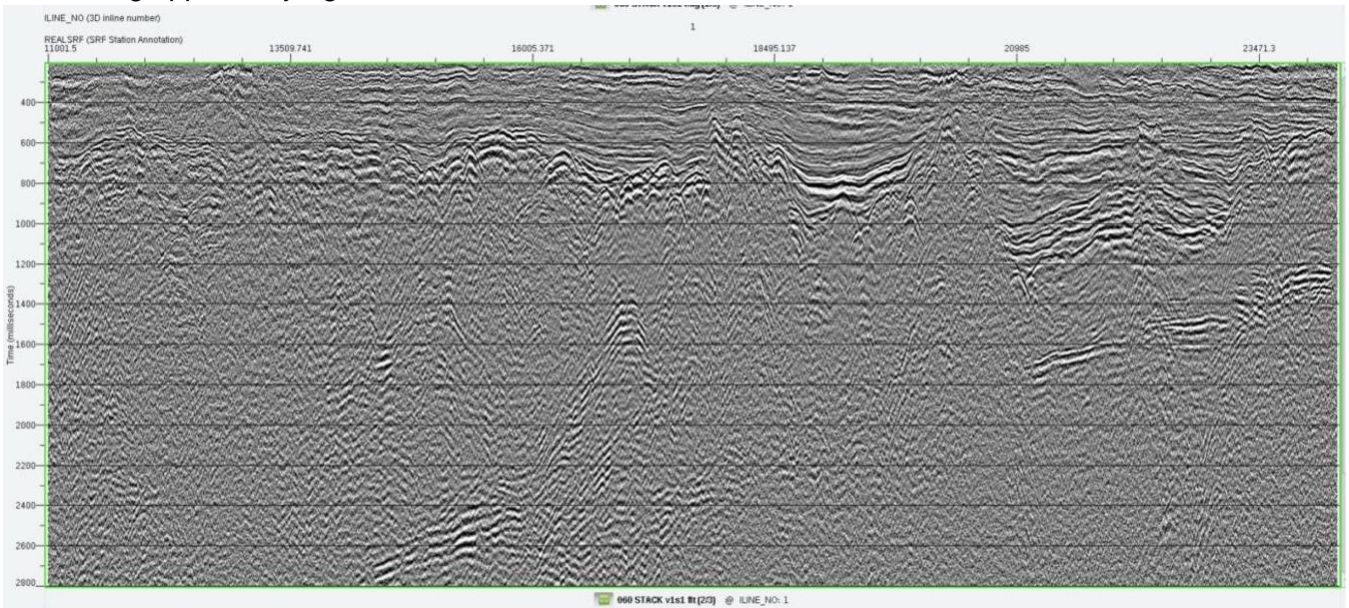
Now, in keeping with our original commitment to the Namibian government, and the Boswana government, we are committed to taking the best, environmentally most advanced technologies in Canada and the US and sharing them with both countries Namibia and Botswana. This is a good example of that. We've had a contract with Polaris, Canada's longest-standing geophysical company - based out of Calgary, Alberta. We contracted them to do the geophysics, to make the acquisition. And we're using their Explorer 860, there's three of them, and these Explore 860 are actually a result of a joint-venture between Polaris and Apache back in 2005 for a environmentally sensitive area in Northeast British Columbia, called Zama. And it's some of the lightest, most unobtrusive seismic acquisition equipment in the world. You can see it on the right hand side. It's nothing more than a Mercedes Benz tractor, it's two meters wide, retrofitted with a weight drop system, a thumper, very benign, very unobtrusive. And all that equipment is still in Namibia, for the second phase of the seismic, which we're shooting in the first half of 2022.



Slide 8: similar slide used

**Craig Steinke 08:53**

But here's some results of the seismic, you can see that this is a 66 Kilometer line. It's a North-South Line, positioned almost in the middle of the basin. You can see we've got a lot of faulting, but not too much breakup. And giving rise to a lot of structures and some stratigraphic traps. You can see on the right hand side, that Graben with the big anticline in the middle is essentially 14 Kilometres long, so that's a big opportunity right there.



Slide 9: similar slide used

**Craig Steinke 10:01**

Here is here's a clean version of that line for the more discerning eye.



**Craig Steinke** 10:14

And the next slide, provides information and how we're going to monetize the hydrocarbons. But we don't have time to spend on that today. We're going to talk more about that over lunch on Thursday.



### ESG Highlights - Initial C\$10M Commitment

- Kavango region second most populated region in Namibia yet the poorest >40% unemployment
- Exploration Phase: 4 ways we are positively affecting the region
  - Local Employment
    - Over 350 Namibians have been employed
  - Education, Health & Wellness
    - N\$ 20 (C\$1.35) million donated to COVID relief efforts
    - Supporting higher levels of education - Grade 8 through University
  - Wildlife Conservation
    - Poverty and poaching have decimated wildlife in the Kavango Regions
  - Access to fresh water
    - Drilled and donated 14 solar-powered water wells of 22 planned (phase 1)

Slide 10: author's impression of slide used

**Craig Steinke** 10:31

So what I'd like to talk to about now is our ESG program. We're just in the exploration phase right now. We're talking to a lot of Canadian companies with advanced technologies, who will help guide us to carbon neutrality once we start developing the basin, but that's going to be started, that's a little bit down the road. What I want to talk to you about today, is what we're doing now in the exploration phase to benefit the community that we operate in. So we've started by committing \$10 million to the region, which represents about 15% of our cash on hand. And those funds are largely focused on the people in the Kavango region. And they are the people who need it the most. So it's important to know that the Kavango region is the second most populated region in all of Namibia, but yet, it's reported that unemployment goes over 40%, particularly now with COVID. It's a real problem. So first of all, we're focused on employing local Namibian, in the Kavango region. And if we can't find the skill set there, that's when we reach out further into Namibia. But all of our employees within ReconEnergy Namibia are Namibians. That's a real focus. And then we're also working with both governments and local governors of East and West Kavango, to help them achieve their goals of higher education for the kids. We're setting up a structure right now where it will help finance kids moving from grade eight all the way to university. And we've also just donated \$1.35 million Canadian to a COVID Relief Program. Namibia has been hit hard by COVID. And they can use our support.

**Craig Steinke** 12:28

Now with regards to wildlife in the region. There's a misconception from people who've never been to this region, that it's abundant with wildlife. But when you get on the ground, we soon realized that it's



just not the case. First of all, this is the Kalahari Desert, this is rough country. And then furthermore, the rural areas have experienced generational poverty. And so as a result, [inaudible] is high on the list of families' priorities, that should be no surprise. And that coupled with the illegal sale of animal parts, aka poaching, the two of them together pretty much decimated the wildlife in this Kavango region. So what we've done initially while we're in this exploration phase, is we have hired a Namibian, a former park ranger, Francois, and he's assembled a wildlife survey team and they are in the field now to establish what wildlife remains in the Kavango. Now, should we go on to develop this basin, that's when we feel that ReconAfrica, can be a major contributor to bring the wildlife back.

**Craig Steinke 13:39**

We're actually now engaged a very interesting Canadian company that has very sophisticated drone technology, some ex-military guys. They can spot, with a drone, they can spot a chicken, or a bunny, three kilometres away. So that's good, we feel it's gonna be very, very useful in our wildlife monitoring, and also to preempt poaching. And so that's something we're very excited about.

**Craig Steinke 14:09**

But the most glaring problem in our view in the Kavango region is the lack of access to fresh water for the rural people. There is a prolific freshwater aquifer running through the entire Kavango region, 80 to 160 meters below the surface. But the rural people just don't have the financial wherewithal to drill these water wells. They're about 40,000 USD to drill, complete solar powered water wells. So we recognized this problem about a year ago, and we drilled the first ReconAfrica community water well, which we made it before Christmas, which resonated really really well, so a consultant, they got together with the local water authorities, the national government and the local governments and put a comprehensive community water management program together. So now we've been permitted 22 water wells, we now have 14, and we'll build another eight, and we're in the first phase, all solar powered community water wells. And if we want to commercialize this basin, we're going to be drilling a lot more water wells, [inaudible]. So that's just a description of how ReconAfrica is benefiting the local community while we're just more in this embryonic exploration stage in the Kavango region.

**Craig Steinke 15:39**

So in summary, the Kavango Basin is one of the largest onshore undeveloped basins globally. We enjoy strong government support, traditional authorities support. We're dealing with stable governments and our exploration program is fully funded. We've got some short term catalysts coming up, particularly the seismic interpretation confirms that there's a new rift basin here. And it's very target rich environment as you can see from the seismic. And that's setting up seismically defined multi-well drilling program, that we're embarking on in Q1 and simultaneous to that we're going to be in a position to enter joint-venture negotiations.

**Craig Steinke 16:26**

So that's the ReconAfrica story, thank you very much

16:36

thank you very much, Craig.