



20211111 – Five-minute Farmout pitch Craig Steinke Africa Oil Week Dubai (AOW) Unofficial transcript

SUMMARY KEYWORDS

basin, drilling, namibia, program, embarked, q1, traps, wells, seismic, encountered, largest, stage, globally, geophysical, operate, seismically, survey, importantly, botswana, unique characteristic

SPEAKERS

Moderator, Operator, Craig Steinke

Moderator 00:00

From ReconAfrica, Craig, you're going to present a farmout opportunity in the Okavango basin.

Craig Steinke 00:07

Thank you.

Operator 00:07

Craig, you have five minutes.

Craig Steinke 00:13

So the Kavango Basin is a newly discovered rift basin. We believe that the Kavango is one of the world's largest undeveloped onshore basins globally. What a unique characteristic of the Kavango is, that one little company holds the rights to the entire sedimentary basin, about 8.5 million acres, and of that which is about 6.3 million in Namibia and 2.2 million in Botswana. Given the fact that we, how we discovered this basin was through an aeromagnetic survey, we needed to drill some wells initially to establish whether there was a working conventional petroleum system. That was number one. So we did just that, in early, the first half of 2021. We bought our own rig, we took it to Namibia, we drilled two wells, and we encountered light oil and high BTU natural gas. And the second operation was to shoot a 450 Kilometer 2d seismic program across the basin, those results have just come in mid October. We're very happy with those results. And now we're dealing with two stable governments that offer competitive fiscal terms by way of license contracts, and royalties in Namibia are 5%, in Botswana, 3 to 10%, so it's very competitive. Just clicking forward here. Let's have a look at the aeromag survey. This is a 3d rendition of the aeromag survey, you can see we've got a rather large basin. The dark blue are depth centers that take us down to about 30,000 feet. So we've got a deep basin, and we're seeing about five sub basins within the overall greater Kavango Basin. Now, Schlumberger has run all of our



logs. The first one is the logs on the first well being drilled into five reservoir intervals, three of which are clastics, two are carbonates, you can see we encountered, on the picture on the left, light oil. And the porosities range between 8 and 25%. Now this is a unprocessed line that just came in, you can see that this is, there's a good amount of faulting here and not too much, but just enough to give rise to some structural and stratigraphic traps. On the right hand side, you can see a big graben there. That's about 14 kilometers wide with a big anticline in it. Nice feature. But importantly, this proves our geological premises from day one that this is a rift basin. The Kavango Basin is a rift basin. It is separate from the Owambo Basin, which is to the West of us. There's a clean line for the more discerning geophysical eye. Now with regards to our ever important social licence to operate, we've committed in this exploration phase, this embryonic stage that we're in, \$10 million Canadian, to benefit largely the local region in the Kavango. It's by far, well, it's important to know that the Kavango region's the second most populated area in all of Namibia. But it's by far the poorest, where unemployment reaches over 40%, particularly now with COVID. And so we're focusing on four areas that will benefit the community that we operate in, in this embryo stage here that we're in the exploration stage. One is obviously employment. We've now employed 350 Local Namibians. We're working with the governors of East and West Kavango to help them achieve their goals, one of which is higher education for students, typically, or specifically from eighth grade into university, and that we've also contributed \$1.35 million for COVID relief, because they badly need it. And we have a wildlife conservation program that we're embarking on that will grow as we evolve. And, one of the big problems in the areas is lack of access to fresh water for the rural people. And so we've embarked on a program with the local government and the national government to start drilling community water wells. We've drilled 14 Solar powered community water wells already. We're going to drill another eight and that's just in the first phase.

Craig Steinke 04:55

So in summary, we believe the Kavango Basin is one of the largest onshore undeveloped basins globally. We're dealing with strong governance. We've got support from the local level and the national level to develop this basin, and they offer very competitive fiscal terms. Our exploration program in 2022 is fully funded. Importantly, the seismic interpretation confirms that this is a rift basin, which provides a target rich drilling environment. And the seismic is setting up a new drilling program, scheduled for Q1 2022. We're about now actually drilling into seismically defined traps. So we've simultaneous with that, we're going to open up a data room, Q1 2022. We've got a big new basin here, and we've got a lot of land and we're looking for a few good partners.