



2021 – ReconAfrica’s Year in Review

Exploring the Potential of New Sustainable Resource Development Opportunities in Namibia

ReconAfrica in partnership with NAMCOR, the state owned oil company, is working with the Namibian government, to explore oil and gas potential in the Kavango Sedimentary Basin – potentially one of the largest undeveloped onshore basins in the world.

ReconAfrica is using proven, safe and effective technologies and applying rigorous safety and environmental protection standards in all aspects of our operations. This means we are protecting wildlife, land, aquifers and watercourses by implementing best practices in drilling, well casing, drilling fluid systems and safety. The company also remains compliant with all laws regulating petroleum activities in the Republic of Namibia.

A Timeline of Our Key Milestones

- 2015 – ReconAfrica receives Petroleum Exploration License No. 73, covering both the Kawe and Mbambi stratigraphic well drilling sites
- January 2021 – ReconAfrica brings company-owned drilling rig to Namibia
- April 2021 – ReconAfrica completes drilling of first stratigraphic well
- July 2021 – ReconAfrica completes drilling of second stratigraphic well
- October 2021 – ReconAfrica completes first low-impact 2D seismic campaign

Petroleum Exploration License:

To date, ReconAfrica through its Namibian subsidiary, Reconnaissance Energy Namibia Pty Ltd, is the holder of Petroleum Exploration License No. 73, issued in 2015 under Section 34 of the Petroleum (Exploration and Production) Act 2 of 1991, covering both the Kawe and Mbambi stratigraphic well drilling sites. In terms of Section 29 (1) of this Act, the company has the exclusive right to conduct exploration activities in the PEL 73 license area, subject to the terms and conditions of the PEL No. 73.

Our Work in 2021

Exploratory Drilling

ReconAfrica successfully drilled two stratigraphic wells, which confirmed the presence of a working, conventional petroleum system in the Kavango Sedimentary Basin. The presence of hydrocarbons and conventional reservoir rocks has been confirmed by objective third parties. Their analysis and report is available on the ReconAfrica website.

A stratigraphic test well is drilled with the purpose of gathering information in connection with the subsurface geology and other factors without an intention to produce oil or gas from such a well.

The test wells are not drilled near migratory routes nor any other area that would adversely impact wildlife. Our first drilling site (Kawe) is located approximately 40 km from the boundary of the Khaudum National Park; 55 km southeast of Rundu; 50 km south of the Kavango River; and about 260 km from the Okavango Delta in Botswana. Our second drilling site (Mbambi) is 16 km north of the first site.

When drilling, ReconAfrica protects each well, using steel casing (pipes) which are encased in cement. The multiple layers of cement and steel casing provides the structural integrity necessary to prevent fluids from escaping the well.

When a well is drilled, drilling fluid is used to cool the drill bit and carry the rock cuttings to the surface. ReconAfrica uses a 100% organic, water-based drilling fluid system that minimizes environmental impacts. This system incorporates the latest biodegradable water-based technologies for safe drilling and surface/subsurface environmental protection. Once drilling is complete, the remaining fluid can be recycled or used as a soil enhancement/fertiliser for agriculture.

Seismic

In July, ReconAfrica launched a low-impact, 2D seismic survey to build upon the findings of our drilling program. The data quality of this first survey exceeded expectations. The results confirm the company’s geological concepts for the Kavango Sedimentary Basin and will inform planned additional seismic acquisition and well drilling in 2022.

Seismic data is used globally to provide a clear picture of the geology under the Earth’s surface. Over the years, seismic data has proven to be an invaluable geological assessment tool for government, scientists and industry, including in applications related to oil and gas exploration. ReconAfrica has initiated and completed a technically advanced and environmentally responsible 2D low-impact seismic program, using technology developed by Polaris, Canada’s oldest and most experienced seismic company and a recognized world-leader in low-impact seismic surveys.

The system uses smaller equipment, flexible lines to avoid trees and critical habitat, and portable support operations to reduce the need for heavy equipment and minimize vehicle access requirements.

ReconAfrica’s low-impact seismic program has been designed specifically with wildlife corridors in mind. The tractor we use operates at an idle, minimizing sound disturbance, and the 2D seismic tools operate at a low frequency, designed to not interfere with wildlife communications.

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Protecting the Water

ReconAfrica’s water-management plan includes groundwater assessments, hydro census, monitoring, and mitigation. We are working collaboratively with representatives from the Ministry of Agriculture, Water and Land Reform (MAWLR), NamWater, Regional Authorities, Traditional Authorities and other experts and interested stakeholders to protect Namibia’s water.

Our water-management program has three key objectives: aquifer protection; surface water and drainage management; and sustained protection of project no-go zones.

ReconAfrica has conducted comprehensive Environmental Impact Assessments and additional studies to understand the socio-economic, environmental and other technical aspects assisting with their ongoing water management program and, in particular, for the protection of the integrity of the region’s aquifers and surface water.

ReconAfrica Environmental, Social and Governance (ESG)
ReconAfrica is taking steps to address ESG-related issues and will continuously build and enhance our approach as the business grows.
Our ESG goals include:

- To implement regulatory compliance and include regulatory bodies in a proactive manner
- To engage openly with stakeholders and work collaboratively to address and manage community impacts
- To protect the environment, land, water and wildlife
- To implement a carbon-neutral program to support the Net Zero goals of Namibia and Botswana
- To enhance the livelihoods of the people of Namibia and Botswana and create socio-economic opportunities
- To support positive environmental, economic and social outcomes for Namibians and Botswanans

ESG in Action: Our Efforts to Date

- ReconAfrica has committed N\$112 million toward ESG initiatives in Namibia, in particular, in the Kavango East and Kavango West regions.
- We have drilled and donated 14 water wells to the community, out of a planned 22, with each water well costing between N\$500,000 and N\$600,000 each for drilling and installation
- The company has also supported the Ministry of Health and Social Service’s COVID-19 response, with a donation of N\$15 million to fund:
- Proactive roll-out of vaccination campaigns in the hard-to-reach and remote villages and settlements in Kavango East and Kavango West, targeting especially the hard-to-reach communities.
- In the first month, the campaign has recorded 2 834 first doses and 794 second doses. Fifty-two of the 81 planned villages have been covered to date.
- Oxygen provision and mortuary services support
- An ongoing wildlife survey and monitoring program, working in collaboration with the Conservancies and wildlife technical specialists to gather data and support the Namibian government’s wildlife objectives
- Establishment of programs, led by our Community Liaison Officers and Community Engagement teams, to ensure ongoing engagement and communication, in local languages, with impacted and interested stakeholders, Traditional Authorities, Conservancies, Communities and other interest groups
- ReconAfrica has conducted more than 300 community engagement sessions related to our drilling and 2D seismic programs to share information and track stakeholder feedback
- Community Outreach projects for Agriculture, Health & Wellness and Education
- Collaboration with the Governors of Kavango East and Kavango West to support their educational grant programs

Encouraging Words of Support for ReconAfrica

“Everyone is happy with the way ReconAfrica is doing the exploration. This is what we want – the liberation struggle is gone, it is now time for economic freedom. We want exploration, to know what is under the ground.”

• Hompa Eugene Siwombe, Chair of the Kavango Traditional Authority Committee.

“We are onboard with ReconAfrica because ReconAfrica is here to stay.”

• Honourable Maghambayi, Chairperson of the Kavango East Regional Council’s Management Committee



Thank you Kavango East, Kavango West and Namibia

A Year-End Message from our CEO

For most of the world, 2021 has been one of the most difficult years in generations, with economic and environmental challenges only worsened by the relentless resurgences of COVID-19.

In Namibia, the hardship brought on by COVID-19 has been particularly severe. But the country has shown remarkable resilience and continues to move forward despite the losses and ravages created by the pandemic.

Economic development may have been delayed at times in 2021, but it was not deterred. ReconAfrica has been working diligently this year in collaboration with the governments, authorities and people of Namibia to explore some positive opportunities that we hope will soon bring new-found prosperity and promise to the country.

With Petroleum Exploration Licenses granted by the governments of Namibia and Botswana, ReconAfrica, in partnership with NAMCOR, has set out to explore and confirm the oil-and-gas potential of the Kavango Sedimentary Basin.

Our oil and gas exploration program in Kavango East and Kavango West began in earnest in January, with the drilling of our first stratigraphic well. Since then, we have drilled a second well, with the two drilling programs confirming the presence of a working conventional petroleum system. We have also conducted a 2D seismic program, designed to build upon the promising findings of our stratigraphic drilling initiatives. All of these activities were preceded by comprehensive Environmental Impact Assessments, which led to the government issue of Environmental Clearance Certificates for our work.

It is an honour to be operating in Namibia through our Namibian subsidiary Reconnaissance Energy Namibia (REN), which is now staffed and managed exclusively by Namibians. To date, REN has employed more than 400 Namibian residents.

We take pride in the work we have completed to date, all conducted in compliance with the laws and regulations of the Republic of Namibia and in accordance with the highest standards of sustainable economic and social development and environmental protection.

Namibia should be proud of the fiscal regime and regulatory framework it has established to promote and ensure responsible oil and gas exploration, both onshore and offshore.

On behalf of the ReconAfrica and REN teams, I would like to thank the many Namibians who have welcomed us to the country and supported our exploration program. In particular, thank you to: the Government of the Republic of Namibia; the community members of Kawe and Mbambi; the Traditional Authority leaders of the Shambyu, Dciriku, Mbunza, Uukwangani and Hambukushu Royal Houses; the Governors of Kavango East and Kavango West, Honourable Bonifatius Wakudumo and Honourable Sirkka Ausiku; and the Regional Council and Regional Council Management Committee members of Kavango East and Kavango West.

As we put the final touches on what has been a very busy 2021 and prepare to spend time with our families, we also look forward to 2022, when we plan to take the next steps in our exploratory program, which will include a multi-well drilling campaign and a second seismic survey.

I wish you all a Merry Christmas and a healthy, safe and prosperous 2022.

**Scot Evans, CEO
ReconAfrica**

