



A LUNDIN GROUP COMPANY

SOUTH AFRICA BLOCK 2B

2018 AFRICA OIL WEEK

PROSPECT FORUM



SOUTH AFRICA - BLOCK 2B

ATTRACTIVE LOCATION / FISCAL TERMS

Active Players



Fiscal Terms

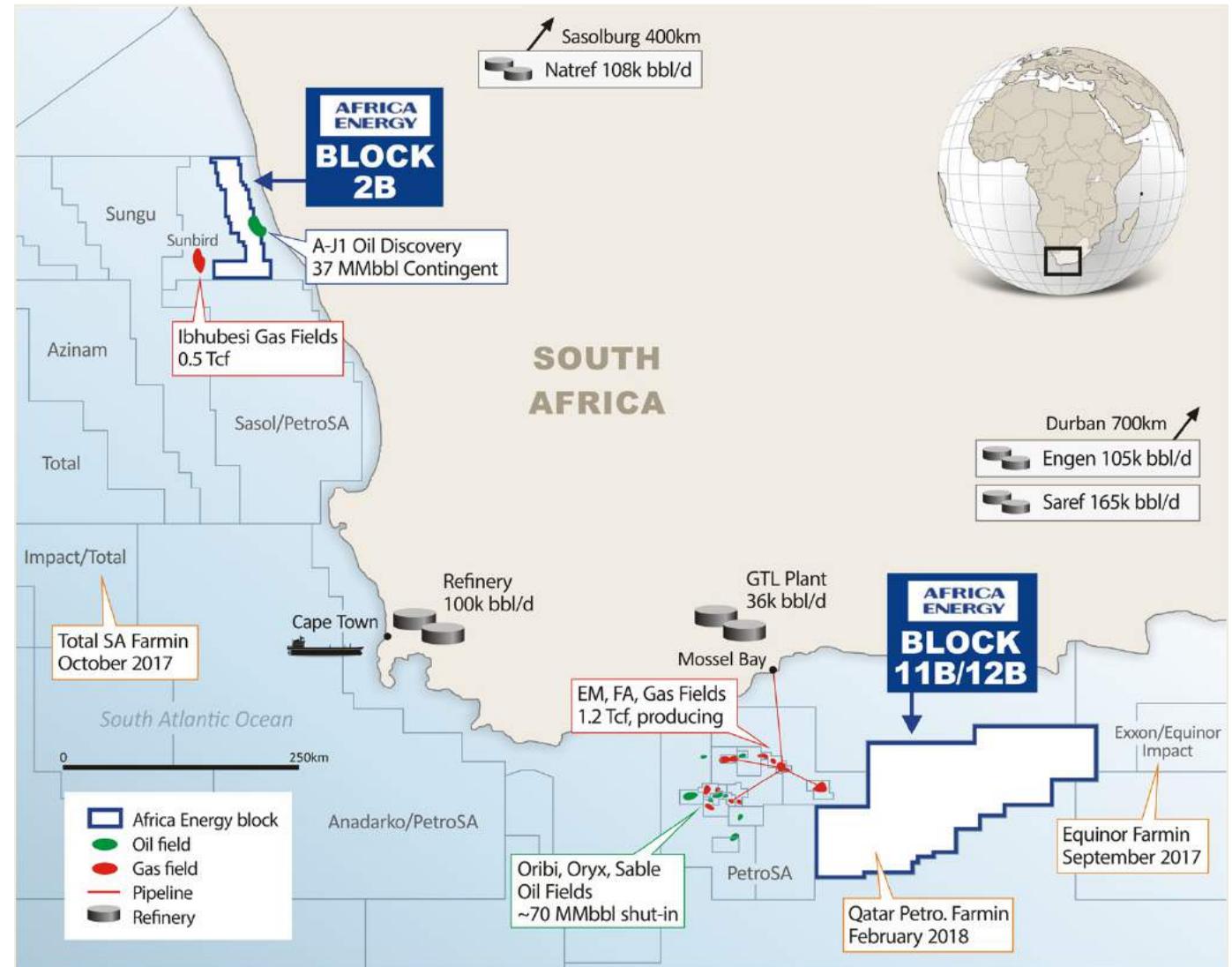
State Take < 30%



- Royalty: 0.5-5%
- Income Tax: 28%
- Tax benefit from cost uplift
- After Tax Profit
- Tax Deductible Costs:
Including cost uplift,
200% of exploration and appraisal,
150% of capex and 100% of opex

State and Black Economic Empowerment (BEE) Participation:

- 10% State back-in rights / 10% BEE participation rights



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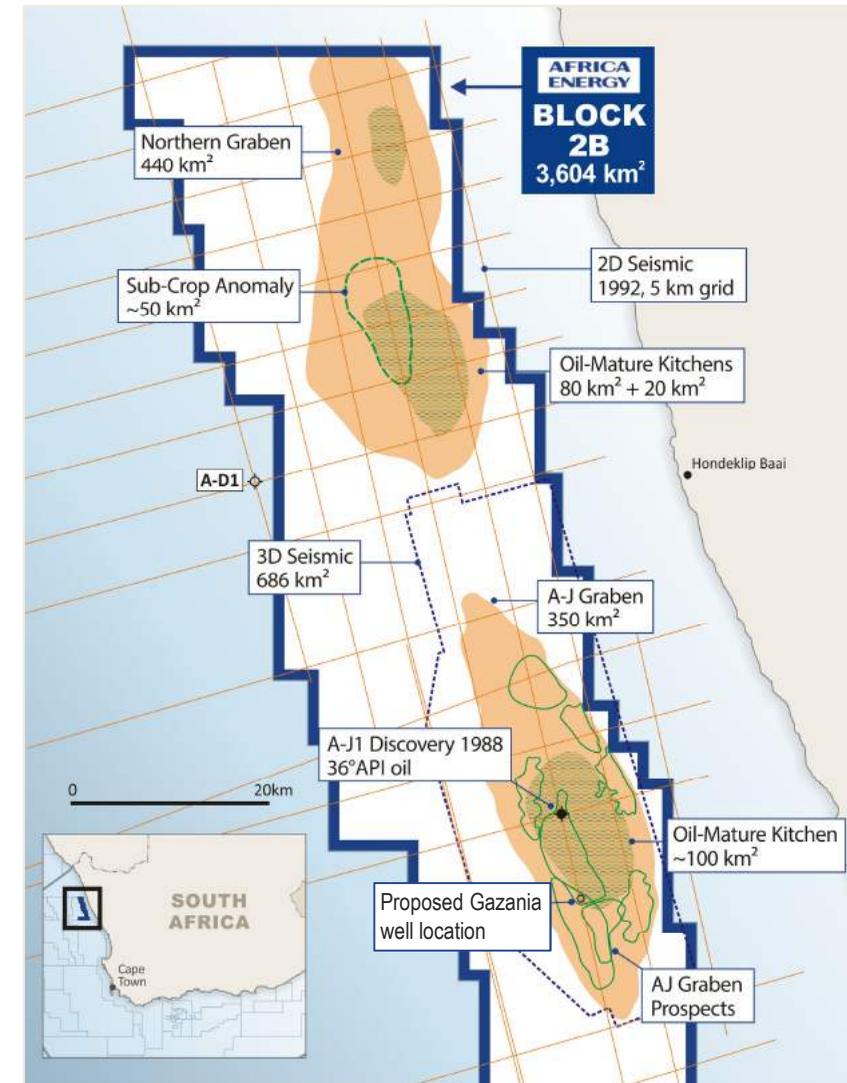
PROVEN OIL BASIN

- A-J1 oil discovery from 1988 flowed high-quality oil to surface (36° API)
- Analogous to Lokichar Basin (Kenya) and Albertine Graben (Uganda)
- Near-term low-risk exploration well planned up-dip (~\$19 MM)
- Best Estimate Prospective Resources of over 600 MMbbl for A-J1 Graben⁽¹⁾ with additional upside in Northern Graben

Asset Summary	
AEC participating interest	90% (operator)
Partners	Crown Energy AB (10%)
Basin	Orange Basin
First well	Gazania-1
Planned spud date	2H 2019
Water depth	150 m
First well prospect size	349 MMbbl ⁽¹⁾
Play type	Rift basin
Min. commercial field size	< 50 MMbbl at \$60/bbl ⁽²⁾
Work program to date	686 km ² of 3D seismic
Past costs to date	\$14 MM

⁽¹⁾ Best Estimate Prospective Resources - 200 MMbbl have been subject to resource assessment by qualified third party resource auditor.

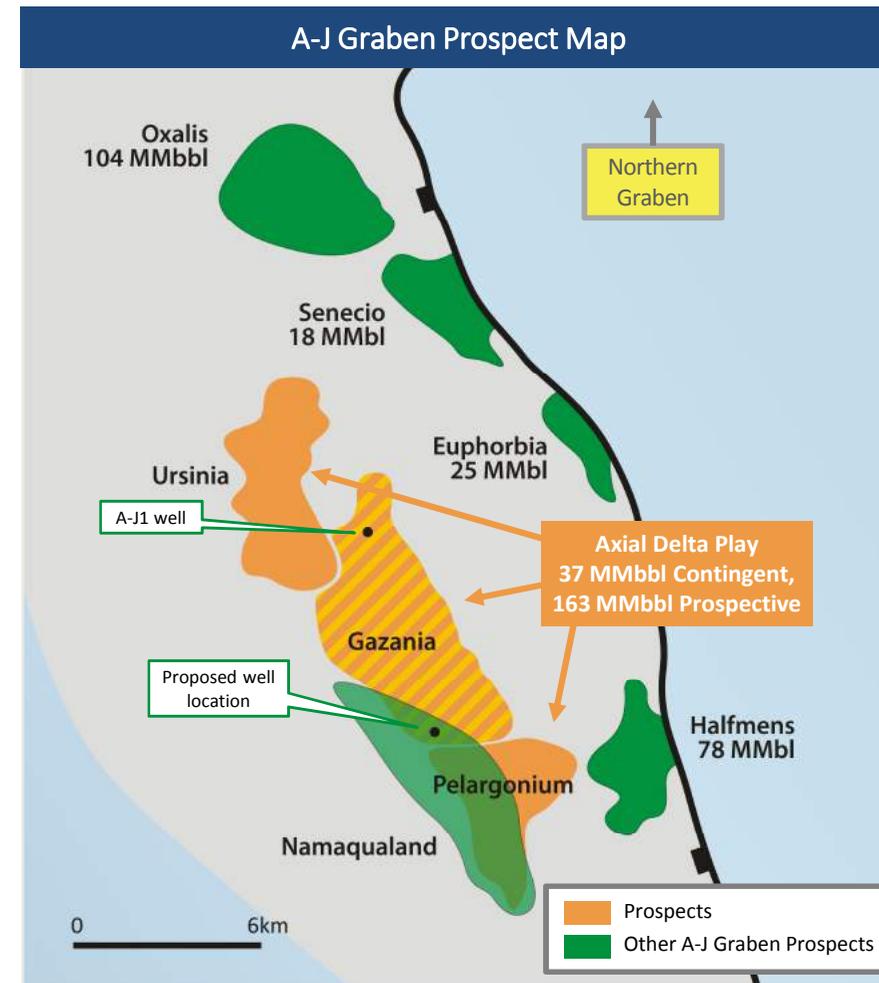
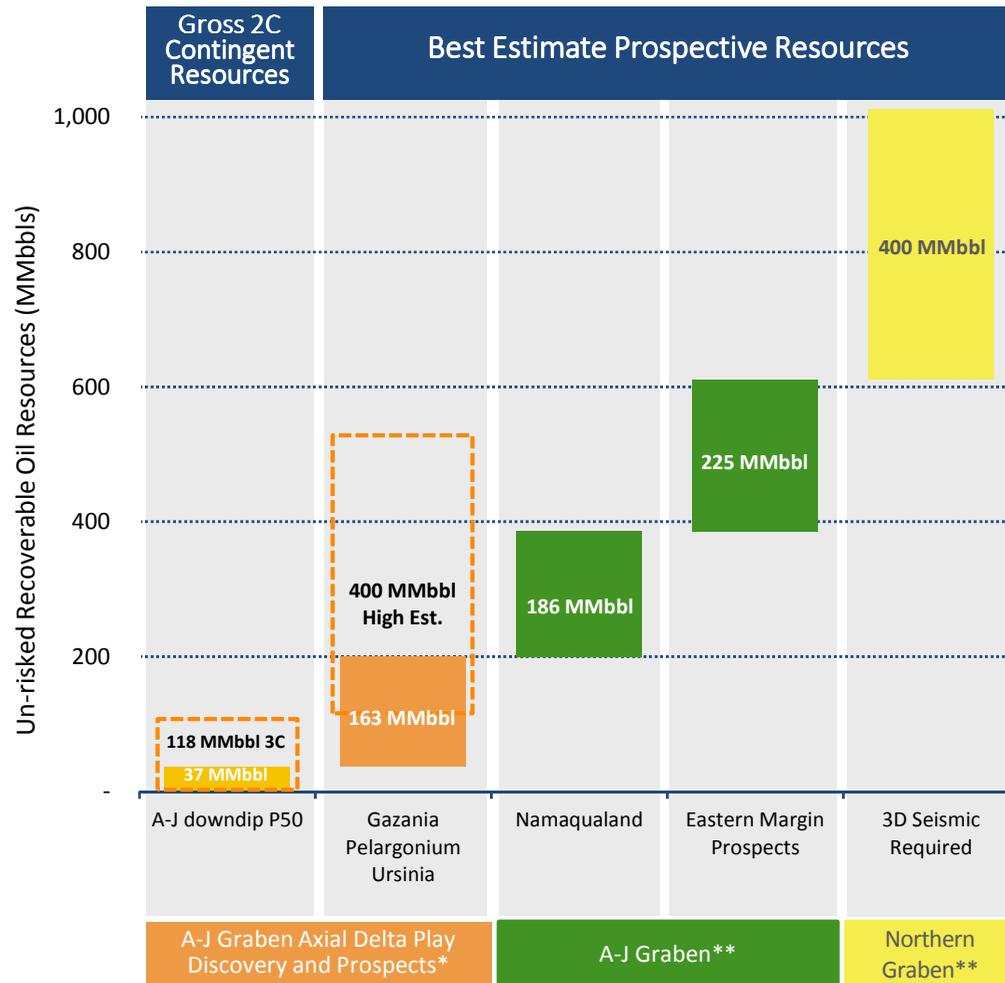
⁽²⁾ Company estimate.





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A-J GRABEN CONTINGENT & PROSPECTIVE RESOURCES

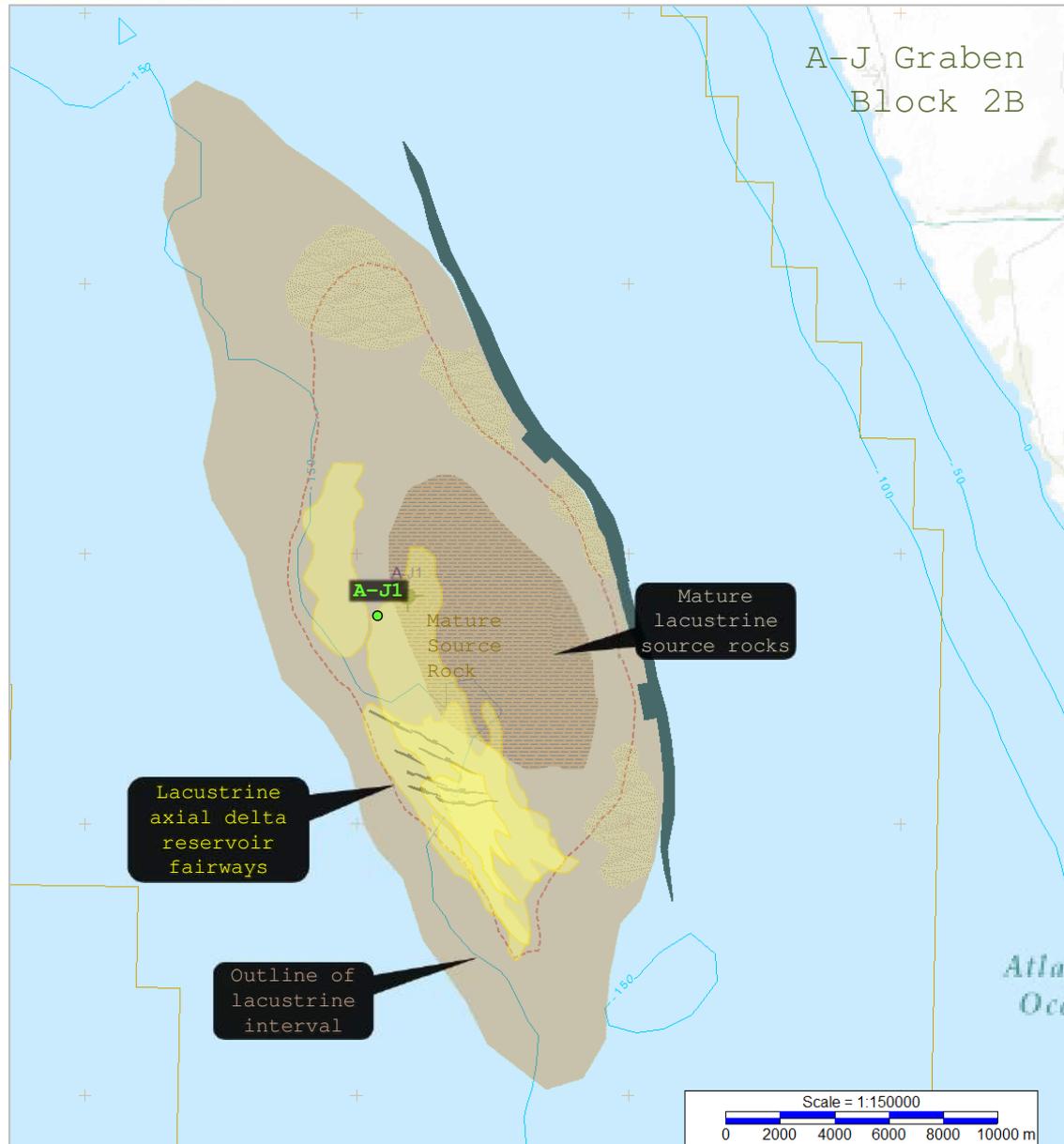


* These volumes have been subject to a resource assessment by a qualified third party resource auditor. These volumes have been disclosed as an arithmetic sum of multiple estimates of contingent and prospective resource, which statistical principles indicate may be misleading as to volumes that may actually be recovered. Readers should give attention to the estimates of individual classes of resources and appreciate the differing probabilities of recovery associated with each class as disclosed in Schedule A of the Company's Annual Information Form filed on Sedar April 23, 2018. All of the Contingent Resources are classified as Development Unclassified.

** These volumes are Company estimates and have not been subject to assessment by a qualified third party resource auditor.

SOUTH AFRICA - BLOCK 2B

PETROLEUM SYSTEM OVERVIEW



The A-J Basin is part of a set of syn-rift half-graben, formed during the initial Gondwana breakup (± 126 Ma). It is one of several such rifts along the *Inner Graben Trend*, where conditions for the development of oil-prone lacustrine source rocks and siliciclastic reservoirs were favorable.

SOURCE:

- **Algal rich lacustrine** source rocks were intersected at A-J1 over a 350m interval.
- Average **TOCs are ~3% (max 5.5%)** in the Lacustrine interval.
- Tmax values indicate that the section is **marginally mature to mature**.
- A-J1 oil has a more **mature signature**, oil is charged from **more mature lateral equivalent**

RESERVOIRS

- **120m of net sandstone reservoirs** were intersected in A-J1 interbedded with Source Rock
- **Porosities between 8 - 15% and permeabilities between 1 - 435mD**.
- They are buried beneath **3km** of overburden at A-J1.
- **Improved poro-perms can be expected up-dip** of A-J1 were the overburden is only 2500m, and the depositional environment more proximal.

TRAP

- Stratigraphic trap **proven** at A-J1
- **Larger fault and sub-crop traps** imaged directly up-dip of A-J1

SEAL

- The interbedded lacustrine shales are the main seal for the *Lacustrine Axial Delta Play*.

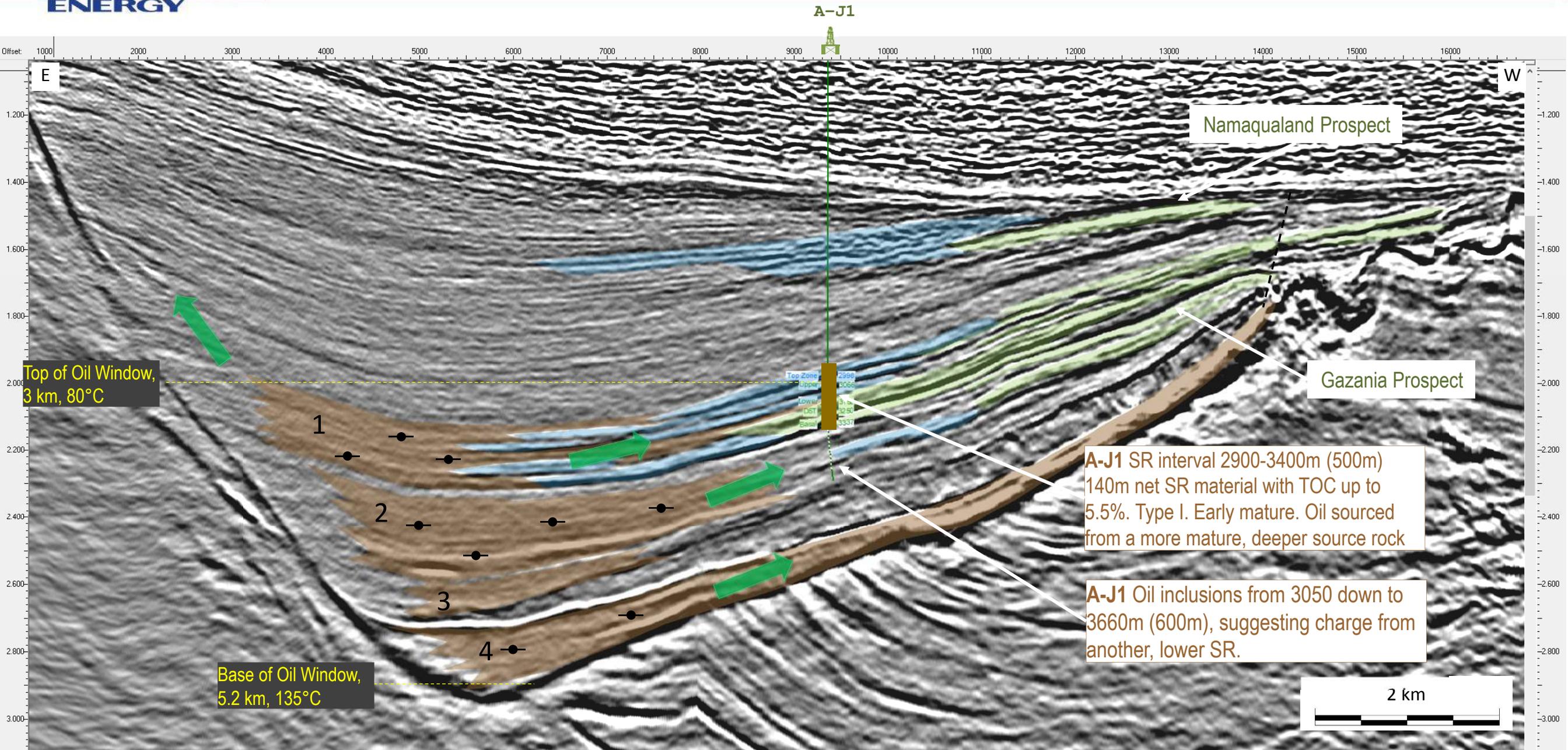
TIMING & MIGRATION

- Interbedded Source and Reservoir facies for **compact and efficient charge system**.



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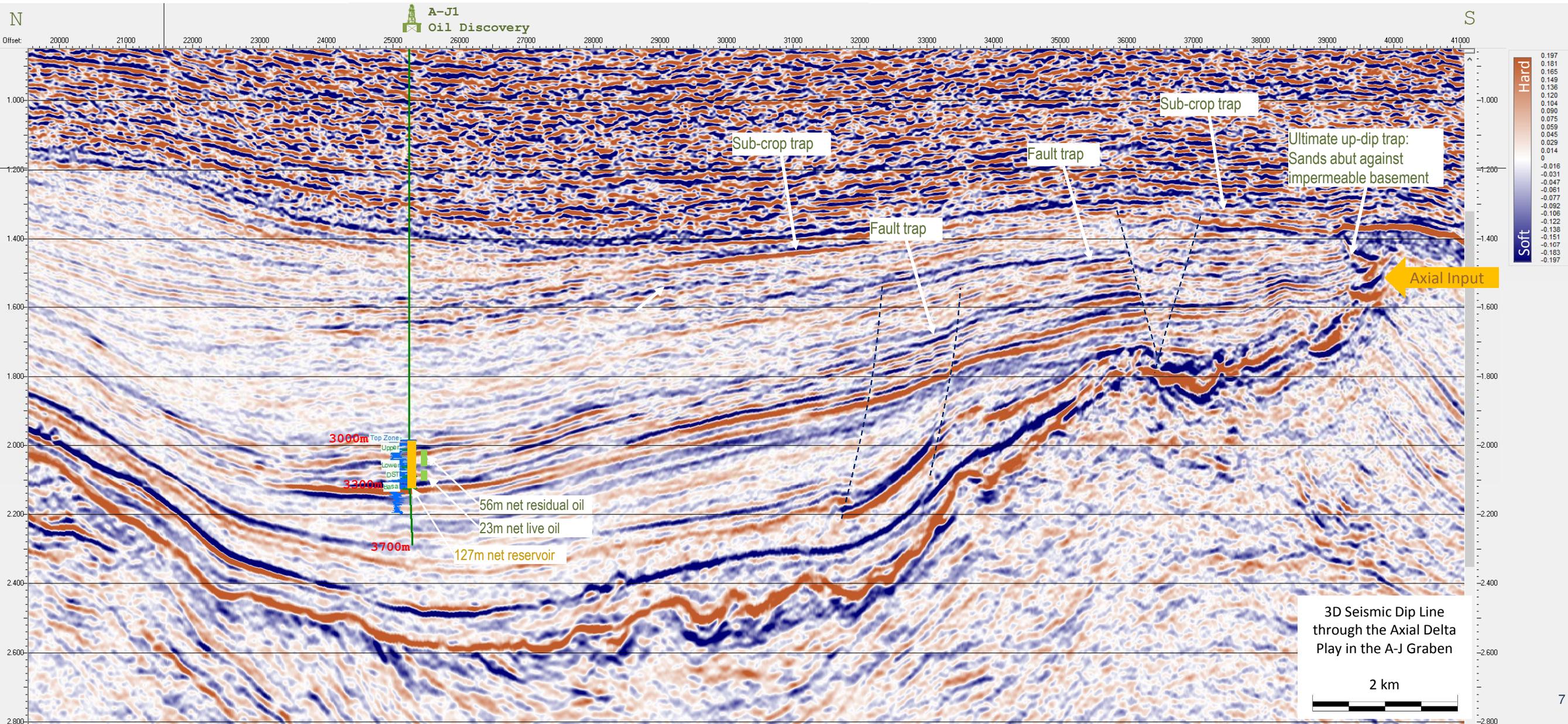
A-J GRABEN DIP LINE - SOURCE ROCK MODEL AND MIGRATION





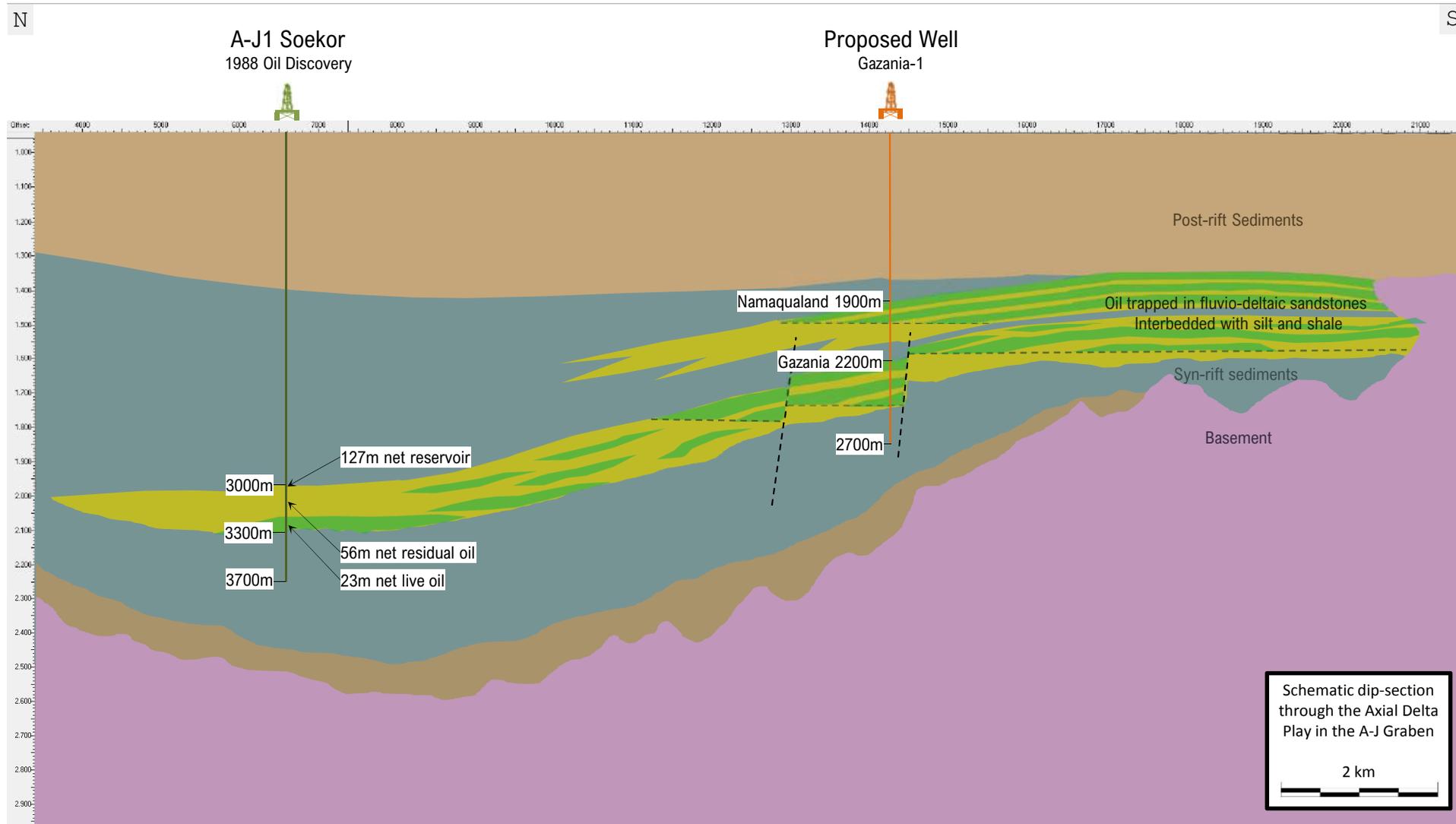
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A-J GRABEN AXIAL DELTA PLAY - RESERVOIR AND TRAP



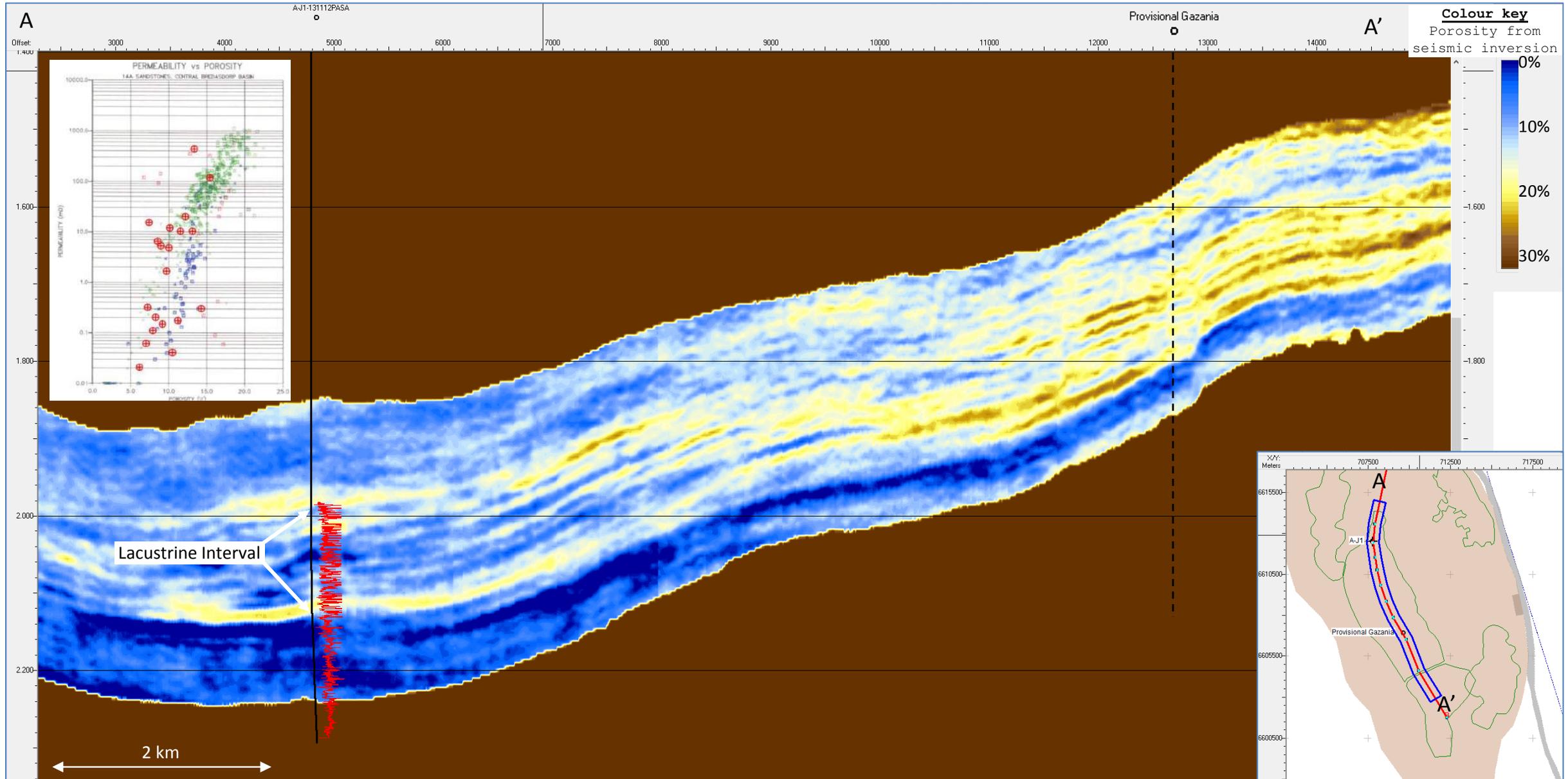
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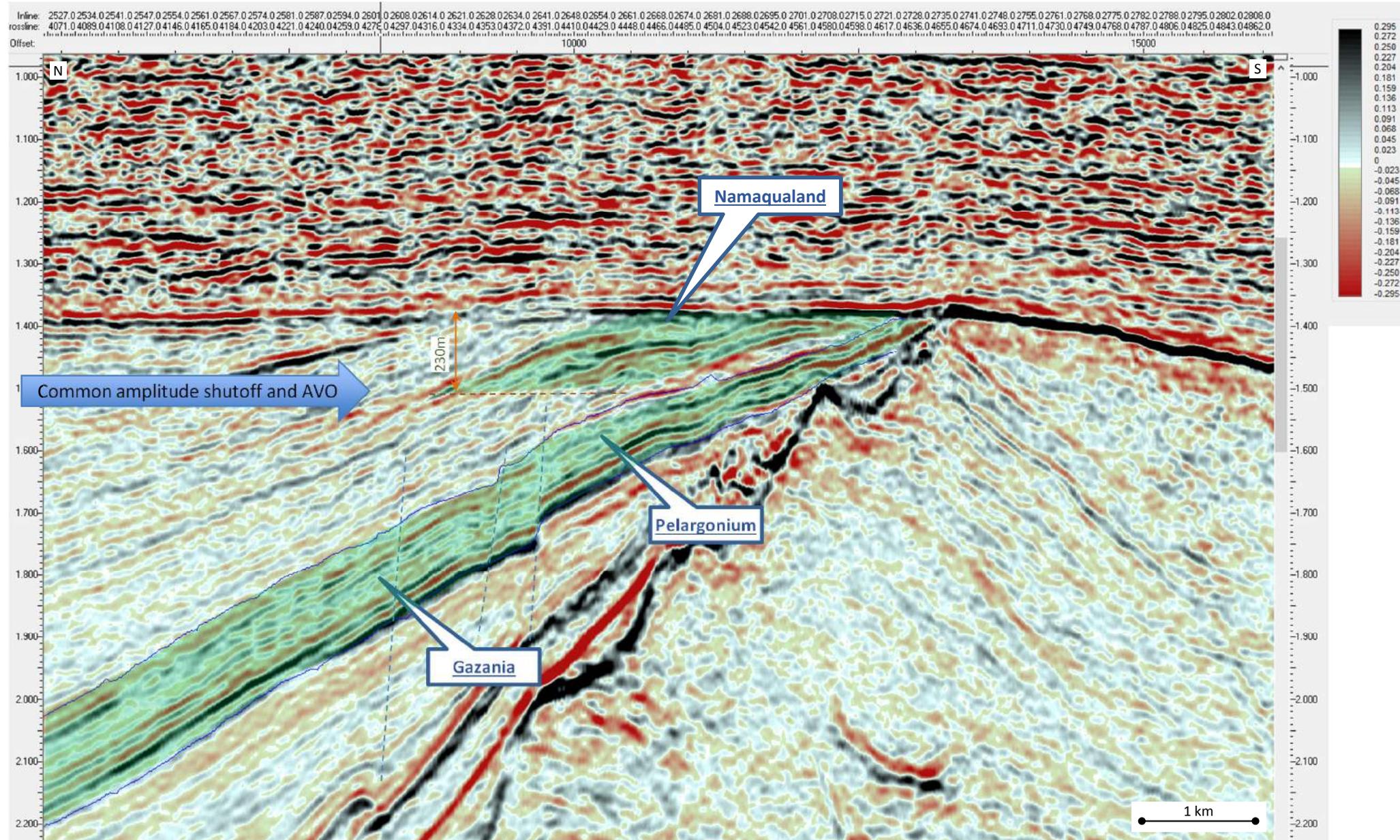
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RESERVOIR QUALITY FROM SEISMIC INVERSION



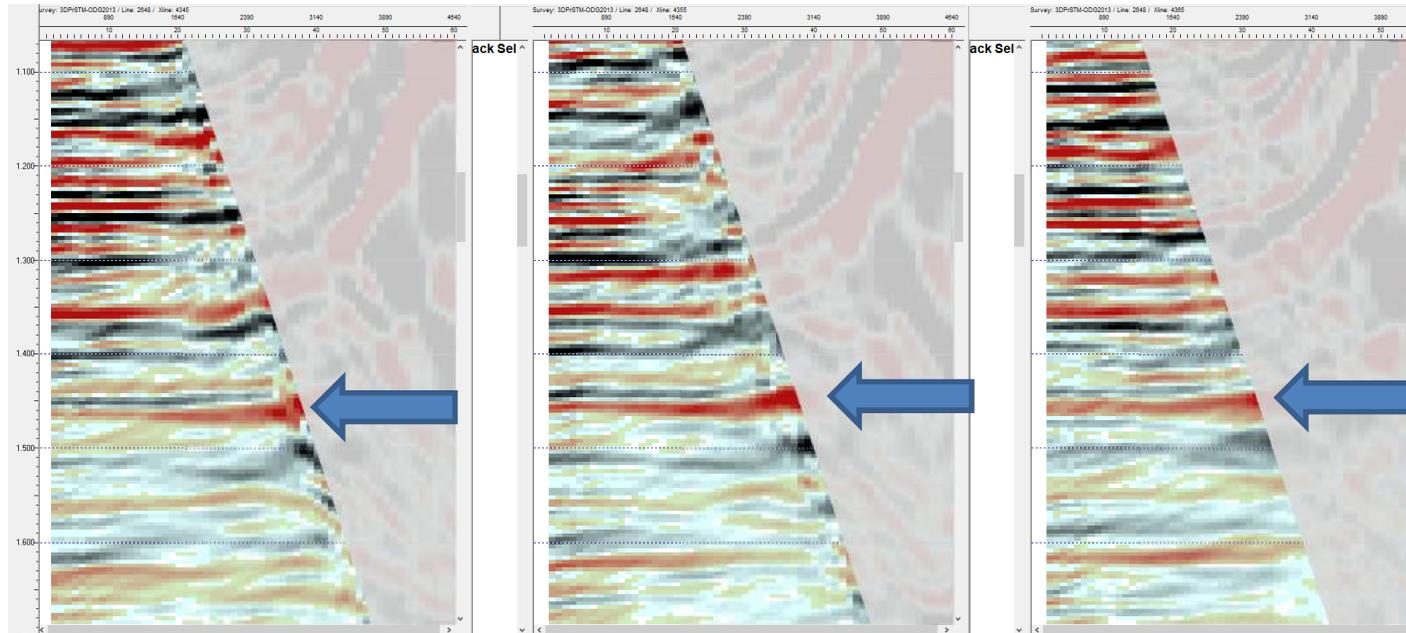
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AXIAL DELTA PROSPECTS

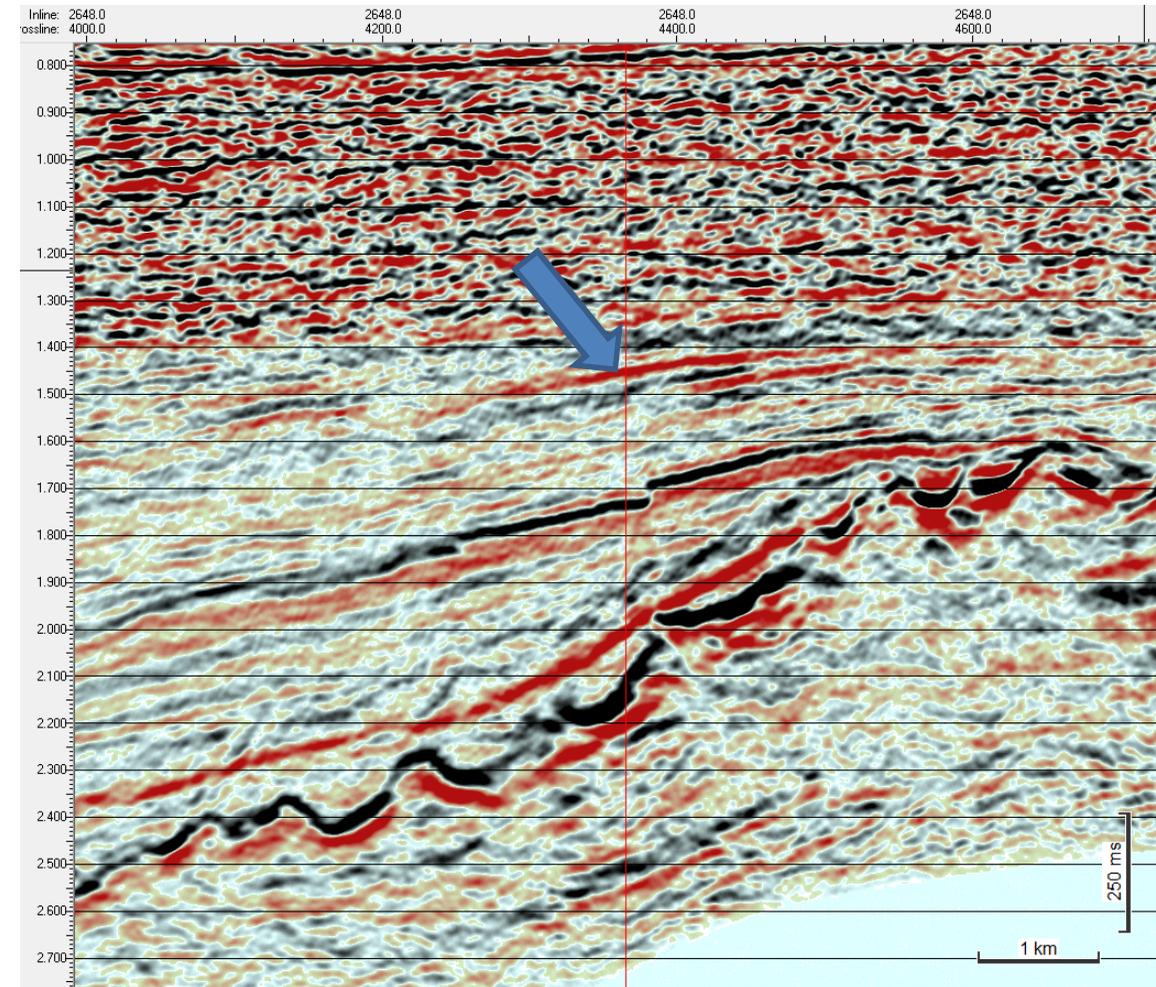


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PSTM GATHERS AT NAMAQUALAND (RED = SOFT)

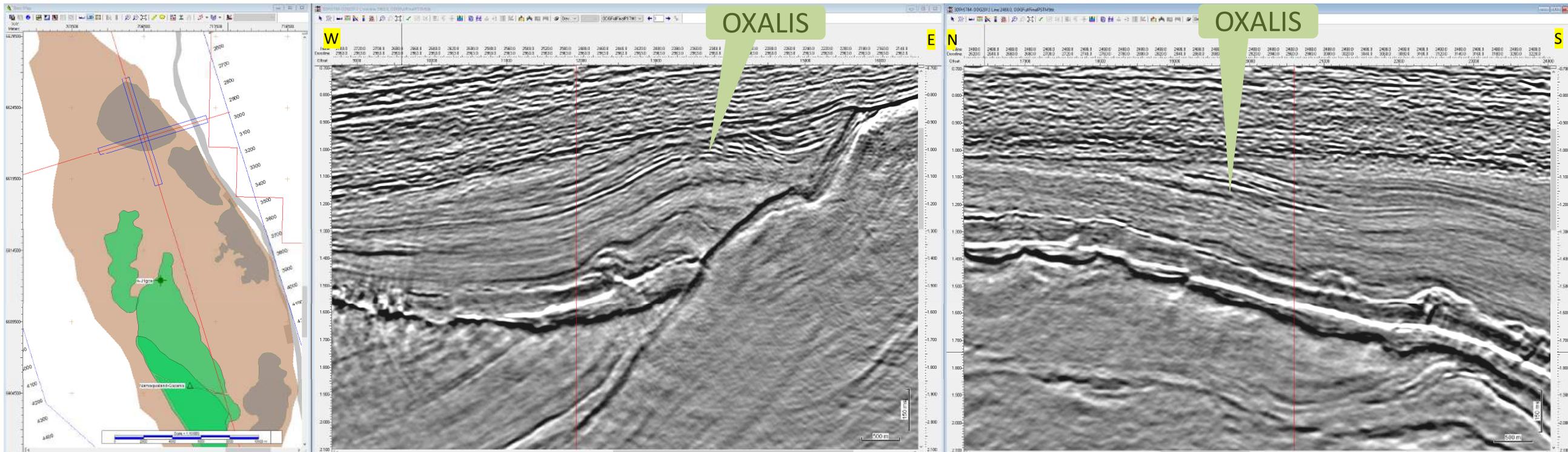


Class II/III AVO anomaly



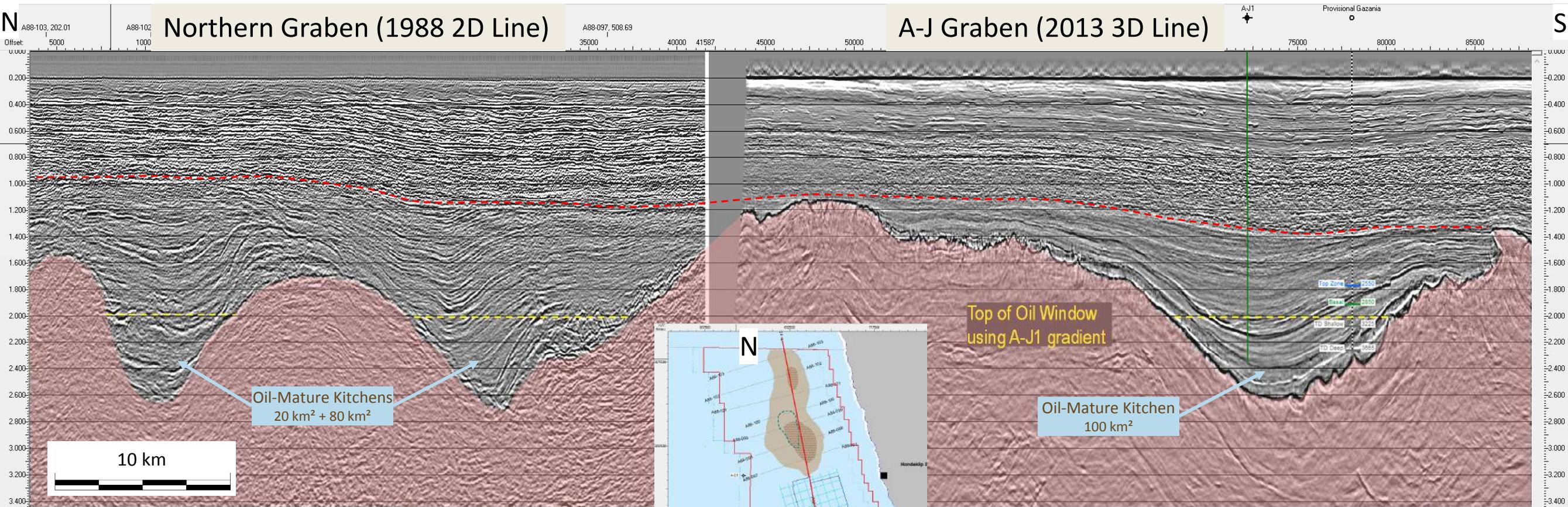
SOUTH AFRICA - BLOCK 2B OTHER PROSPECTS IN THE A-J GRABEN

- 45km² anomaly with weak amplitude conformance to structure.
- Combination trap – rollover and sub-crop
- Notch along master fault is a likely sediment input point.



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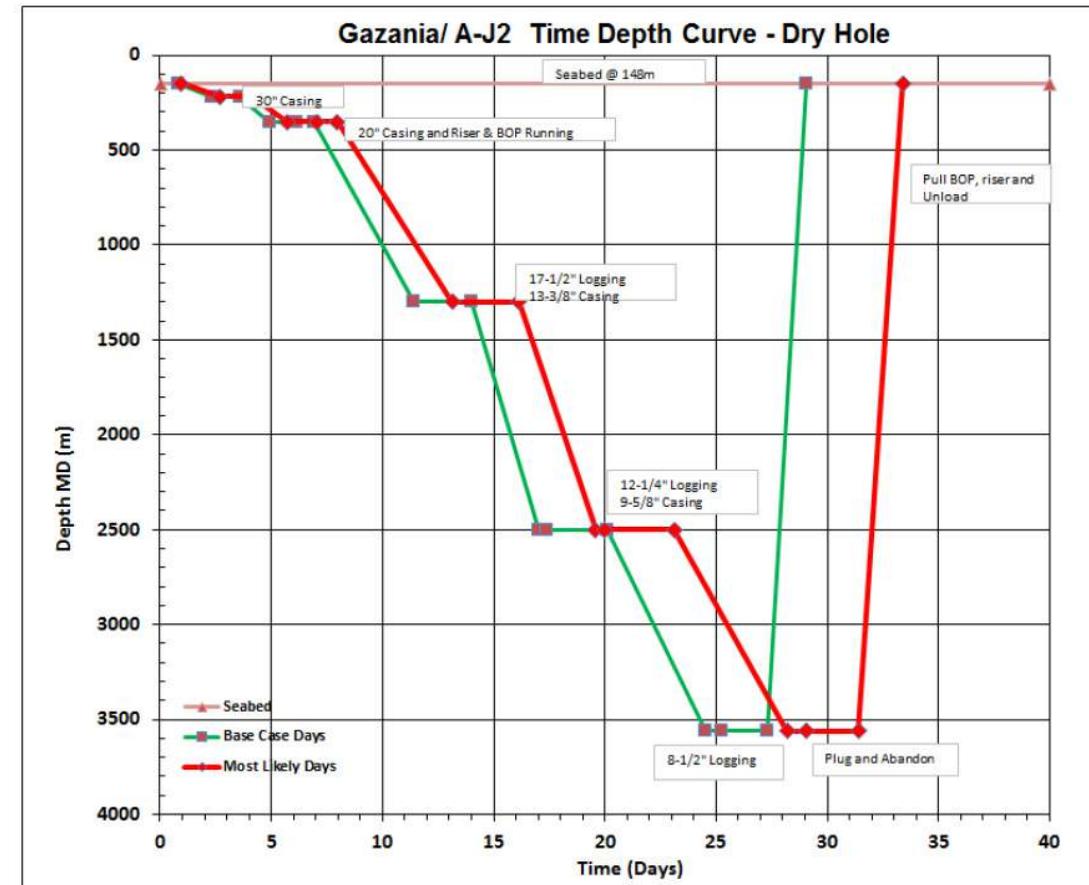
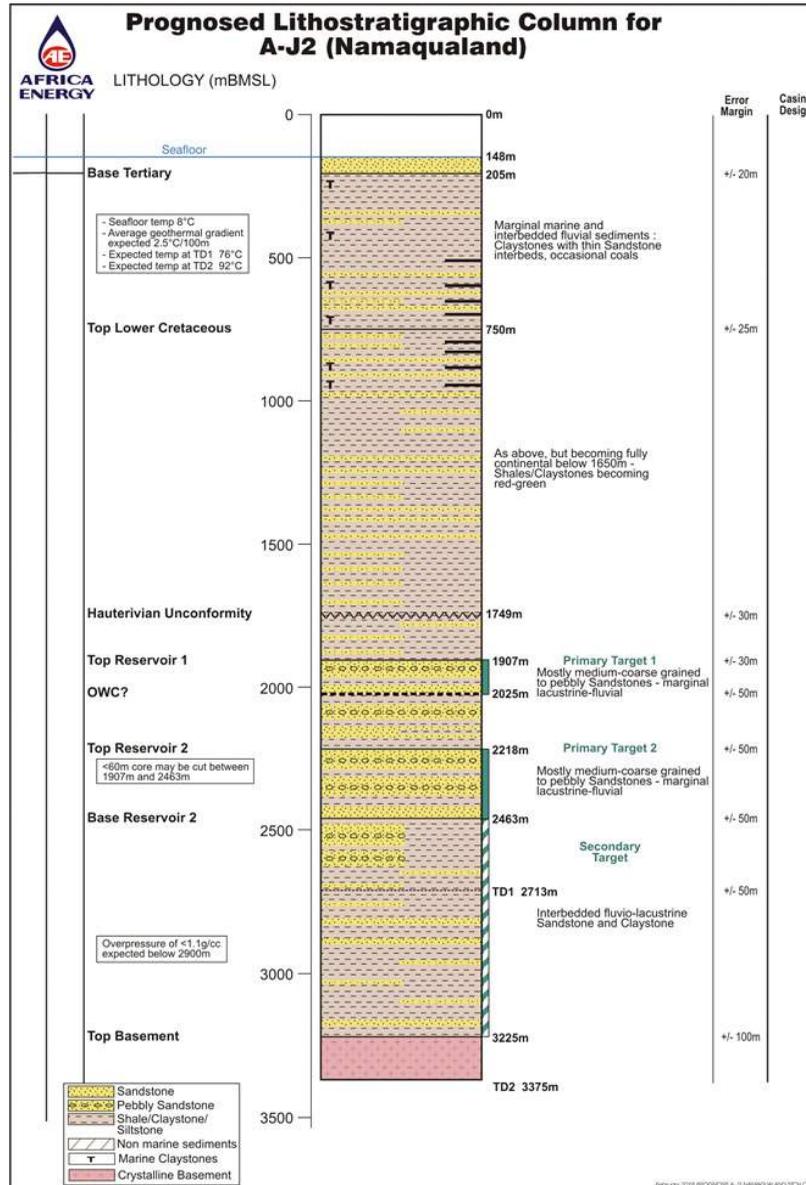
NORTHERN GRABEN - 90KM COMPOSITE 2D AND 3D SEISMIC LINE FROM NORTHERN GRABEN INTO THE A-J GRABEN



Provides running room, but requires a new 3D

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PROPOSED GAZANIA WELL DESIGN



Cost estimate - ~\$19MM

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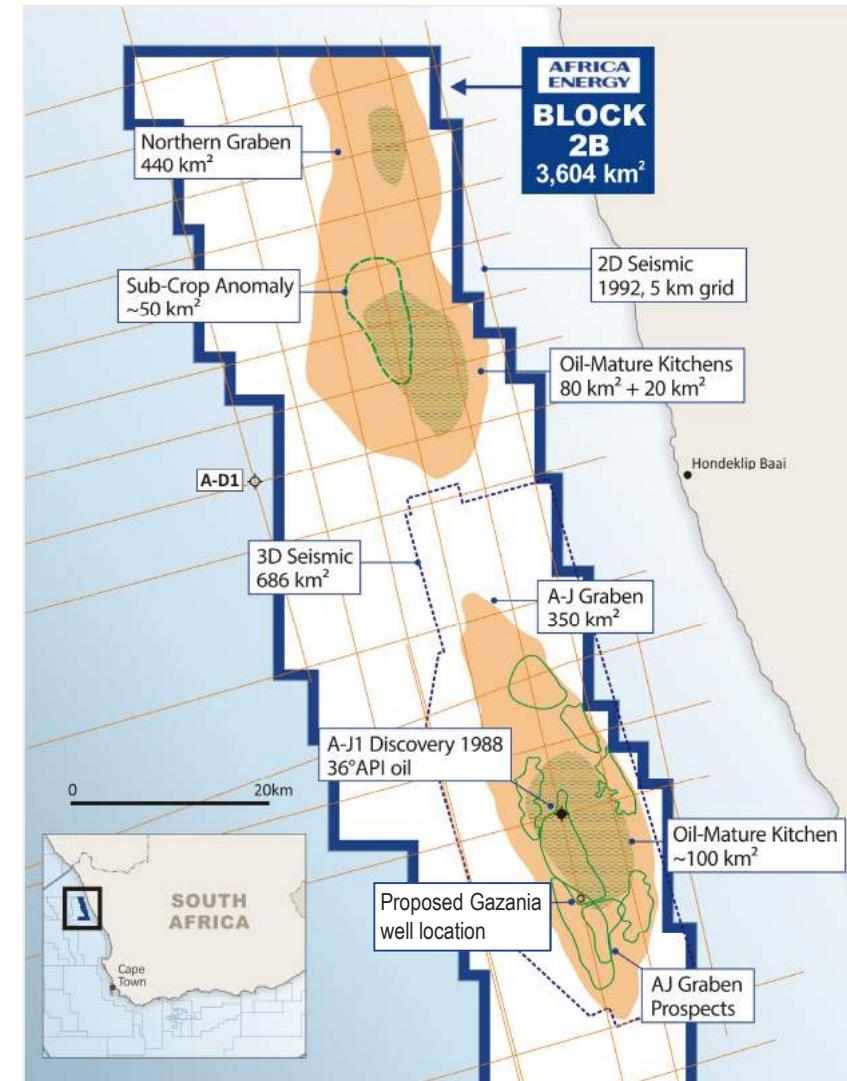
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(2) Company estimate.





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The resource estimates contained herein are estimates only and there is no guarantee that the estimated resources will be recovered. Volumes of resources have been presented based on a gross interest. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. There is no certainty that it will be commercially viable to produce any portion of the "Contingent Resources" referred to in this presentation. In the case of "Prospective Resources" there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources referred to in this presentation.

Uncertainty Ranges for Resources

Estimates of resource volumes can be categorized according to the range of uncertainty associated with the estimates. Uncertainty ranges are described in the COGE Handbook as low, best and high estimates as follows:

A "low estimate" (1C) is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

A "best estimate" (2C) is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

A "high estimate" (3C) is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

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