



# Africa Oil Corp.

## THE NEXT PHASE OF VALUE CREATION

### THIRD QUARTER 2023 RESULTS AND BUSINESS OUTLOOK

16<sup>th</sup> November 2023

# SPEAKERS



**Dr Roger Tucker**  
President & CEO



**Pascal Nicodeme**  
CFO



**Shahin Amini**  
Investor Relations

# AGENDA

- Introduction
- Third Quarter 2023 Results Highlights
- Portfolio Overview & Business Outlook
- Year Ahead Priorities
- Q&A

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# FOUNDATIONS FOR VALUE CREATION

## STRONG BALANCE SHEETS SIGNIFICANT LIQUIDITY (Q3'23)

- AOC debt free with cash balance of \$201.5m
- Undrawn corporate credit facility for \$175.0m
- Combined AOC/Prime net debt<sup>1</sup> of \$54.6m
- Prime's Net Debt/EBITDA<sup>2</sup> of 0.4x (FY'22) vs. peer group average of 1.5x<sup>3</sup> (FY'22)



## ADVANTAGED BARRELS HIGH NETBACK PRODUCTION

- Attractive fiscal regime with premium Brent pricing
- FCF/boe<sup>2</sup> of \$32.2/boe vs. peer group average of \$23.5/boe<sup>3</sup> (FY'22)
- Low opex of \$8.3/boe (FY'22)
- Lower than average emission intensity 13 vs. global average of ~20 kgCO<sub>2</sub>e/boe

## LOW RISK AND HIGH IRR DEVELOPMENT OPPORTUNITIES

- OML 130 renewal underpins long term production outlook and attractive developments
- Infill drilling and near field development provide short-cycle investments with high IRRs
- Funded from Prime's existing cashflows

## ORANGE BASIN WORLD CLASS OPPORTUNITY

- Venus-1X largest oil discovery in 2022<sup>4</sup>
- Multi-billion barrels recoverable potential
- De-risked Orange Basin opportunity set
- Significant follow-on prospectivity

Notes:

<sup>1</sup> Includes AOC's cash balance and 50% of Prime's net debt. At end of Q3'23 Prime had cash balance of \$118.9m and debt of \$375.0m net to AOC's 50% shareholding.

<sup>2</sup> EBITDA and FCF are not generally accepted IFRS terms. Refer to Reader Advisory Section of this document for important information on non-IFRS measures.

<sup>3</sup> Peers selected based on their West African production and market capitalisation of more than \$500.0 million.

<sup>4</sup> According to Wood Mackenzie.

# STRONG QUARTER WITH SUCCESSFUL VENUS CATALYST

- Positive Venus-1X test results support the commercial development case
- First increase in quarterly average production since Q2'21
- OML 127 converted to the Nigerian Petroleum Industry Act terms
- Received a dividend for \$62.5m from Prime
- AOC cash balance of \$201.5m underpins the corporate balance sheet

**STRONG BALANCE SHEET**  
Significant Liquidity

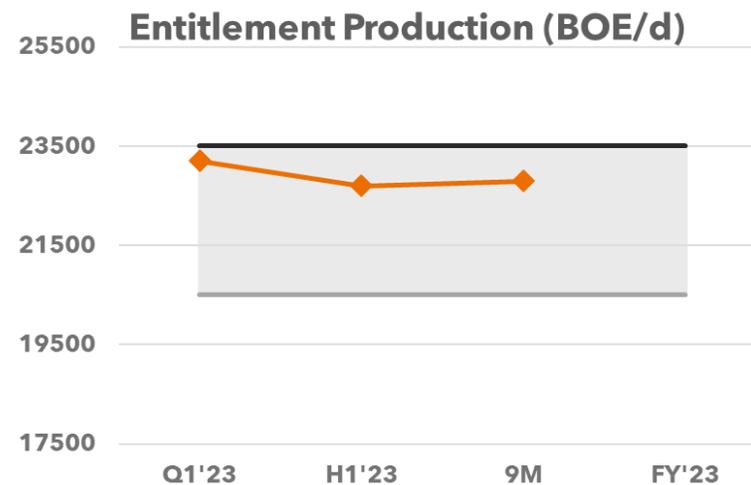
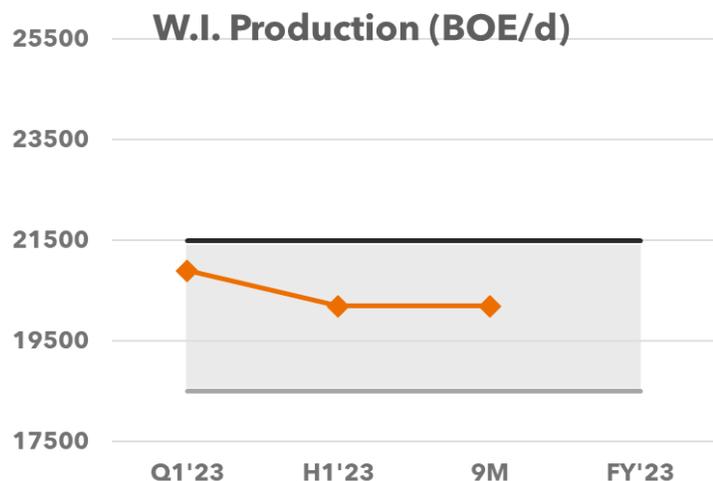
**ADVANTAGED BARRELS**  
High Netback Production

**LOW RISK AND HIGH IRR**  
Development Opportunities

**ORANGE BASIN**  
World Class Opportunity

# W.I. PRODUCTION PERFORMANCE

## FY'23 production trending to upper end of guidance



— FY'23 W.I. Guidance Low  
 — FY'23 W.I. Guidance High  
 — W.I. Production Period Average

— FY'23 Entitlement Guidance Low  
 — FY'23 Entitlement Guidance High  
 — Entitlement Production Period Average

### Infill Drilling

Supports first increase (+4%) in quarterly average production since Q2'21

### Egina

3 wells completed - 2 water injectors & 1 producer

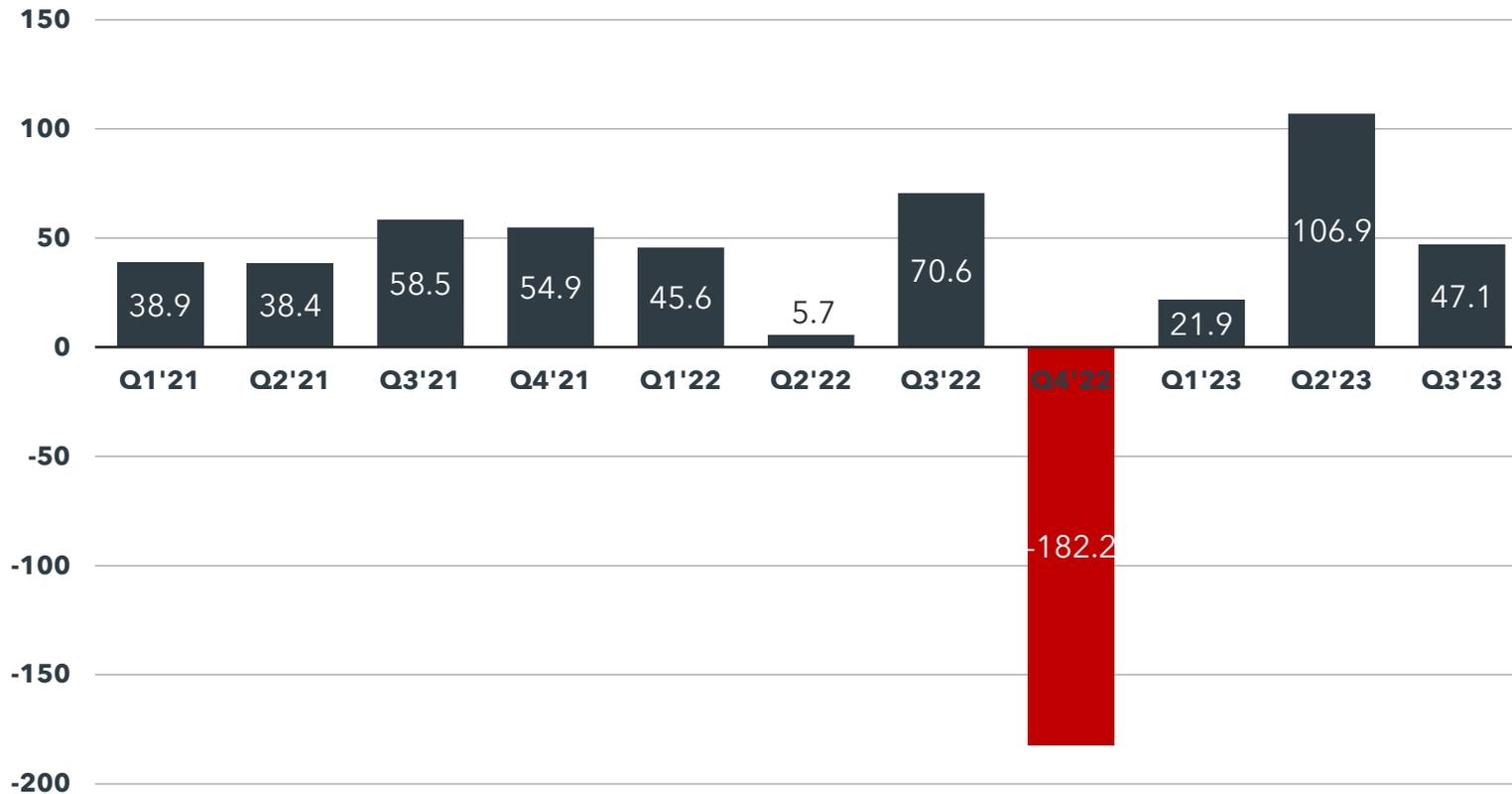
### Akpo

First of 3 wells is being drilled

# AFRICA OIL FINANCIAL HIGHLIGHTS



## Net Income (\$ million)



Notes:

Q3 2023: includes MUS\$ 31.0 one-off Prime gain following OML127 license conversion to new PIA terms

Q2'23 figure includes \$62.2m Kenya impairment and \$173.0m one-off Prime gain following OML130 license renewal

Q4'22 figure includes \$170.6m Kenya impairment

Q3'23 net income of

**\$47.1m**

(Q3'22: \$70.5m)

End Q3'23 cash balance of

**\$201.5m**

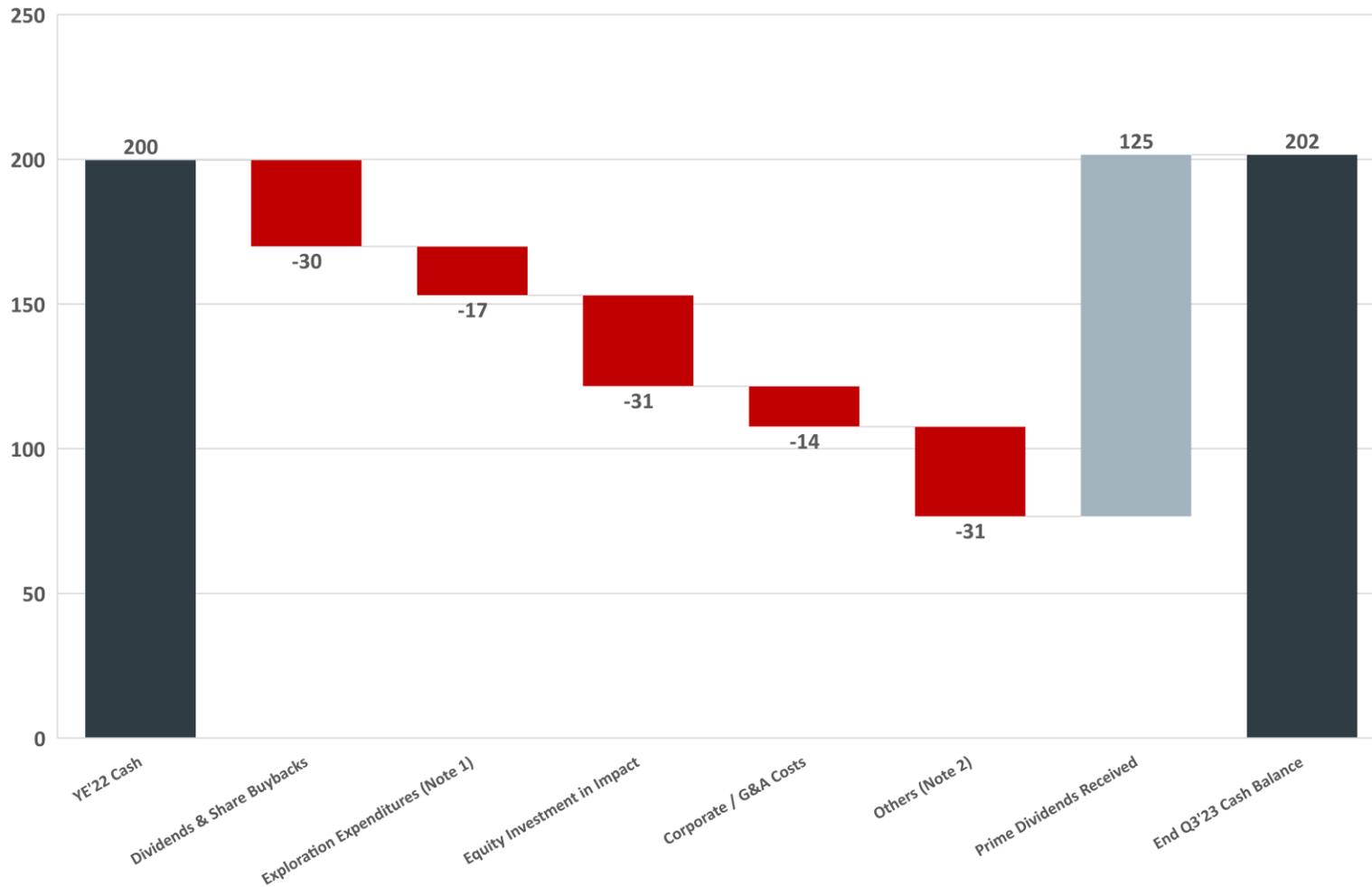
(Q3'22: \$207.3m)

Q3'23 share of profit from investment in JV

**\$57.1m**

(Q3'22: \$78.3m)

# CHANGES IN AOC CASH POSITION



Notes: 1 Includes the first payment of \$2.5m to acquire an additional 6.25% interest in Block 3B/4B, which is currently accounted for in pre-paid expenses until the receipt of the government's approval for the transfer. Please see AOC's press release of July 11, 2023, for the details of this transaction.

2 Relates mostly to non-recurring costs to settle tax dispute with the Kenya Revenue Authority and past joint venture matters in Kenya.

Shareholder Returns

~\$30m

24% of Prime Dividends YTD

Investments in High Impact Opportunities

~\$48m

38% of Prime Dividends YTD

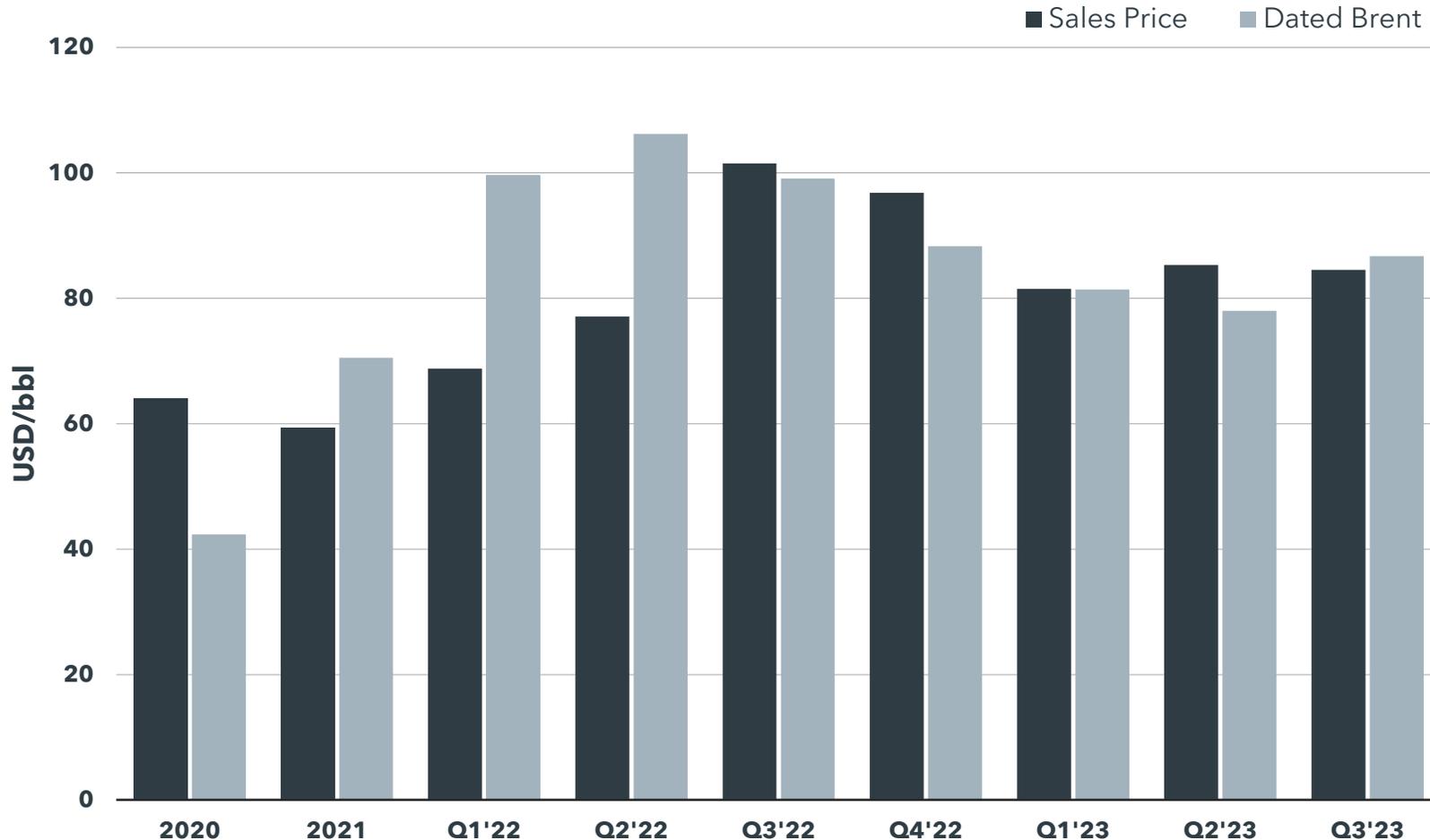
# PROGRESS ON NIGERIAN LICENSING STATUS

- Renewal of the OML 130 rights for 20 years and the voluntary conversion to the PIA
  - Secures Prime's long-term production base
  - Facilitates the progress of the Preowei project to FID
  - Supports further investment on Egina and Akpo fields
  - Reduction in the tax rate boosts CFFO and investment returns
- Voluntary conversion of OML 127 to the PIA
  - Reduction in the tax rate with Corporate Income Tax (30%) replacing Petroleum Profit Tax (50%)
  - Original renewal target in December 2024
  - Prime and its partners are working on an early renewal ahead of this target

# OIL SALES



New Oil Marketing Strategy Has Improved Sales Price Margins



Q3'23 average sales price

**\$84.5/bbl**

Q3'23 Dated Brent: \$86.7/bbl

Average Dated Brent on the cargo offtake dates: \$81.5/bbl

2 cargoes sold during Oct'23 with average price of \$95.5/bbl

2 more cargoes scheduled by end of 2023 with average trigger price of \$61.5/bbl<sup>1</sup>

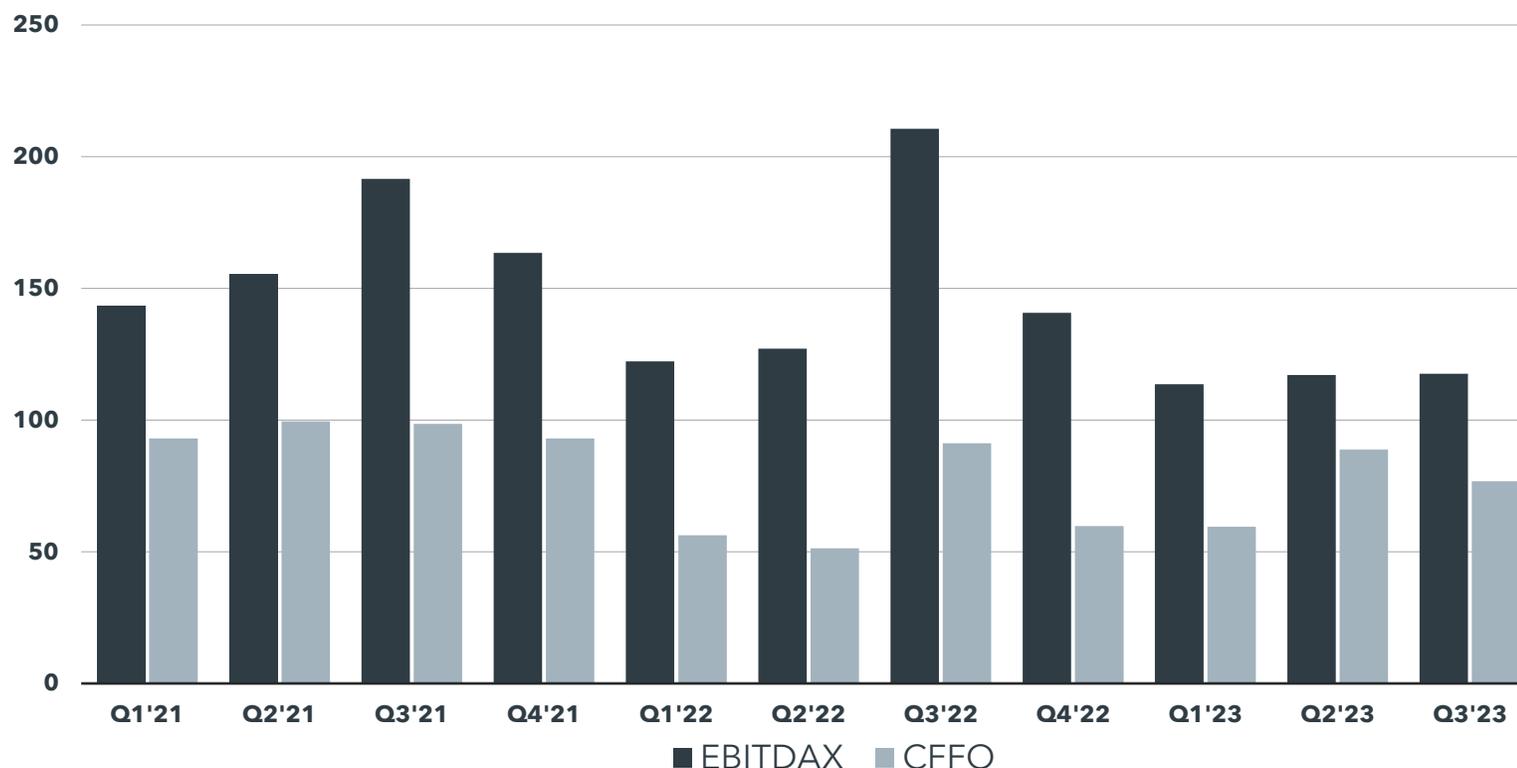
1. Please refer to Q3 2023 MD&A for further details on Prime's oil marketing strategy including its forward sales contracts and Dated Brent trigger prices

# PRIME FINANCIAL HIGHLIGHTS

## (NET TO AOC'S 50% SHAREHOLDING)



Strong and Steady EBITDAX<sup>1</sup> and CFFO<sup>2</sup> (\$ million)



Notes: 1 EBITDAX is not a generally accepted IFRS term. Refer to Reader Advisory Section of this document for important information on non-IFRS measures.

2 CFFO is cash flow from operations before working capital adjustments.

Nine months ended Sep'23 CFFO<sup>2</sup>

**\$236.3m**

On track to meet FY'23 CFFO Guidance  
Of \$250.0m - \$330.0m

Q3'23 EBITDAX<sup>1</sup>

**\$117.5m**

(Q3'22: \$227.4m)

Q3'23 CFFO<sup>2</sup>

**\$76.7m**

(Q3'22: \$100.7m)

End Q3'23  
cash balance of

**\$118.9m**

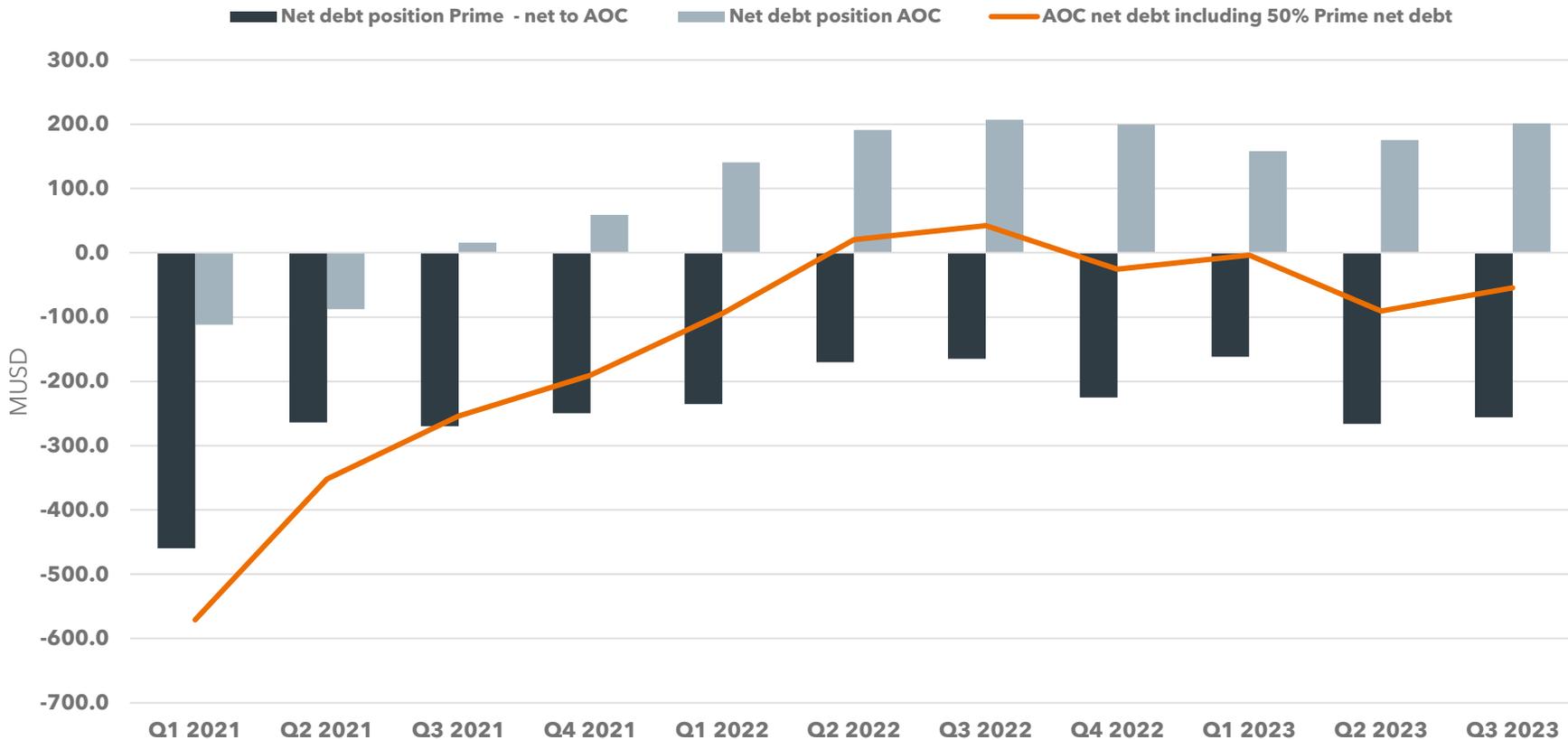
(Q3'22: \$309.6m)

End Q3'23  
debt balance of

**\$375.0m**

(Q3'22: \$474.7m)

# ROBUST NET DEBT POSITION



Q3'23 AOC net cash

**\$201.5m**

(YE'22 : \$199.7m)

Q3'23 Prime net debt (50%)

**\$256.1m**

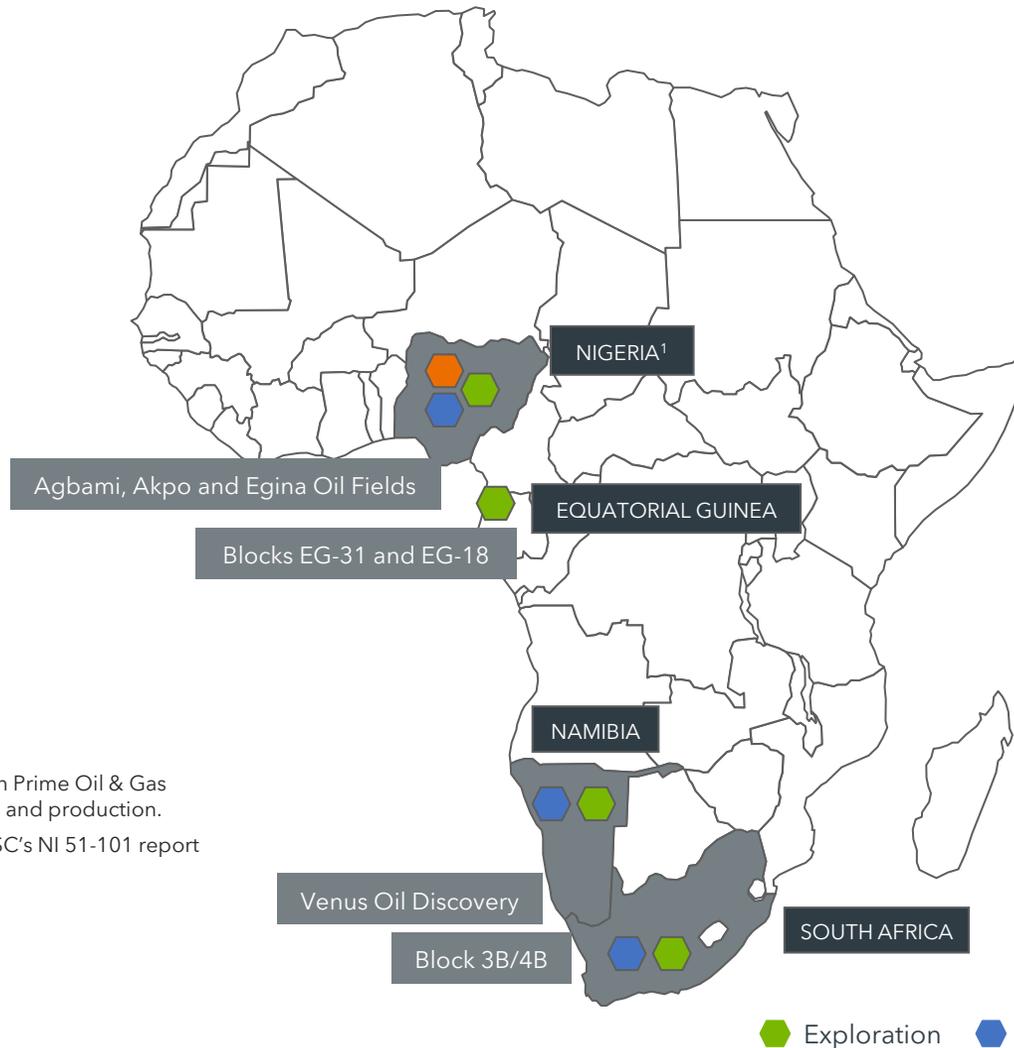
(YE'22 : \$225.3m)

Q3'23 combined net debt

**\$54.6m**

(YE'22 : \$25.6m)

# PORTFOLIO OF MATERIAL ASSETS TO DELIVER TRANSFORMATIONAL GROWTH



Notes:

1. AOC's 50% shareholding in Prime Oil & Gas accounts for all its reserves and production.
2. W.I. reserves, based on RISC's NI 51-101 report for YE'2022.
3. Entitlement production.



2P Reserves<sup>2</sup>  
**55.6** MMBOE



Q3'23 Production<sup>3</sup>  
**23.0** KBOE/d



Liquidity (end Q3'23)  
**\$376.5** m



Near-Term Catalysts  
**Namibia E&A**

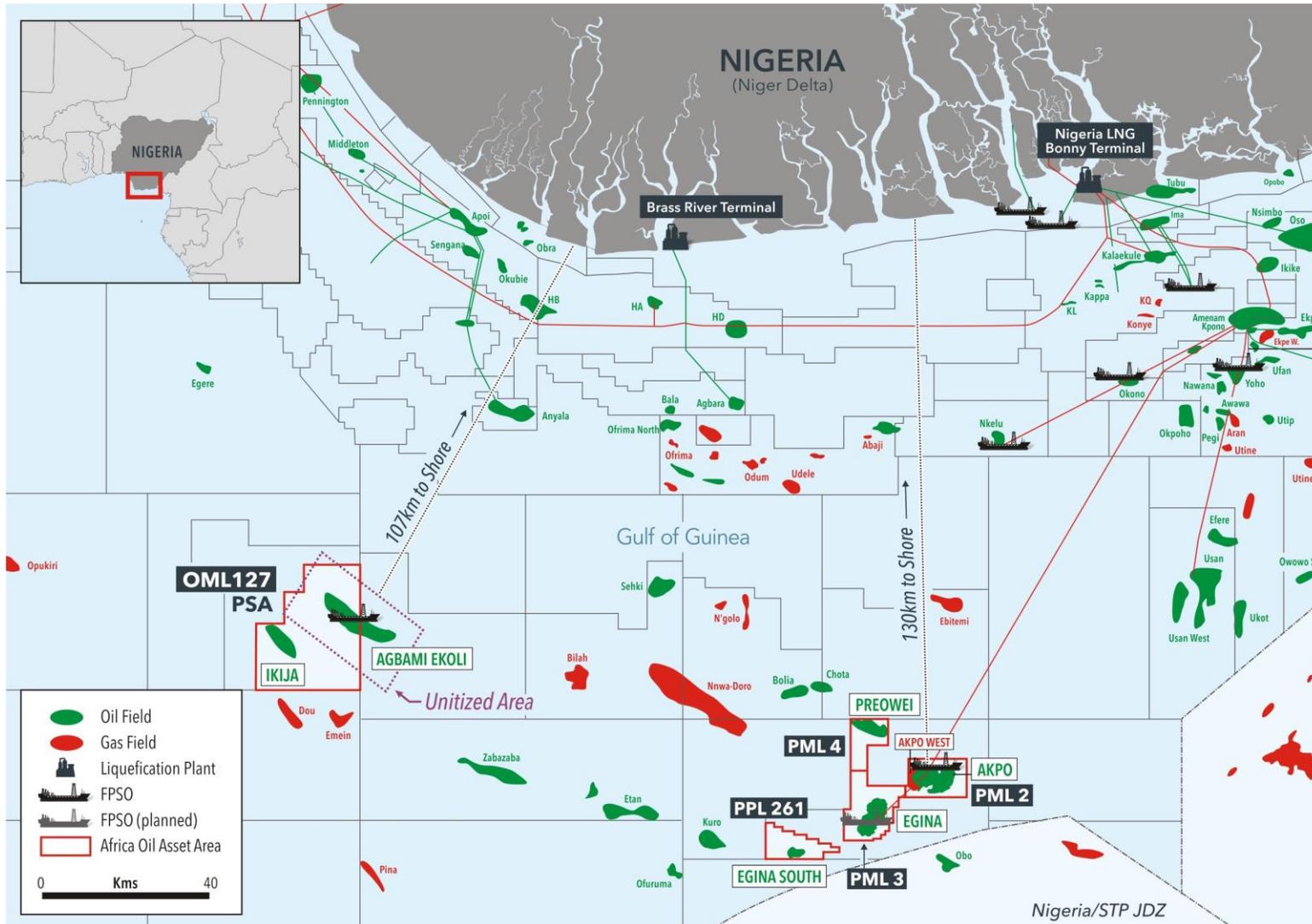


Dividends and Buybacks  
**Capital Returns**



In the Top 25% of the 85,000+ companies rated by EcoVadis

# HIGH RETURN AND SHORT CYCLE GROWTH



## 3 of the Top 5 Fields in Nigeria



~320k boepd  
Aggregate gross field production



Operators  
Highly experienced



World-class  
Production facility hubs



62% of  
2P reserves<sup>1</sup> base is  
Proven category (P90)



Low risk & high IRR  
Development projects



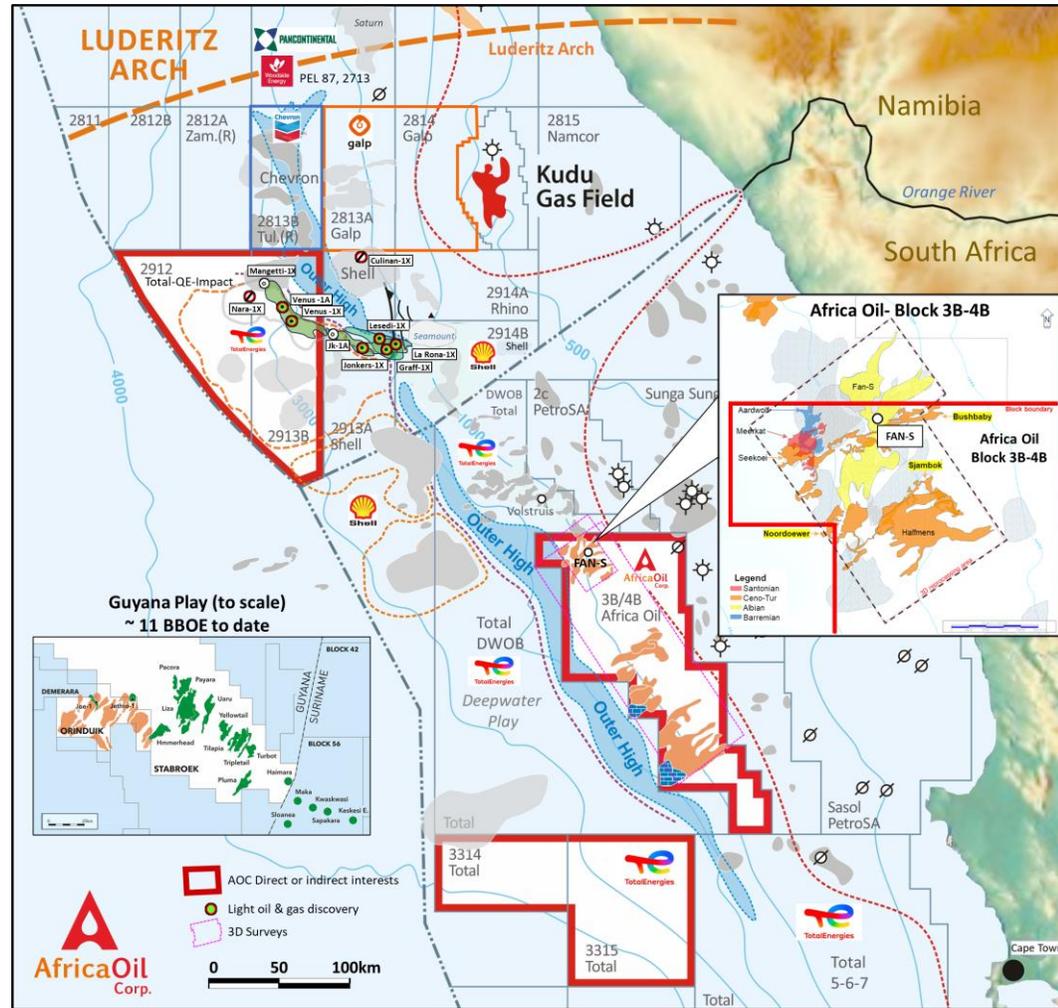
Infill drilling  
Supported by 4D seismic



Preowei Project  
Subsea tieback to the Egina FPSO

1. Based on RISC's NI 51-101 report for YE'2022.

# EMERGENCE OF A NEW PETROLEUM PROVINCE



## Major Discoveries

Field	Resources (P90 OIIP <sup>1</sup> , barrels)	Discovery Date
<b>Graff-1X</b>	<b>2.6 bn</b>	<b>Feb. 2022</b>
<b>Venus-1X</b>	<b>5.1 bn</b>	<b>Feb. 2022</b>
<b>Jonker-1X</b>	<b>2.5 bn</b>	<b>Mar. 2023</b>
<b>Lesedi</b>	<b>0.3 bn</b>	<b>Jul. 2023</b>

Source: National Petroleum Corporation of Namibia ("NAMCOR")

## Block 2913B/2912, Namibia

- Average 6% interest through 31.1% shareholding in Impact Oil & Gas

## Block 3B/4B, South Africa

- AOC operated with a 26.25% interest<sup>2</sup>
- On trend with the Namibian oil discoveries
- P50 prospective resource of ~4 bn boe<sup>3</sup> (recoverable)

Notes:

1. Oil Initially In Place (OIIP) is not a measure of recoverable barrels, which is dependent on the reservoir recovery factor. NAMCOR has also guided to contingent resources of 8.3TCF of natural gas.
2. AOC currently has a 20.00% operated-interest. The Company announced a deal to acquire an additional 6.25% interest from Eco (Atlantic) Ltd. This is subject to the approval of the government of South Africa.
3. Based on the independent review of the Company's prospective resources completed by RISC Advisory (UK) Limited ("RISC"). The effective date of RISC's report is March 7, 2023. Please refer to the Reader Advisory slide for important details.

# NAMIBIA WORLD-CLASS OPPORTUNITY SET

## Confirming the Venus Size & Substantial Exploration Upside

- Venus: major discovery, operator confirmed future development
- Attractive follow-on exploration prospectivity
  - Mangetti - currently drilling
  - Attractive Damara and South Damara prospects - 3D seismic in 2024
- AOC has financial means to pursue range of options
  - Sufficient liquidity to meet its current share of Impact's future funding with scope to increase shareholding, if of tactical value
  - Impact/Namibia is the priority for AOC's capital allocation decision-making

~**3bn**<sup>1</sup> barrels recoverable

Wood Mackenzie's estimate for recoverable oil

**"At least 1-2 bn barrels"**<sup>2</sup>

TotalEnergies' CEO on the scale of Venus

**"We will continue to explore"**<sup>3</sup>

TotalEnergies' CEO on Block 2193B

**Multi-billion barrels**<sup>4</sup>

Additional upside potential beyond Venus on Block 2913B

### Notes:

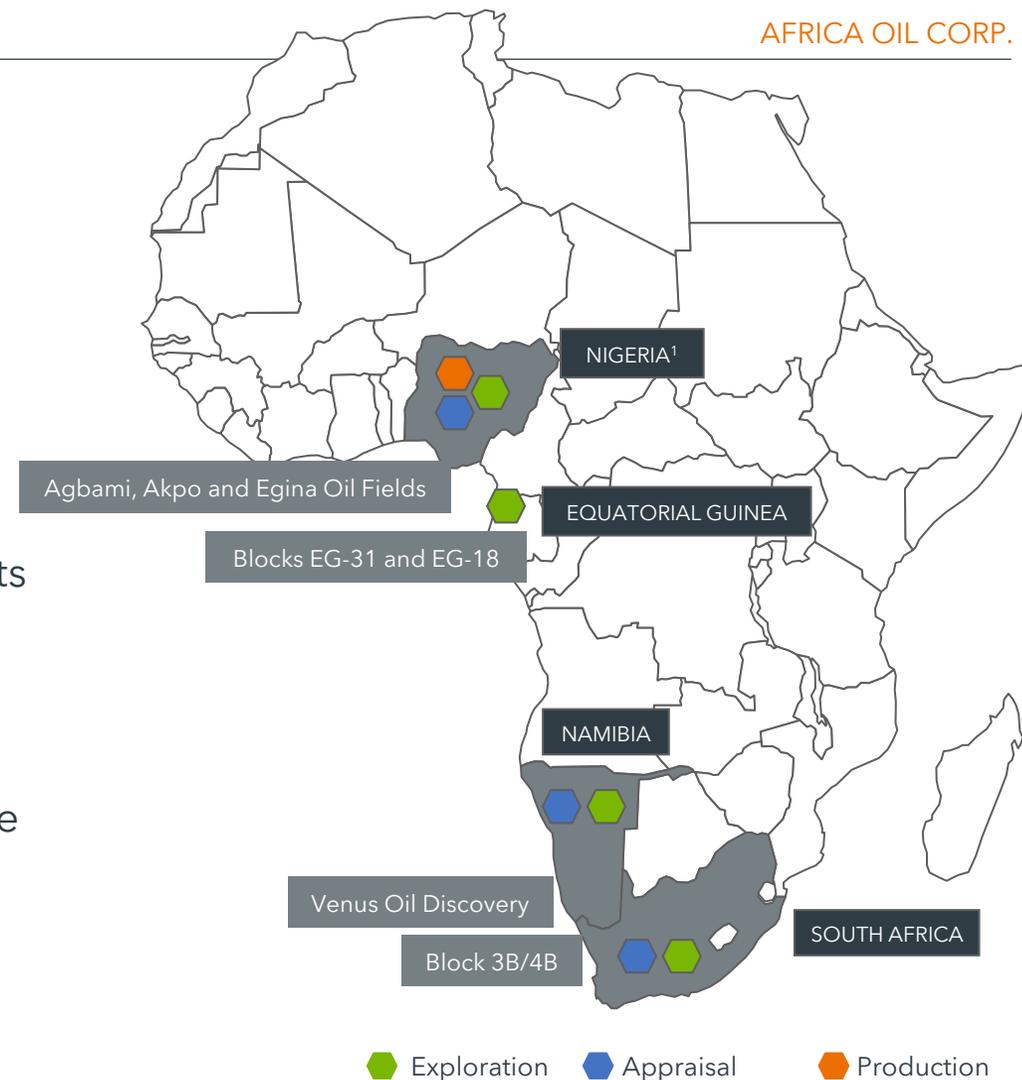
1. Wood Mackenzie estimate (as of 3 October 2023) of recoverable oil resources for Venus; excludes natural gas

2. and 3. Quotes taken from TotalEnergies' Capital Markets Day, 27th September 2023

4. AOC Management's view based on regional geology studies

# YEAR AHEAD PRIORITIES

- Focus on the core assets:
  - Retain maximum optionality over Venus for AOC shareholders
  - Farmouts for Block 3B/4B, EG-31 and EG-18
- Highly disciplined and focused asset acquisition:
  - The market for individual asset acquisitions is competitive
  - Stay focused on jurisdictions where the Company can leverage its banking relationships and credit lines
- Shareholder capital returns
  - Maintain the base dividend policy
  - Share buybacks the preferred option to increase returns with due consideration to AOC's asset investment requirements



Strong financials and liquidity, high netback production, a world-class oil discovery, attractive development and exploration assets present tremendous strategic optionality for value creation

# READER ADVISORY

## Accounting for Africa Oil's (Africa Oil, AOC or the Company) Interest in Prime

The 50% shareholding in Prime is accounted for using the equity method and presented as an investment in joint venture in the Consolidated Balance Sheet. Africa Oil's 50% share of Prime's net profit or loss will be shown in the Consolidated Statements of Net Income/Loss and Comprehensive Income/Loss. Any dividends received by Africa Oil from Prime are recorded as Cash flow from Investing Activities.

## Non-IFRS Measures

References are made to "Earnings Before Interest, Tax, Depreciation, Amortization and Exploration Expenses ("EBITDAX"), free cash flow to firm ("FCF") and free cash flow to equity ("FCFE"). These are not generally accepted accounting measures under International Financial Reporting Standards (IFRS) and do not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with definitions of EBITDAX, FCF and FCFE that may be used by other public companies. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. Management believes that non-IFRS measures are useful supplemental measures that may assist shareholders and investors in assessing the cash generated by and the financial performance and position of the Company. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its future capital expenditure and working capital requirements. EBITDAX and FCF presented in this document represent Prime's metrics net to Africa Oil's 50% shareholding in Prime:

- FCF - calculated as operating cash flow less capital expenditures less general, administration and depreciation expenses before depreciation. FCF represents the amount of cash that is generated and is available for interest payments and repaying debt.
- FCFE - calculated as FCF less interest costs and debt principal repayments and represents the amount of cash that is available for distribution to shareholders.
- EBITDAX is calculated as net result before financial items, taxes, depletion of oil and gas properties, exploration costs, impairment costs and depreciation and adjusted for non-recurring profit/loss on sale of assets and other income.

## Oil and Gas Information

The reserves estimates presented have been evaluated by RISC in accordance with NI 51-101 and the COGE Handbook, are effective December 31, 2022. The reserves presented herein have been categorized accordance with the reserves and resource definitions as set out in the COGE Handbook. The estimates of reserves in this press release may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation. The production forecast are based on the RISC report prepared for the Company dated February 2023, effective as of December 31, 2022.

Aggregate oil equivalent production data are comprised of light and medium crude oil and conventional natural gas. These production rates only include sold gas volumes and not those volumes used for fuel, reinjected or flared. Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil and is different from working interest production that is calculated based on project volumes multiplied by Prime's effective working interest in each license.

The terms BOE (barrel of oil equivalent) is used throughout this press release. Such terms may be misleading, particularly if used in isolation. Production data are based on a conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1 bbl). This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

### Slide 15

RISC report has been prepared in accordance with Canadian National Instrument 51-101 – Standards for Oil and Gas Activities ("NI 51-101"), the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and the Petroleum Resources Management System 2018 ("PRMS"). RISC has reviewed the prospective resources and probability of geological success of an inventory of exploration prospects within Block 3B/4B and have reported total unrisks gross P50 prospective resources of approximately 4 billion boe. Probability of success ranges from 11% to 39% over the 24 prospects identified. The full report is available on the Company's website.

**All dollar amounts are in United States dollars unless otherwise indicated.**

AFRICA OIL CORP.

# THANK YOU

For further information, please contact:

SHAHIN AMINI

Investor Relations

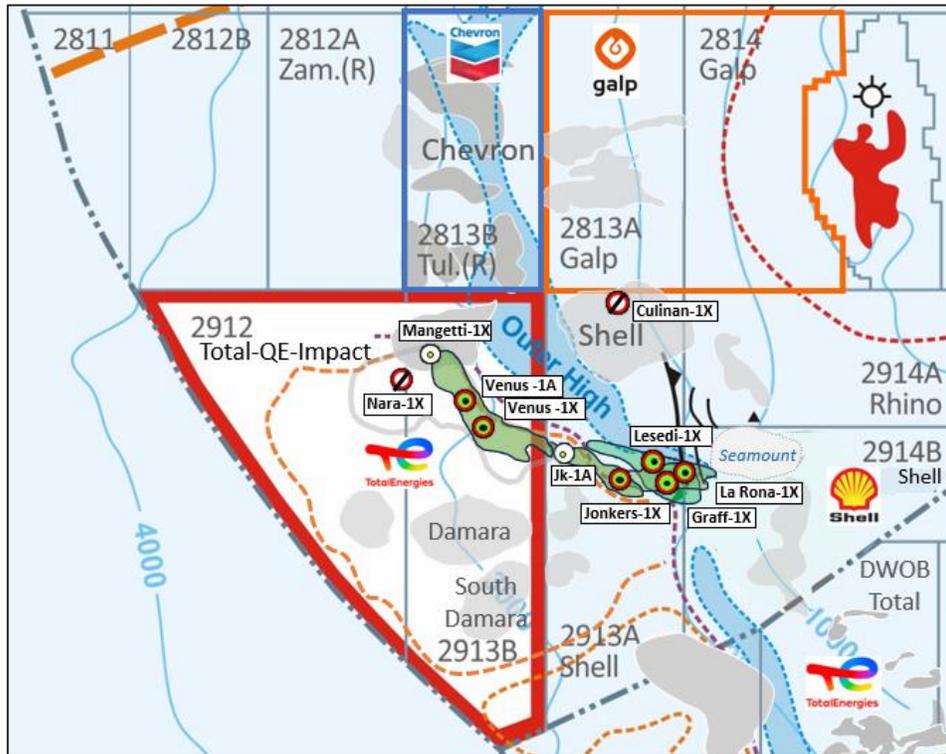
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# APPENDIX

# VENUS: TOWARDS DEVELOPMENT



## Namibian Orange Basin (Blocks 2913B/2912)

- Successful Venus-1A appraisal well and positive Venus-1X DST results<sup>1</sup>
- “With these wells [Venus-1X and Venus-1A] there will be a development in Namibia on Venus”, Patrick Pouyanne, TotalEnergies’ CEO
- Upcoming catalysts:
  - Venus-1A DST results – to confirm Venus-1X DST results
  - Mangetti-1X exploration well on the prospect to the north of Venus structure
  - Possible exploration well on Damara or South Damara by end 2024
- Nara-1X was drilled at ~30km from Venus-1X and tested a westerly extension of the Venus structure
  - Not flow tested
  - The Joint Venture is continuing to evaluate the results of Nara-1X
  - Valuable data to enhance the geological knowledge and modelling

### Notes:

1. On 27 July 2023 before the Venus-1X DST program was completed, TotalEnergies’ CEO guided to a flow rate range of 5,000-15,000 barrels per day and commented that 15,000 is fine and 5,000 is not fine and his latest statement (Capital Markets Day, 27 September 2023): “it was a positive flow test”.

# INFRASTRUCTURE-LED EXPLORATION IN EG

## Block EG-31

- AOC operated with an 80% interest
- Significant gas prospectivity identified in a proven basin and benign shallow water environment
- Located adjacent to high-performing EG LNG plant with increasing demand for feed gas as current fields mature
- Prior exploration constrained by lack of available ullage in EG LNG - now is the right time
- Success case delivers 'advantaged gas' through low cost and short-cycle tieback developments
- Success case delivers uncontracted Atlantic Basin LNG that accesses high-value European and global markets
- Farmout process to facilitate drilling in the next 12-24 months

