



Namibia

Oil and Gas Conference

Namibia's potential as an oil and gas producer in a global context (Setting-the Scene)

A NAMCOR Presentation

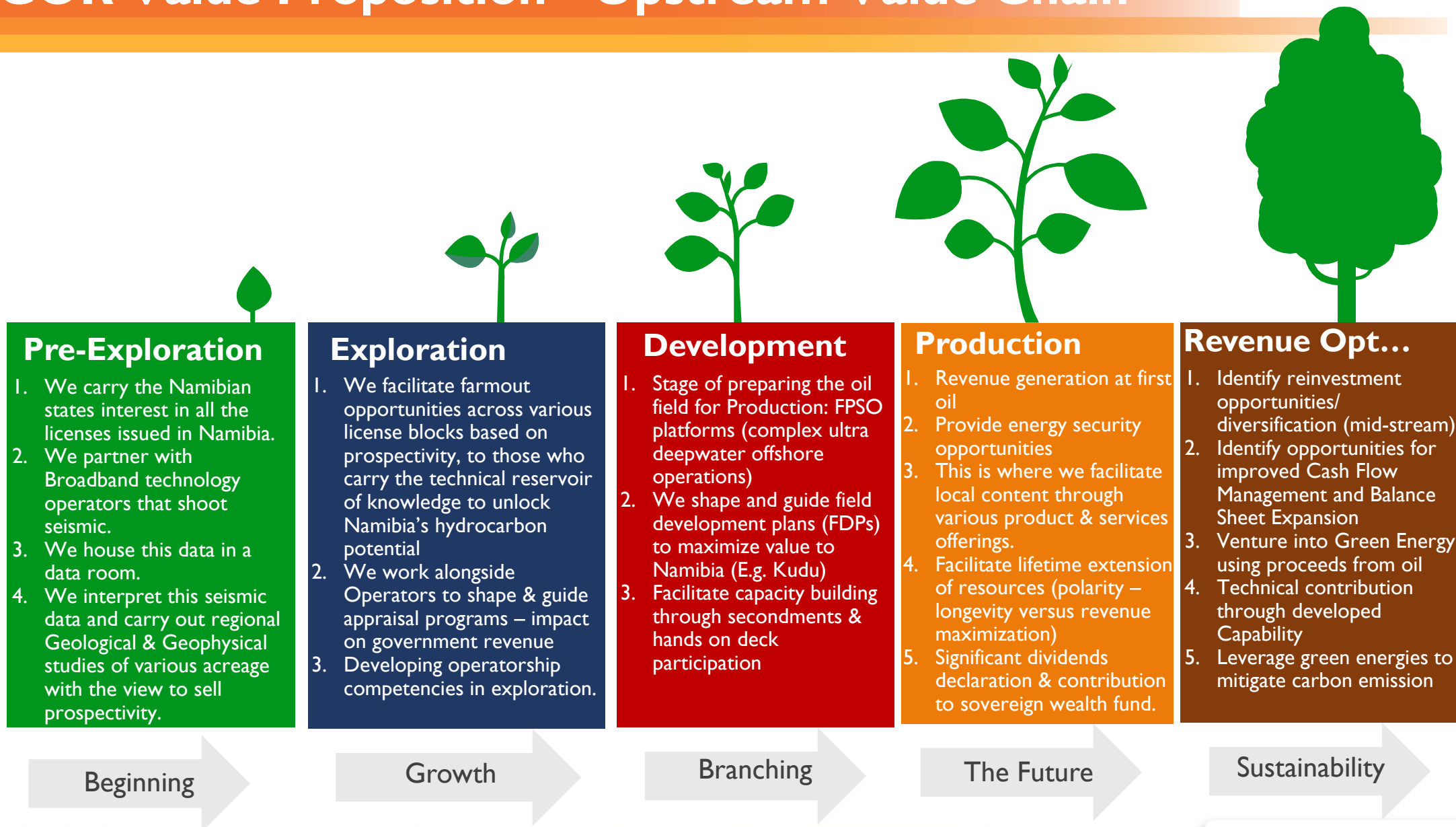


**Upstream Mandate
(E&P Act of 1991):**
(Sec. 8 a (i)) - to carry out
reconnaissance operations, **exploration
operations** and **production
operations**



**Midstream & Downstream Mandate
(E&P Act of 1991):**
(Sec. 8 a (ii)) - to **carry out** any process of
refining, or **disposing of**, or dealing in,
petroleum or any **by-products** of such
petroleum – **Trading Business**

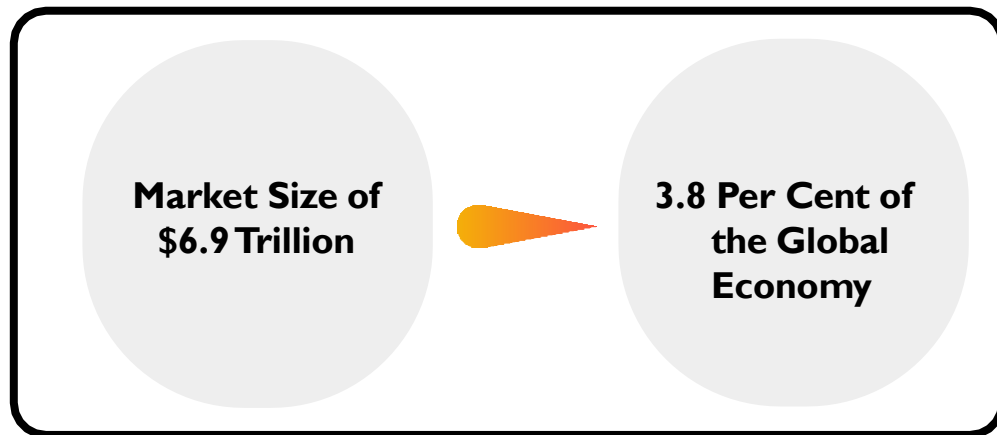
**Midstream & Downstream Mandate
(National Energy Policy of 2017)**
P15.e – empowers **NAMCOR** & other
Namibian entities to carry out **strategic
importation**, **storage**, **marketing** and
distribution of liquid fuels and petroleum
products – **NOSF** & other depots.



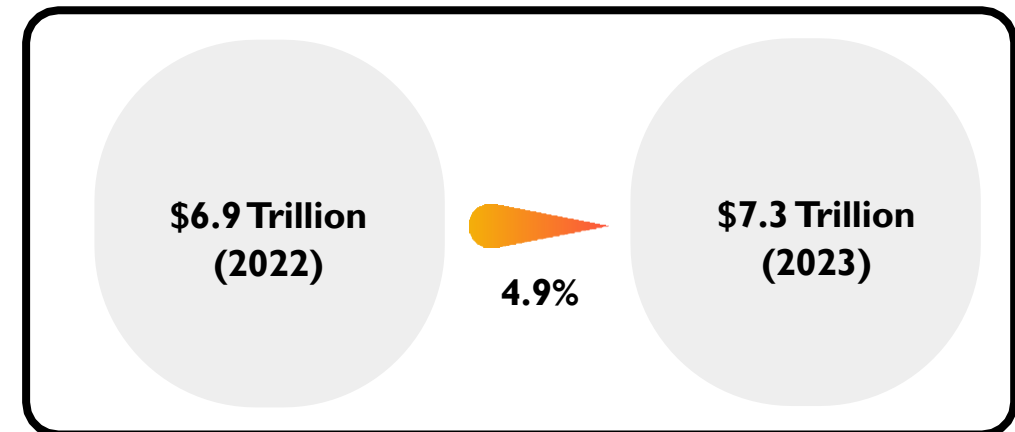
So, what is the value of this commodity?

- ✓ Few commodities have shaped our world and advanced civilisation as profoundly as oil and gas.
- ✓ Oil alone powers a third of the world's energy production – far more than any other commodity – making it a lifeblood of the global economy.

The Oil and Gas Industry: 2022



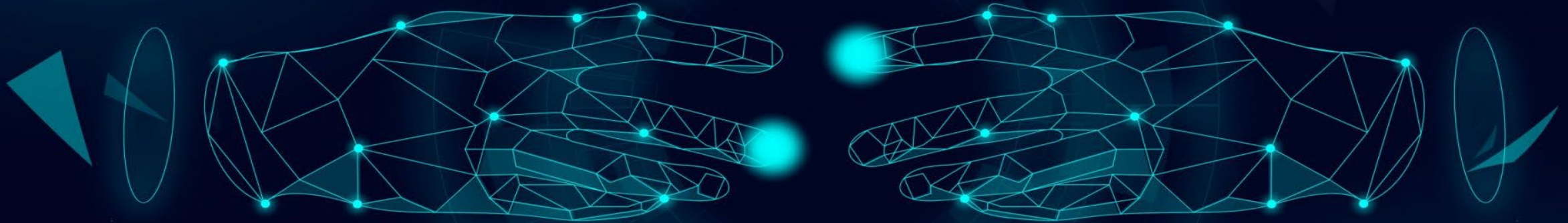
Value of the Oil and Gas Industry: 2023



How long will this value last?

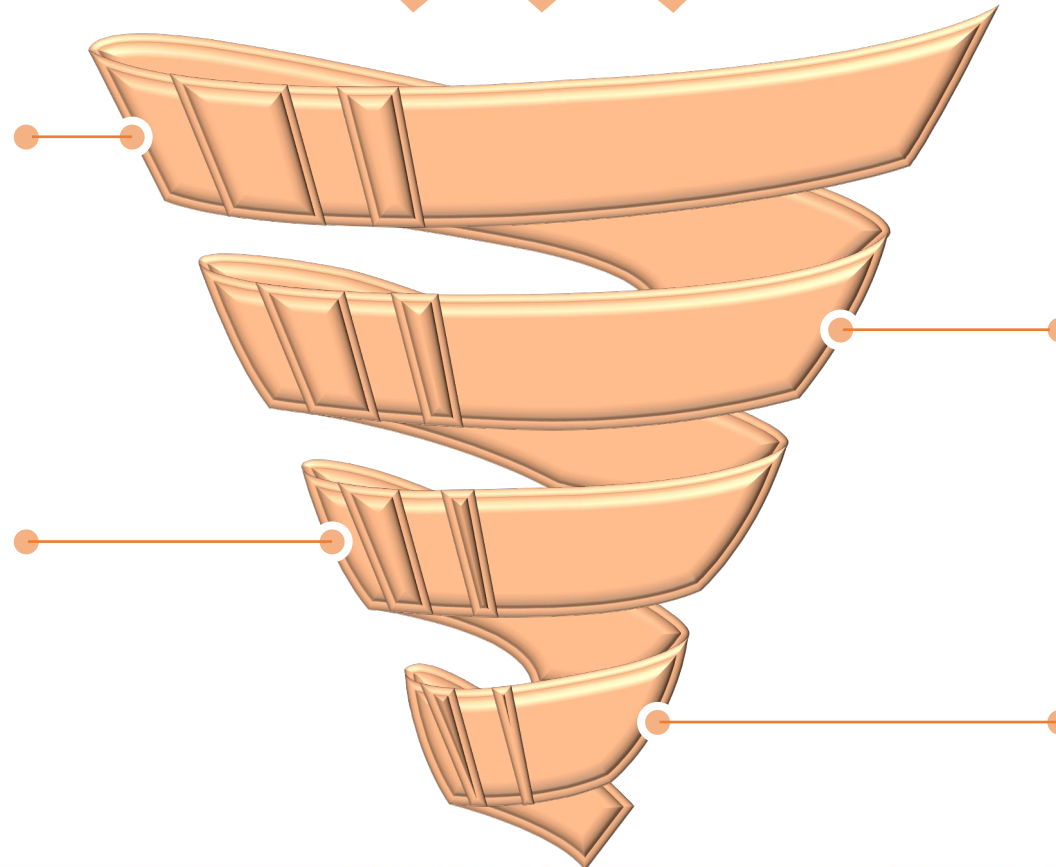


While the tide is gradually shifting towards renewable alternatives, the world still depends heavily upon oil and gas, in a plethora of ways.



So, what makes it so valuable?

Over 3,000 different kinds of products can be made from oil.



Petroleum products

ADO, ULP/ GASOLINE LSFO, JET FUEL.

Bubble-gum

Bubblegum is made from oil. Believe it or not, the base used in bubblegum is made from petroleum-based polymers. This petroleum base in gum is the secret to gum behaving the way it does. Luckily, other ingredients are added for flavor.

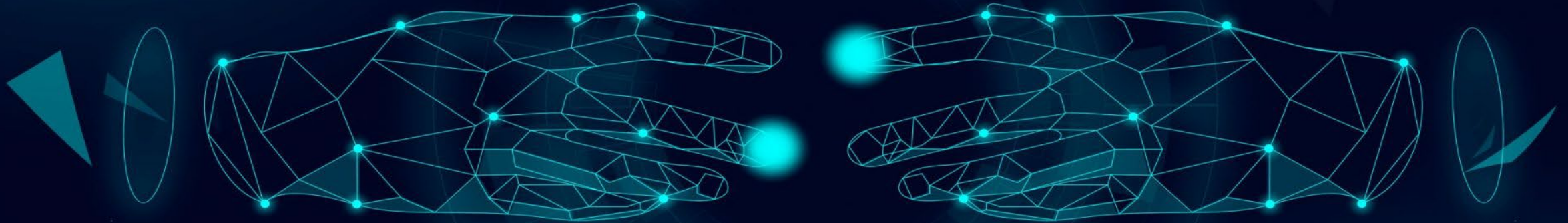
Crude

Tar, Bitumen and Kerogen. Used to make plastic products such as bags, bottles, inline skate wheels, and parts for computers, stereos, and automobiles.

Perishables/ Durables

Such as asphalt, lubricants, ink, cosmetics, and waxes.

[1] FUNDED [2] PACED [3] JUST ENERGY TRANSITION

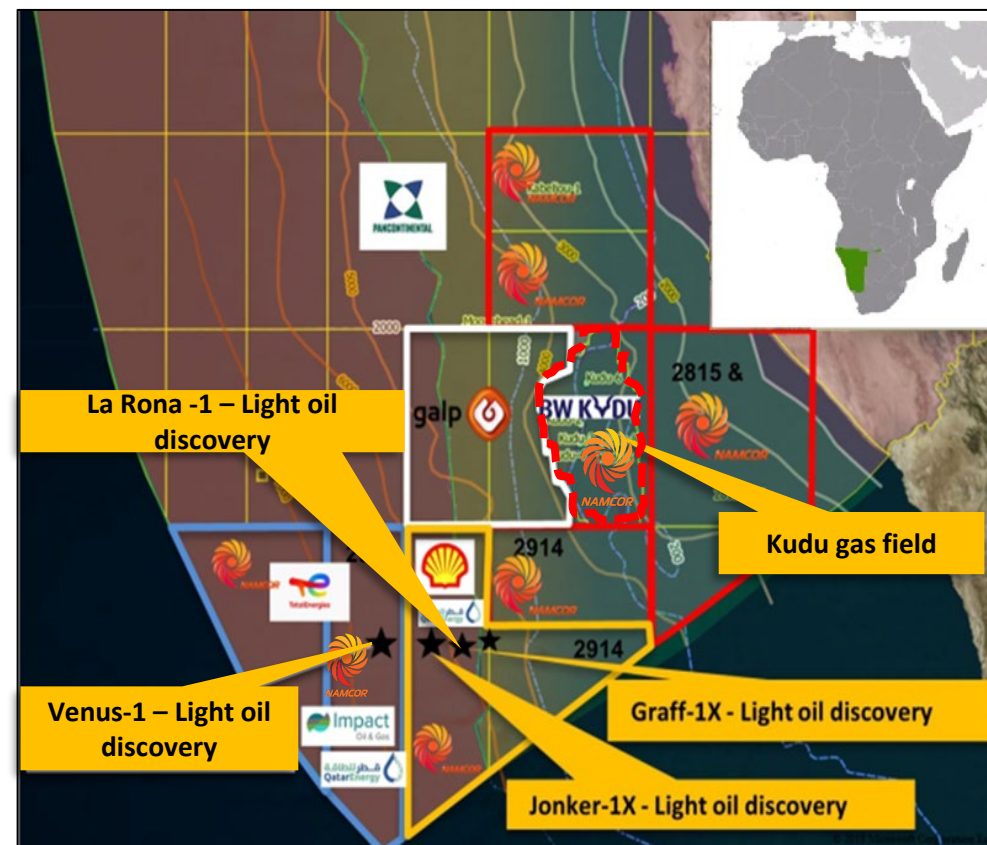


History & Overview of the Discoveries

Discovery	Date of Discovery	Partners in PELs 39 & 56	Development Strategy	Fluid
Kudu (PL003)	April 1974	BWK (95%), NAMCOR (5%, free carry until FG, 5% back in right)	Gas to power	Gas
Graff (PEL 39)	February 2022	Shell (45%), Qatar Energy (45%), NAMCOR (10% interest, staged carry until Development)	No concept for development as for now	Oil
Venus (PEL 56)	March 2022	TotalEnergies (40%), Qatar Energy (30%), Impact Oil & Gas (20%), NAMCOR (10% interest, carry until FO)	Fast-tracked, multi-phased incremental	Oil
La Rona (PEL 39)	April 2022	Shell (45%), Qatar Energy (45%), NAMCOR (10% interest, staged carry until Development)	No concept for development as for now	Oil
Jonker (PEL 39)	March 2023	Shell (45%), Qatar Energy (45%), NAMCOR (10% interest, staged carry until Development)	Fast tracked, multi-tie back, phased incremental	Oil

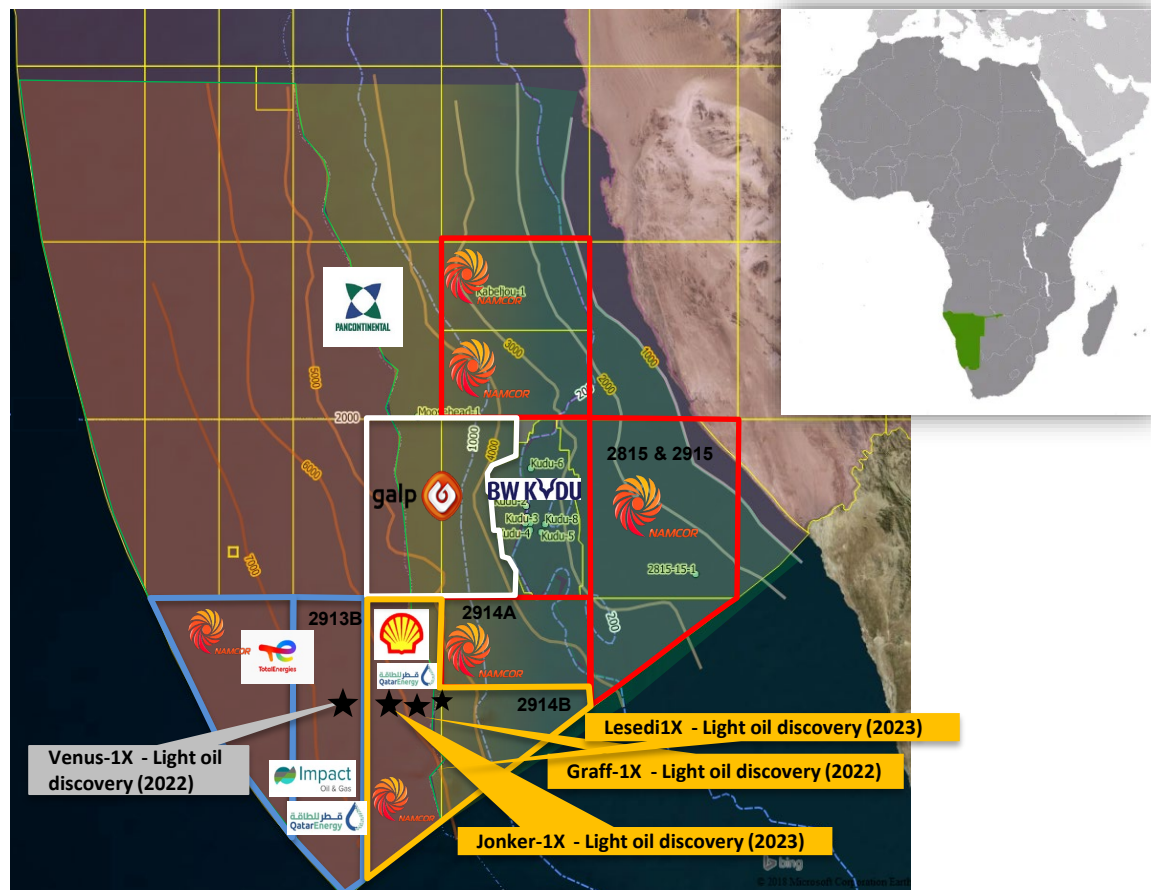
On-going Exploration and Appraisal activities by the following operators:

- Shell
- TotalEnergies
- Galp Energia
- Rhino Resources
- Chevron
- ExxonMobil
- Pancontinental/Woodside
- BW Kudu



Ultra deep-water discoveries – 3000m / 3kms below the see – almost 300km offshore

Preliminary Volumetrics – Approximately 11 billion barrels

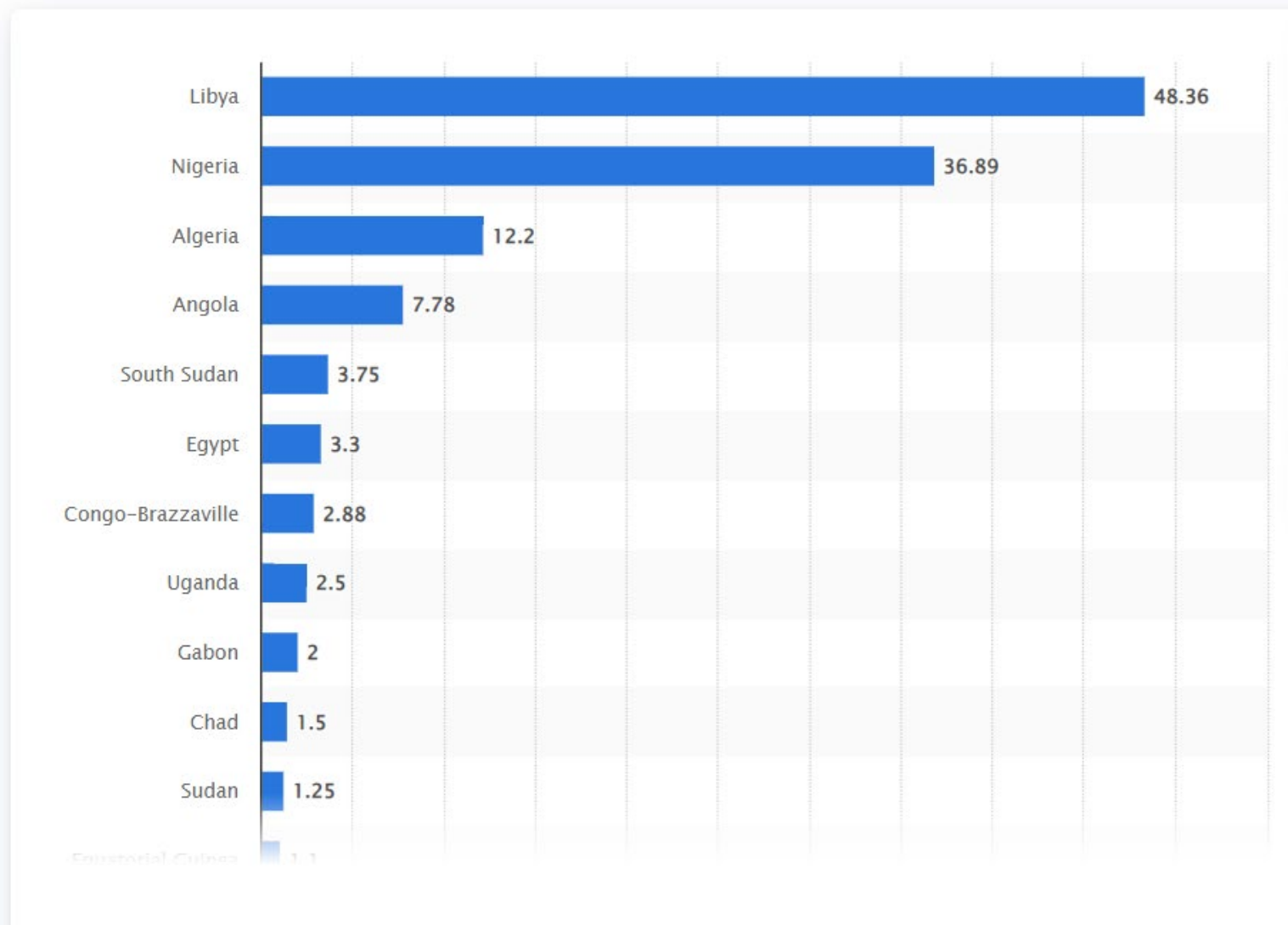


Discoveries	Contingent Resources OIIP @ P90
Graff-1X (Shell, Qatar Energy & NAMCOR)	2.38 billion barrels (Graff only) 0.229 billion barrels (Cenomanian)
Venus-1X (Total, Impact, Qatar Energy & NAMCOR)	5.1 billion barrels (Venus Fan)
Jonker-1X (Shell, Qatar Energy & NAMCOR)	2.5 billion barrels (Jonker Fan)
Lesedi-1X (Shell, Qatar Energy & NAMCOR)	0.258 billion barrels (Lesedi)

Source: Wood Mackenzie

Proven crude reserves in Africa in 2021, by country

(in billion barrels)



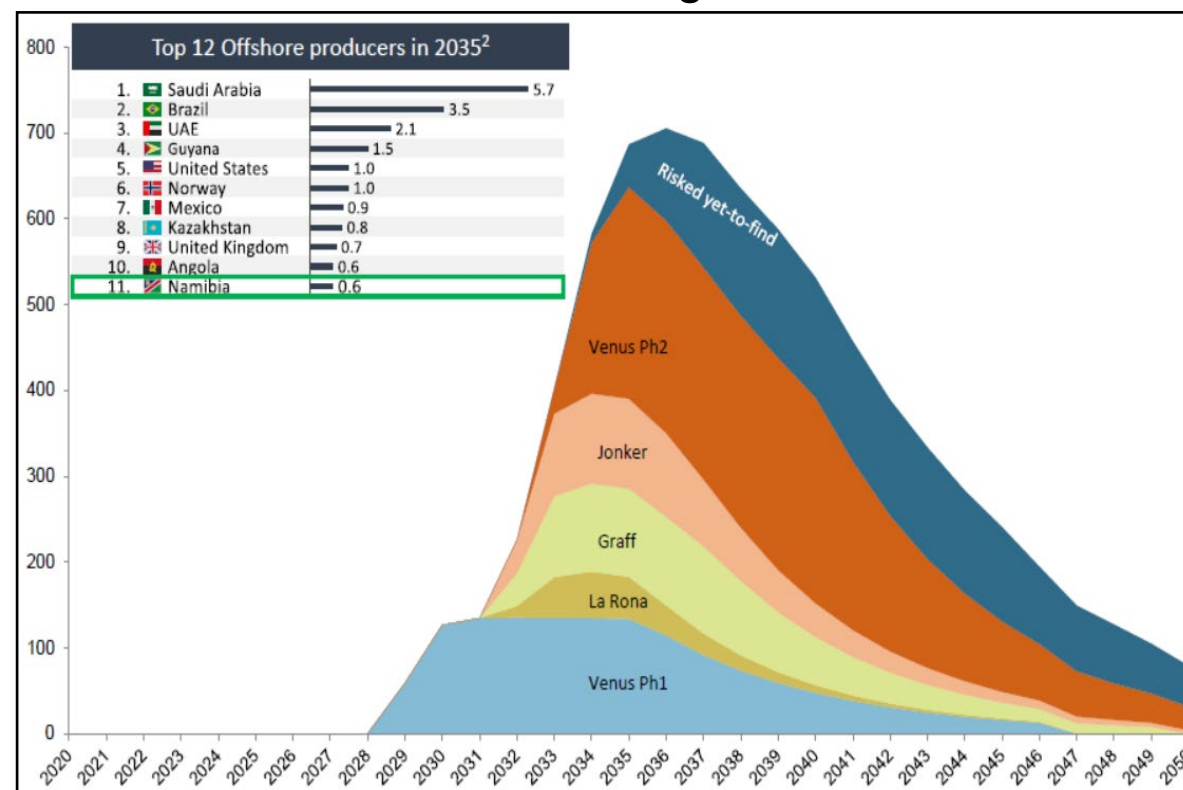
Top 30 Global Deepwater Oil discoveries Since 2015



Rank	Field	Country	Discovery Year	Resources (Mmboe)
1.	Liza	Guyana	2015	1642
2.	Venus	Namibia	2022	1500
3.	Baleine	Ivory Coast	2021	863
4.	Yellowtail	Guyana	2019	796
5.	Kwaskasi	Suriname	2020	730
6.	Zama	Mexico	2017	676
7.	Longtail		2018	640
8.	Uaru		2020	542
9.	Hammerhead	Guyana	2018	526
10.	Tilapia		2019	524
11.	Payara (Prosperity)		2017	514
12.	Whale	United States	2017	497
13.	Ranger	Guyana	2018	474
14.	Araucaria	Brazil	2020	472
15.	Turbot		2017	467
16.	Snoek	Guyana	2017	403
17.	Pluma		2018	391
18.	Tripletail		2019	377
19.	Maka Central	Suriname	2020	354
20.	Mako		2019	352
21.	Cataback	Guyana	2021	350
22.	Whiptail		2021	349
23.	Graff	Namibia	2022	348
24.	Sloanea	Suriname	2020	338
25.	Lau Lau	Guyana	2022	338
26.	Sailfin		2022	334
27.	Pedunculo	Brazil	2022	329
28.	Jonker	Namibia	2023	300
29.	Redtail	Guyana	2020	300
30.	Pinktail		2021	299

Namibian Discoveries

- 3 out of 4 are in the top 30 deepwater discoveries since 2015
- Namibia's Venus is the 2nd largest

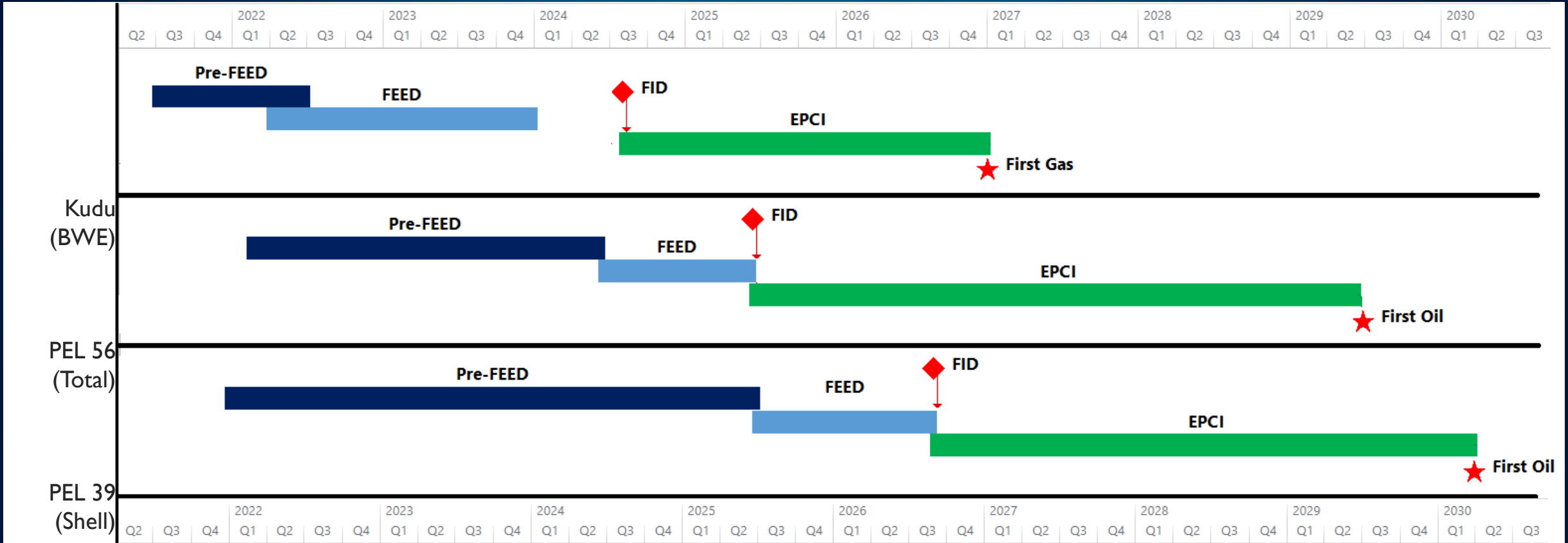


Source: Rystad Energy UCube

Namibian Discoveries

- Namibia to be among the top 15 oil producers by 2035
- An opportunity to double the country's GDP per capita in less than a decade

Key Energy Projects: Timelines



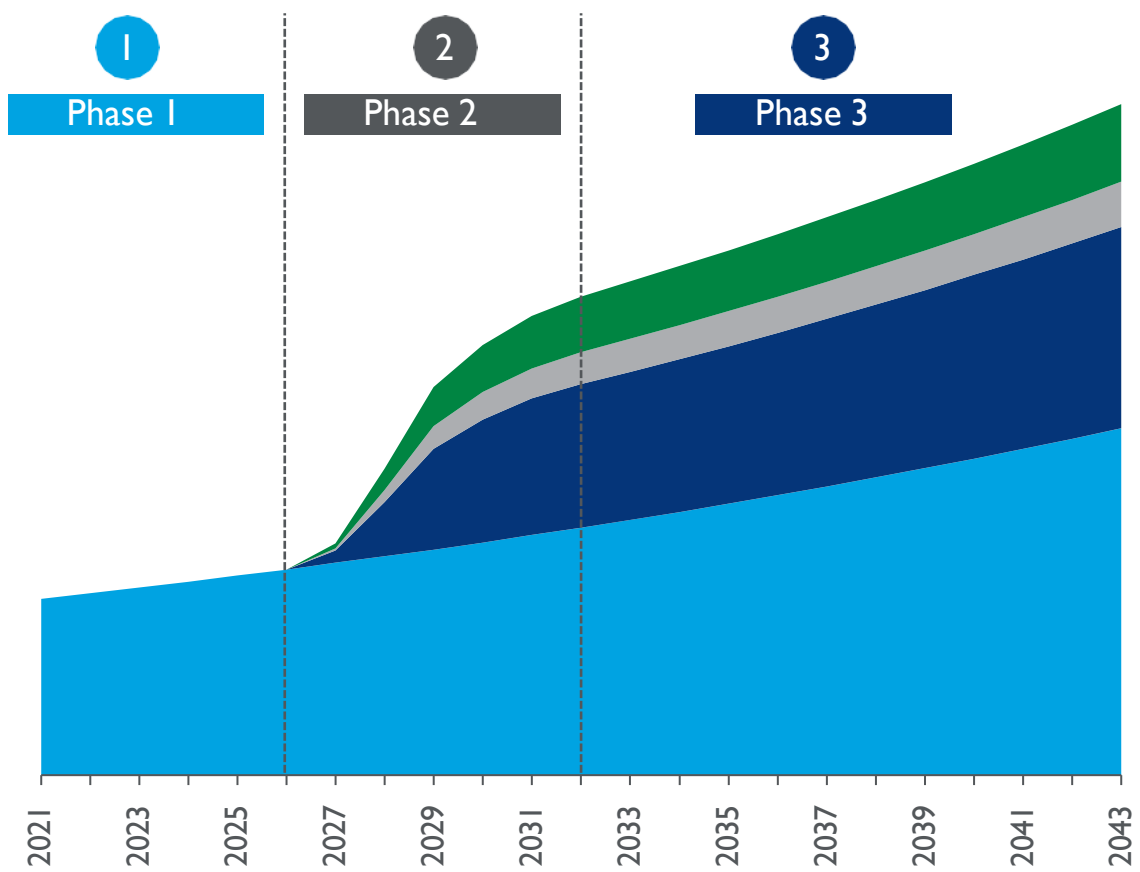
FEED – front end engineering design

FID – final investment decision installation

EPCI – engineering, procurement construction and

Projected phases

Illustration of distinct phases of value add from Graff and Venus



- 1 **Phase 1** – Likely to require a light touch in Namibia as the concepts develop, operators will increase staffing in in-country offices, but limited value add as these will be primarily administrative and logistical positions
- 2 **Phase 2** – Key time to increase and embed local benefits, prior to production peak when project revenues are increasing and the value at its maximum in the operator's portfolio
- 3 **Phase 3** – Post peak* benefits and economic impact needs to be sustainable in the Namibian economy to avoid overreliance on oil and gas

* Based on current models

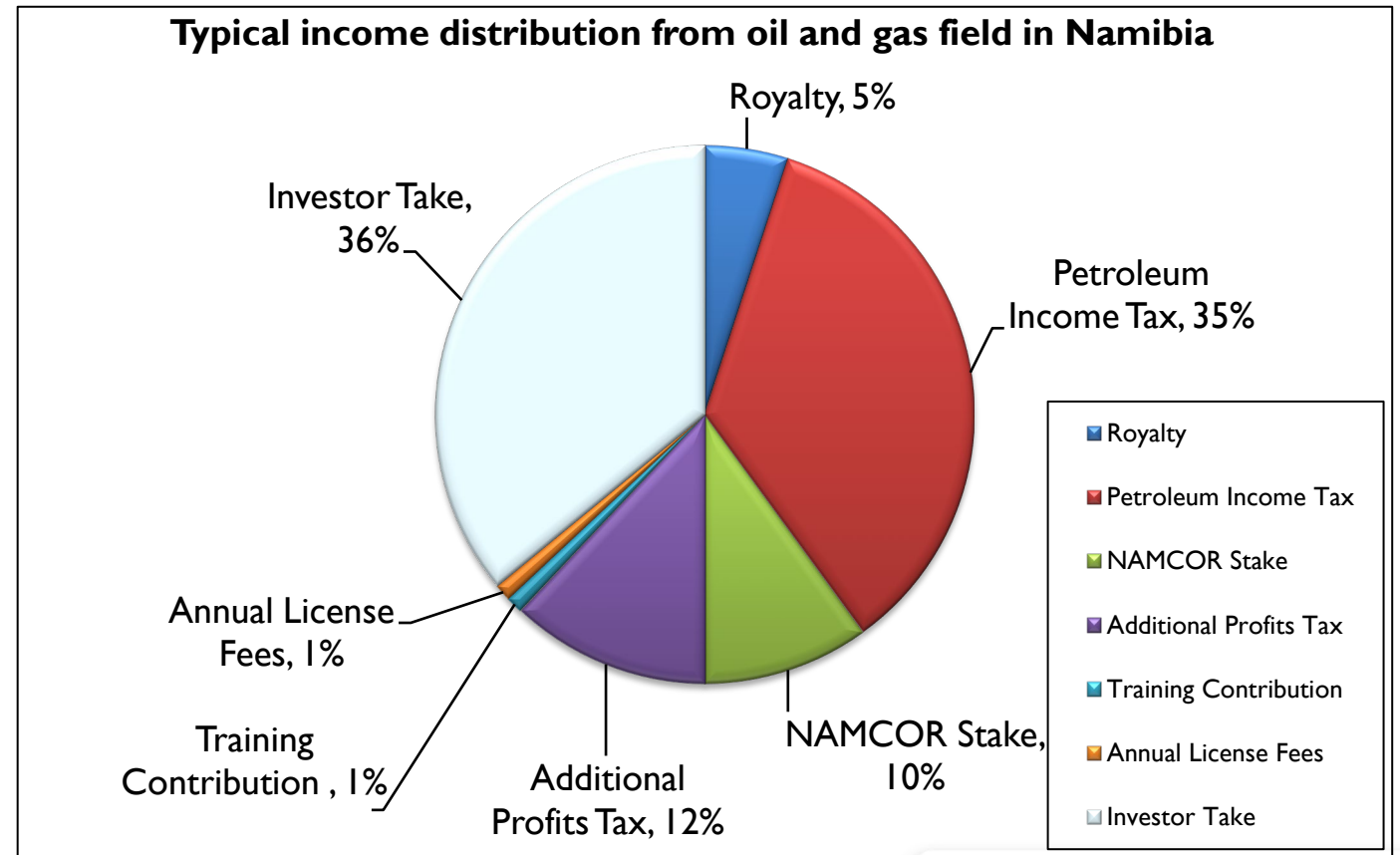
Economic Impacts of the Discoveries on Namibia

- 1. Direct Benefits**
- 2. Indirect Benefits**
- 3. Induced Benefits**

Namibian Petroleum Agreements (PA's):






Government is entitled to receive a share of any successful project once production has started

Fiscal Feature in Petroleum Agreement	% of Divisible Income
Royalty	5%
Petroleum Income Tax	35%
NAMCOR Stake	10%
Additional Profits Tax	5% -12% (negotiable)
Annual License Fees	N\$1 500/km ² (~1%)
Training (Petrofund)	US\$150 000/year (~1%)

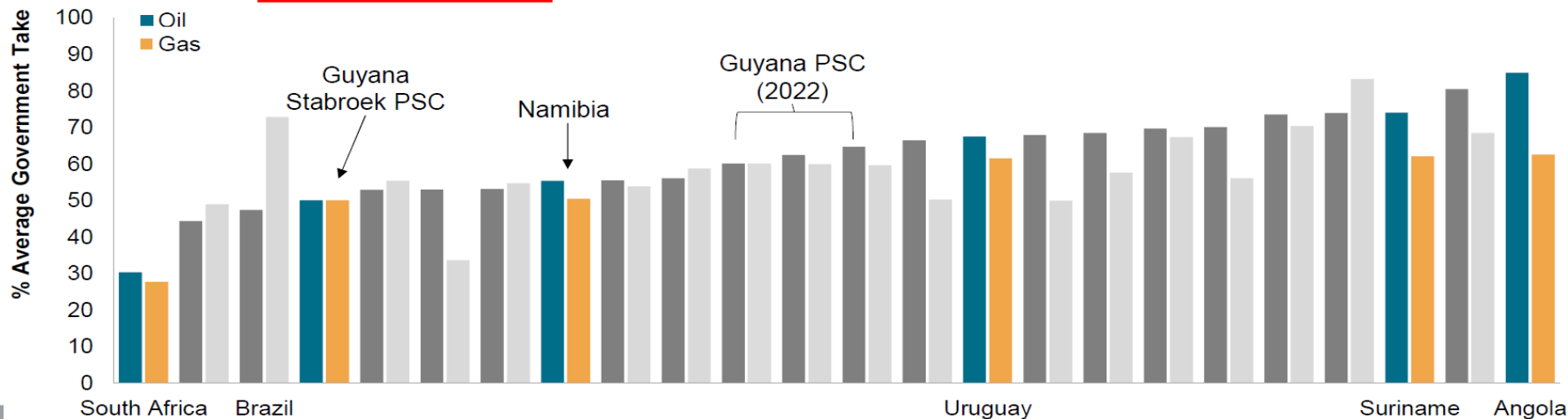
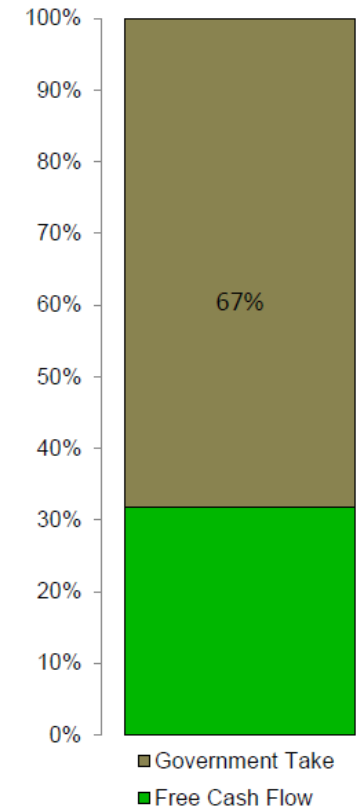


Government Take: How does Namibia compare to peers?



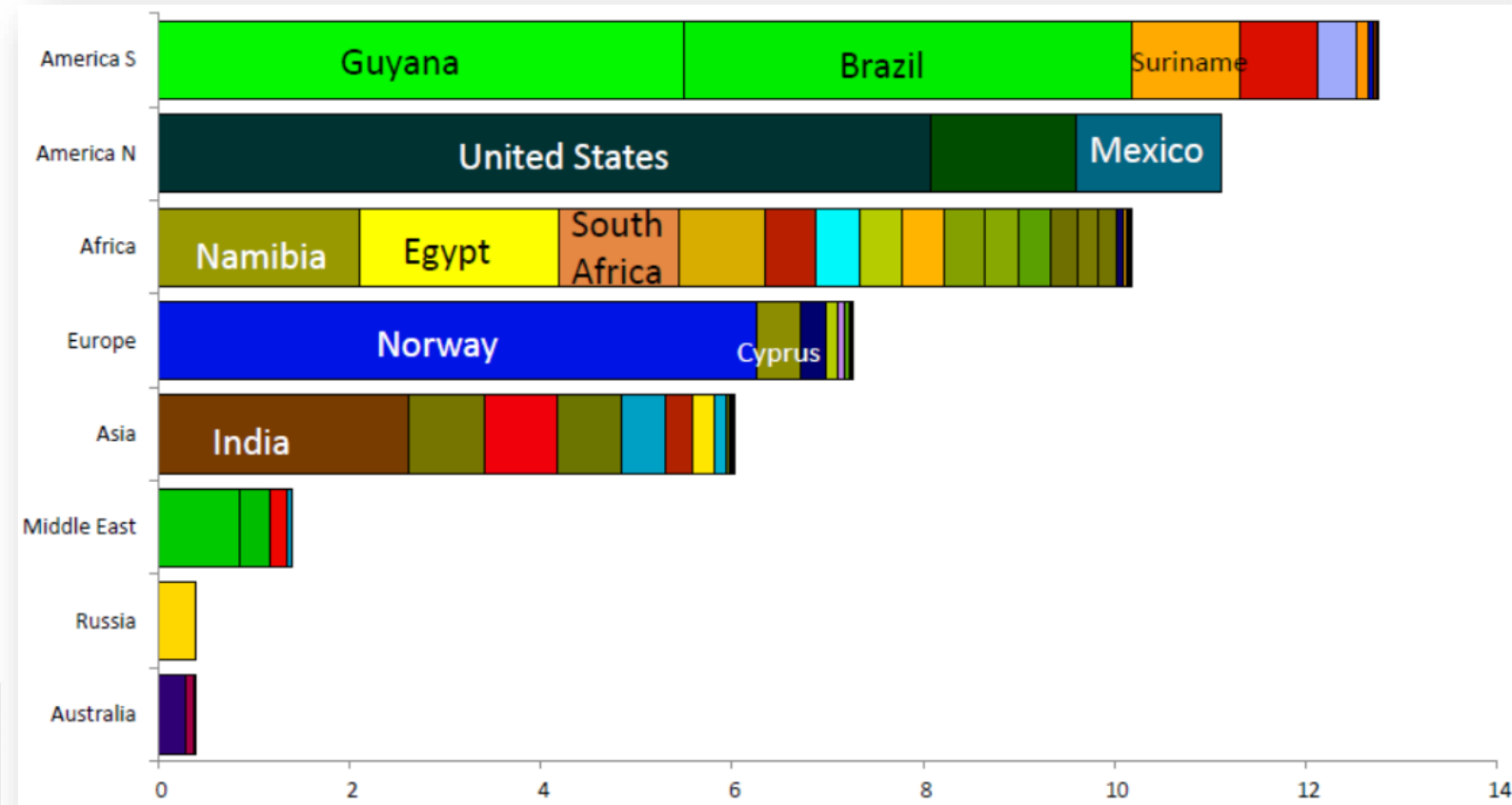
					
	Namibia Concession	Guyana PSC	Guyana Stabroek PSC	Angola PSC	South Africa Concession
Tax					
Royalty	5% for Oil and Gas	10% for Oil and Gas	2% for Oil and Gas	N/A	0.5% to 5%
Corporate Income Tax	35%	10%	Paid on behalf of the Contractor, out of the Government's share	25%	28%
Additional Income Tax	Additional Profits tax: Varies (Tiers 2 and 3 are negotiable)	N/A	N/A	N/A	N/A
Fees	Training fees, Rental Fees ¹	Training fees, Rental Fees ¹	Training fees, Rental Fees ¹	Training fees, Social Contribution Fee	Training fees, Rental Fees ¹
Bonus	N/A	Signature Bonus ²	Signature Bonus ²	Signature Bonus ²	
State Participation	Recommended, but not mandatory	N/A	N/A	Minimum 20%, Exploration & Appraisal Carried	Minimum 20%, Exploration & Appraisal Carried
PSC Terms	N/A	Profit Share Rate: 50% rate Cost Recovery: 65% rate	Profit Share Rate: 50% rate Cost Recovery: 75% rate	Profit Share Rate: 80% to 20% Cost Recovery: 55% to 70%	N/A

Namibia Project cashflows



RystadEnergy S&P Global Commodity Insights

Expected Capital Spending on Exploration 2023-2036



Source: Rystad Energy UCube

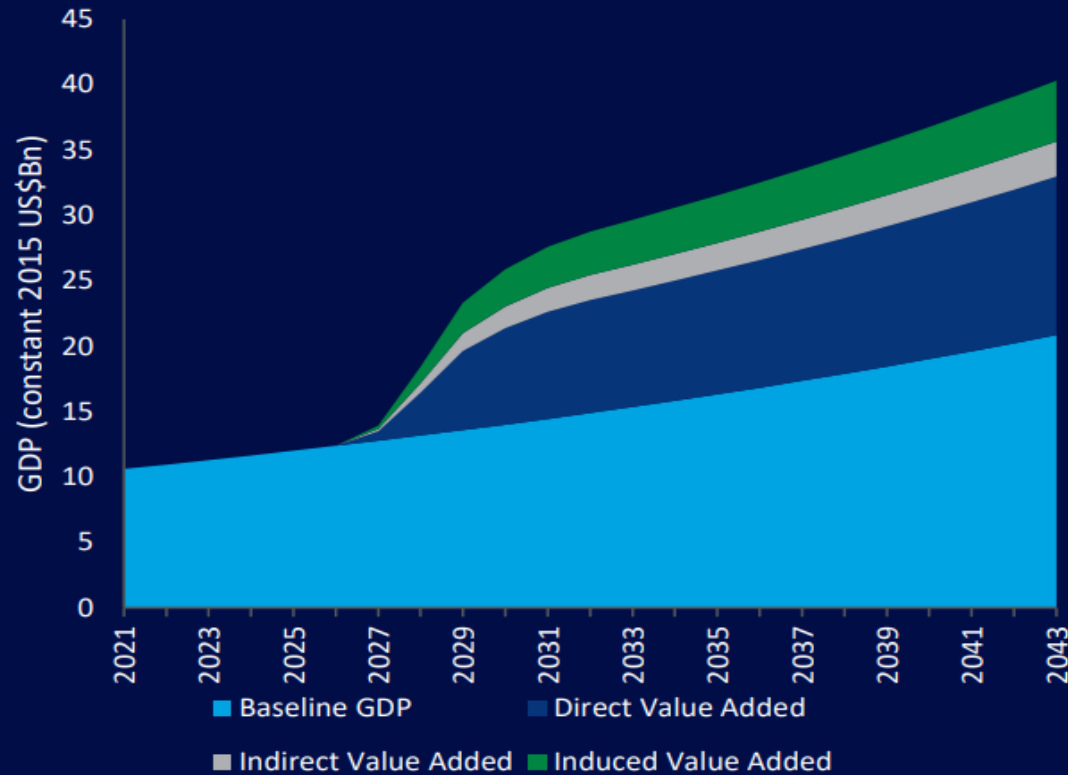
Spending in deepwater exploration by continent (Billion USD)

- Namibia is expected to receive the highest exploration CAPEX in Africa from Total Energies to the value of US\$300m (N\$5.5b) appraising Venus.
- CAPEX likely to increase due to the potential of additional discoveries.

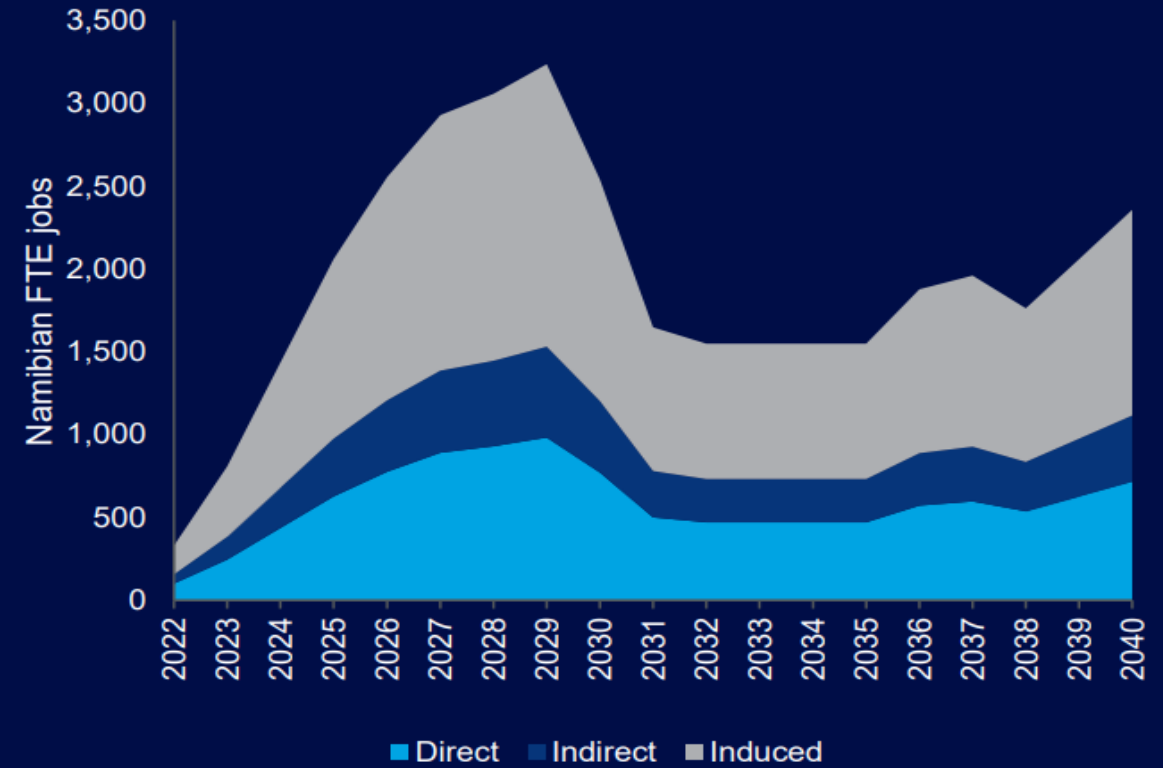
Initial estimates show Graff and Venus have the potential to almost double the Namibian GDP by 2040 to close to US\$37bn

The projects alone will generate over 3,600 jobs at peak, with the potential to maintain these levels with the correct management of skills gained

Economic Impact



Employment Impact



Indirect and Induced Benefits: Spill-over derivative industries across the Oil & Gas Value Chain

Risk of failing to capitalise on associated opportunities

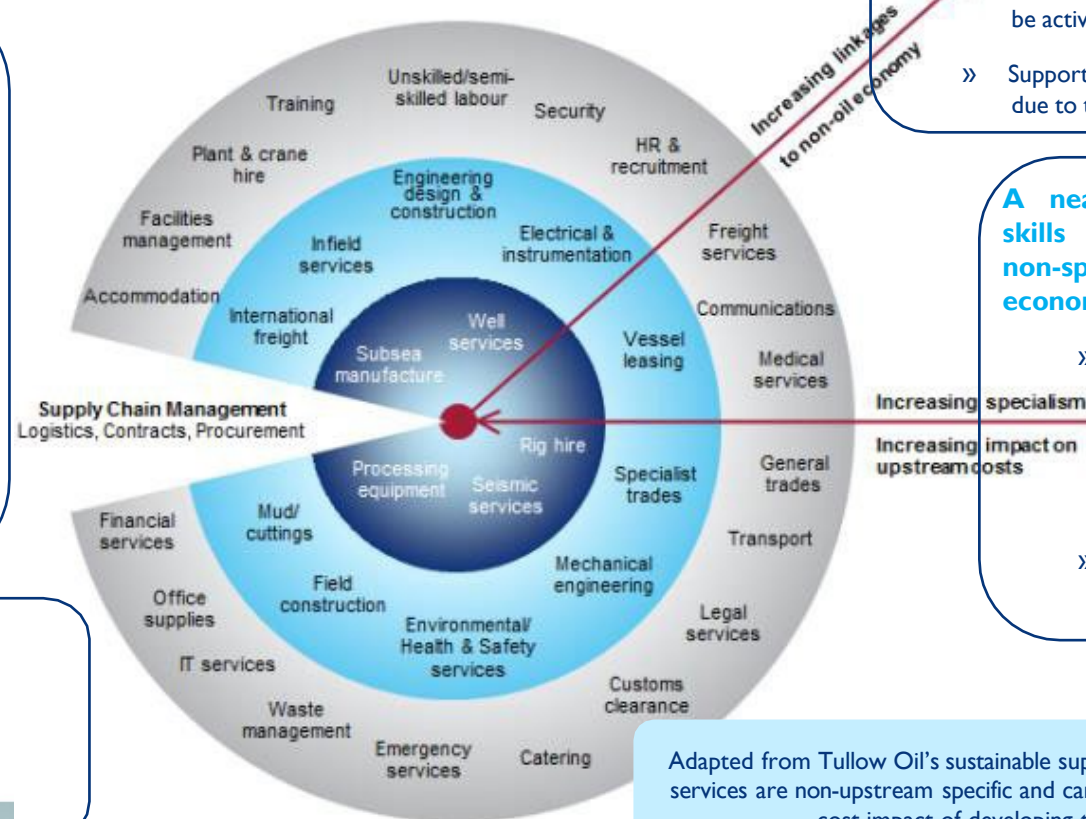
- » Avoid the temptation to focus solely on oil, whether in terms of infrastructure or commercialisation.
- » Prepare strategies for gas monetisation and further value add on hydrocarbon streams themselves

Risk of creating conditions that lead to dependency

- » Look ahead and find the balance between reinvesting in the oil and gas industry and using revenue to boost other industries
- » Avoid leaving all planning to the upstream partners, be active collaborators
- » Support industries that may suffer resource drains due to the benefits of the upstream industry

Strict target-based local content policies can increase lead-times, costs and ultimately limit absolute levels of local content

- » Early engagement between Namibia and the industry is crucial to ensure that an intelligent local content policy develops in-step with the local resource base and the longer-term needs of the economy
- » Many bids in Ghana's licensing round failed to attract interest due to the requirement for at least 5% equity participation by local companies that were unable to raise the capital needed
- » Contracting processes should be simplified to encourage local bidders e.g. by unbundling jobs into smaller lots and being more flexible in the tender requirements



A near-term focus on highly specialised skills risks overlooking the potential that non-specialist services have to the wider economy

- » While developing specialist upstream skills, seriously consider the risk of limited linkage to the wider economy. At Nigeria's Egina project, many highly skilled workers were laid off and forced to find work elsewhere
- » This risk could be mitigated by diversifying into downstream and non-oil engineering sectors

Risk of reducing investor attraction

- » Establish a stable, cohesive and competitive fiscal environment
- » Embed transparency, certainty and simplicity in administrative processes and governance
- » Avoid polarisation of politics and political affiliation of regulator

Adapted from Tullow Oil's sustainable supply chain model, it is apparent that most of these services are non-upstream specific and can be provided by local suppliers with support. The cost impact of developing the supply chain here is relatively low

Resource Curse

Fiscal Break-Even Point (dollars per barrel)

- Oil is measured in barrels, which is equal to 42 US gallons or 159 liters.

(\$ per barrel)

Projections

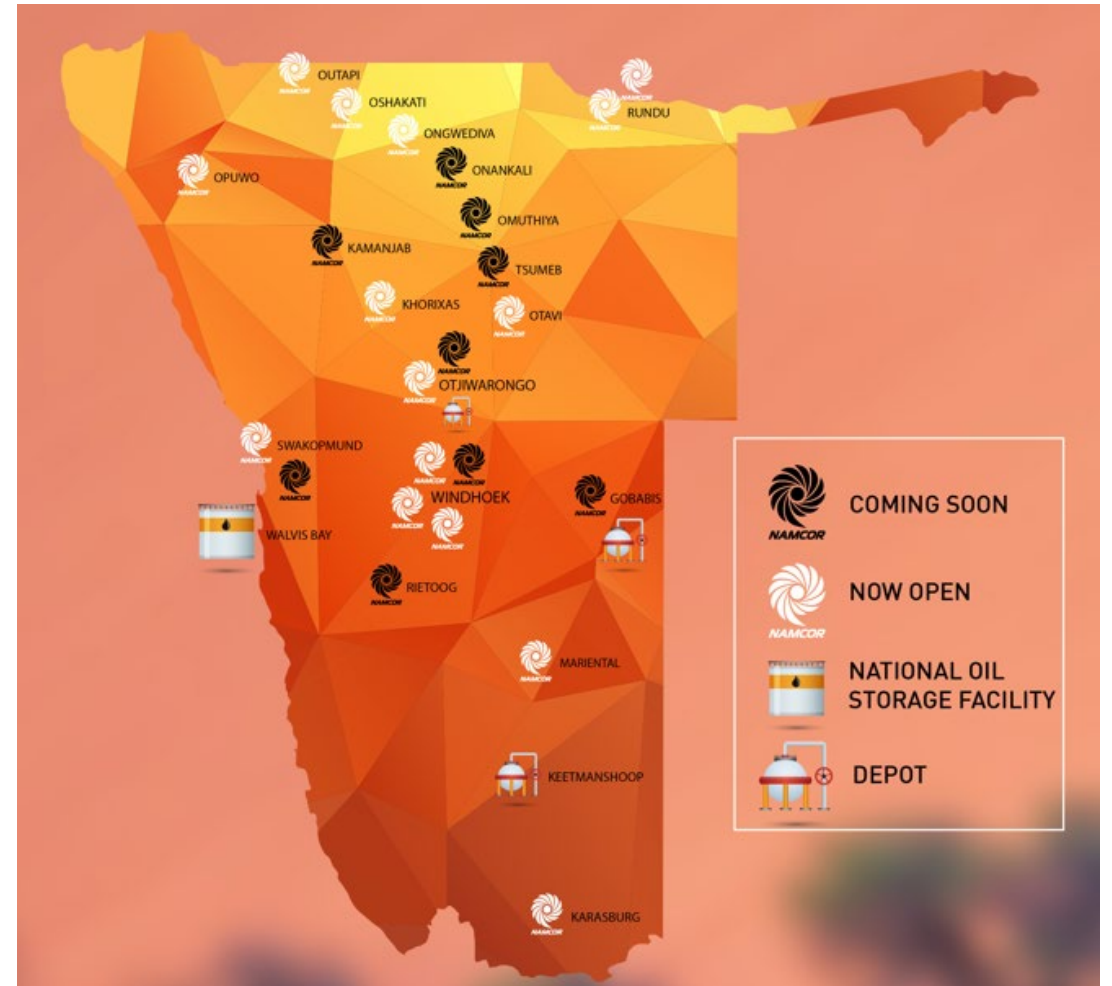
	2018	2019	2020	2021	2022
Algeria	101.4	106.3	90.4	169.6	138.3
Bahrain	94.3	80.6	100.4	88.2	85.8
Iran	75.9	197.8	304.3	242.8	259.2
Iraq	45.4	52.3	63.7	71.3	66.1
Kuwait	53.6	55.0	68.1	69.3	64.5
Libya	95.6	94.2	417.5	48.8	46.7
Oman	96.7	85.1	95.8	72.3	61.8
Qatar	49.2	50.0	46.2	43.1	40.4
Saudi Arabia	88.6	81.9	77.9	76.2	65.7
UAE	64.2	61.7	68.2	64.6	60.4

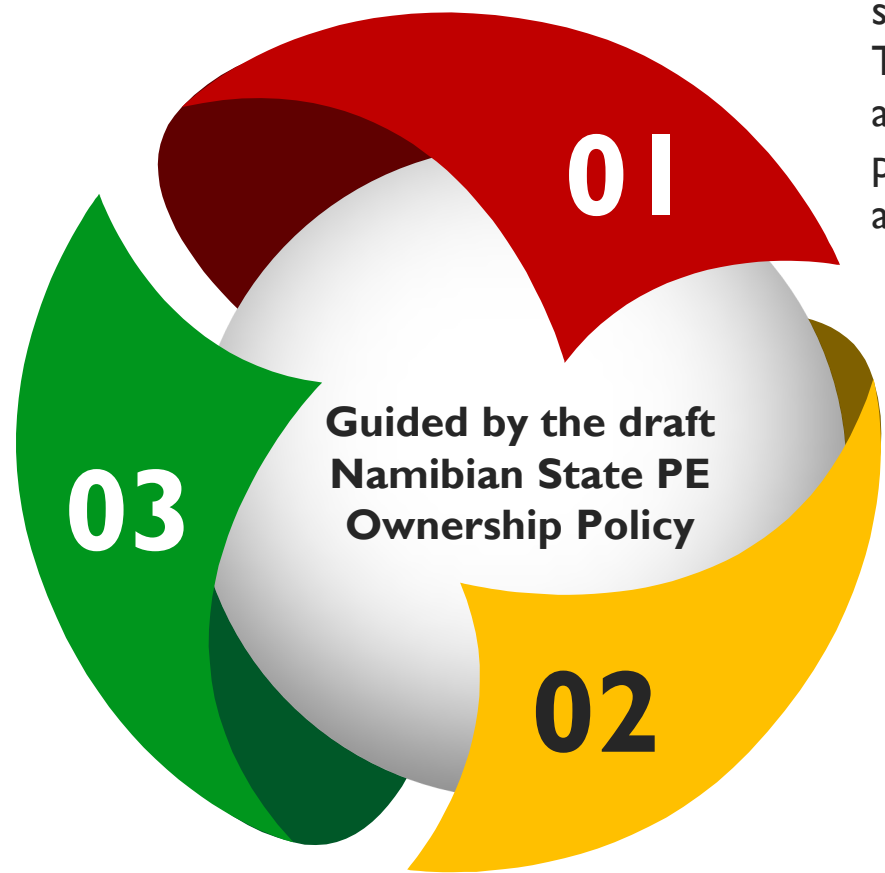
Source: IMF

- ✓ An oil-exporting country's "fiscal breakeven" oil price is the minimum price per barrel that the country needs in order to meet its expected spending needs while balancing its budget
- ✓ Risk for a country like Angola:
 - ✓ Oil and related industry constitute 50% of Angola's GDP and 92% of its exports.

NAMCOR Fact sheet

- Head Office: Windhoek
- **196** Permanent workforce
- NAMCOR has participating interest in **98%** of E&P Licenses issued in Namibia
- **16** Namcor Fuel Retails Stations
- **6%** market share in the Namibia retail space
- **3** Bulk Fuel Storage Depots
- **75 000 m³** National Oil Storage Facility





To **correct market failures or gaps** in the market that leave out key sectors of social and economic significance in Namibia. This may particularly be where it is not as attractive, from a commercial or profit perspective, for private enterprises to enter a market;

To safeguard Namibia's **economic interests**.

To **ensure the ownership, exploitation, and management of key natural resources** (including mineral, marine and petroleum resources) and strategic infrastructure (including water, electricity, and transportation) for the benefit of the public; and

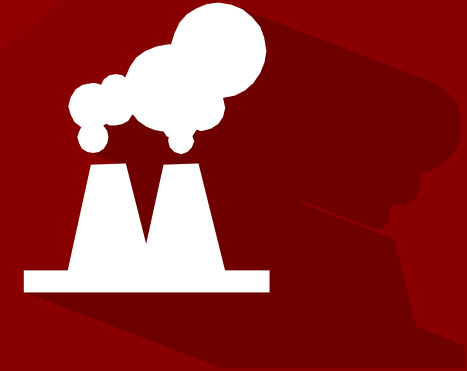
Opportunities & Core Competencies – NAMCOR Master Plan

1. National Energy Policy (Sec. 3.3.5) - To address the security of supply for Namibia, as well as for other countries in the region, Government will consider the construction of an oil refinery, provided such a project is economically viable. Important synergies between refining and related petrochemical activities are possible.
2. E&P Act of 1991 (Sec. 8 a (ii)) - To carry out any process of refining, or disposing of, or dealing in, petroleum or any by-products of such petroleum, or to take part in any such process carried out by any other person.

Pipeline



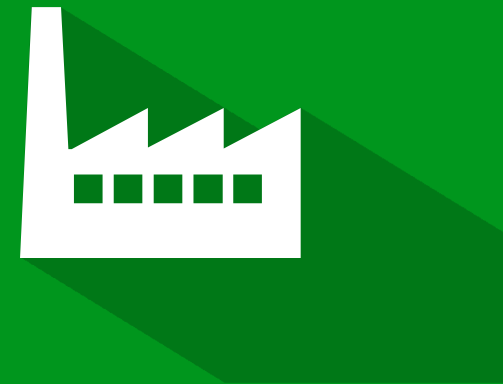
Refinery



Retail



Logistics Base

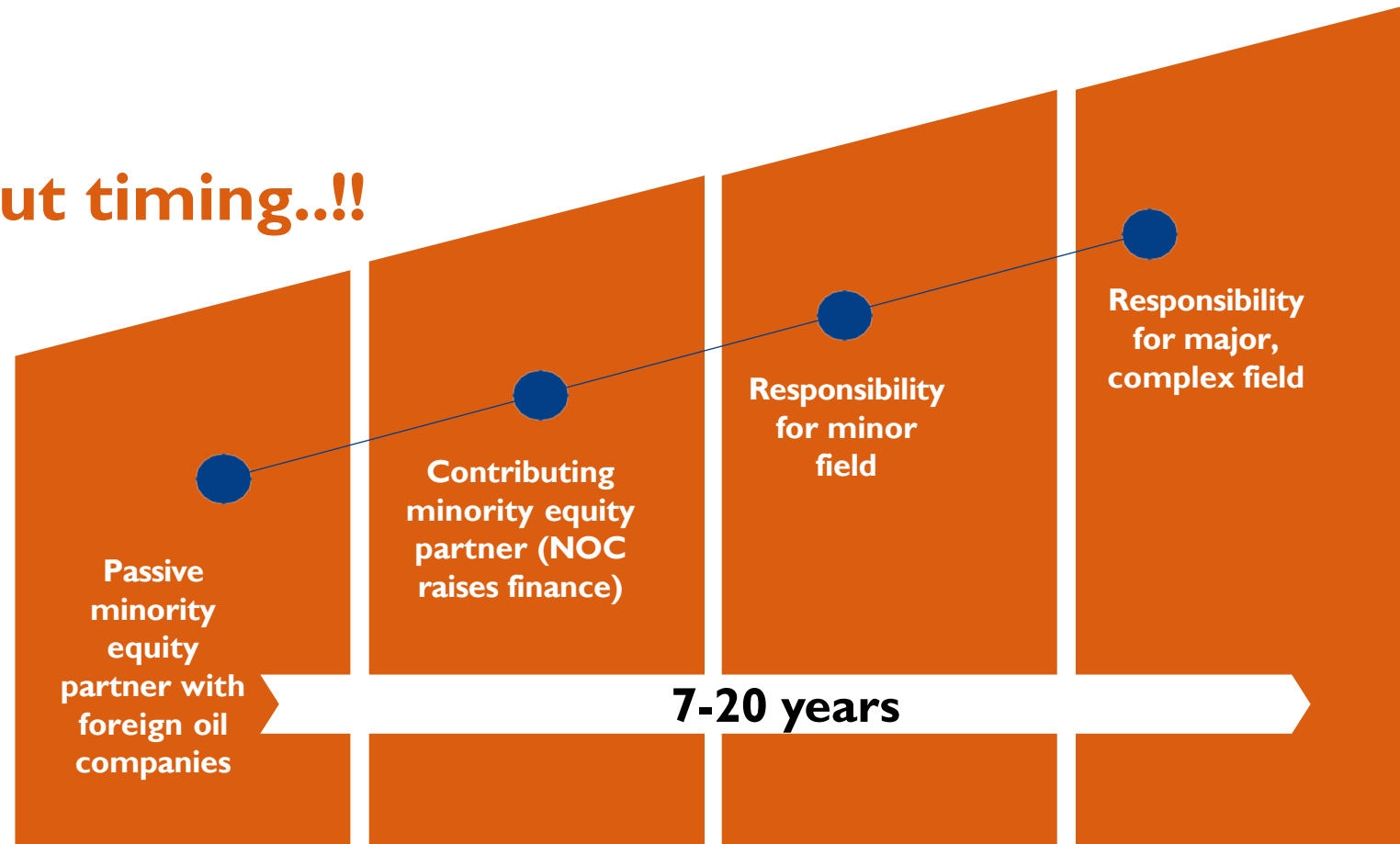


NAMCOR: NOC Transition and Value Creation

from passive investor to responsibility for a major, complex field

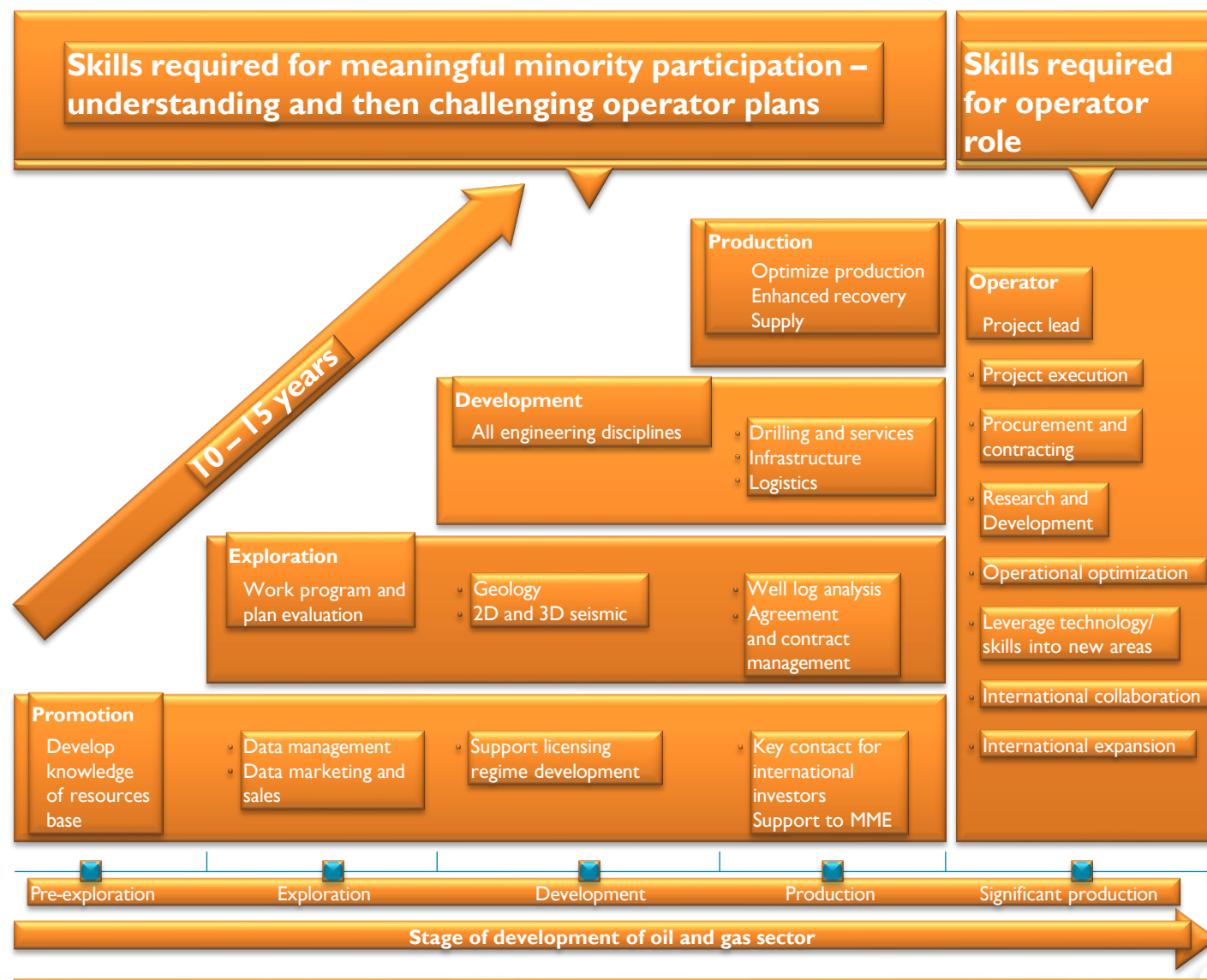


Its all about timing..!!



Source: Presentation of Guidelines for Good Governance in emerging oil and Gas Producers, Chatham House, 2014.

Skills, technical requirements and capacity building timeline



NAMCOR RACE TO FIRST OIL SEMINAR 2023



PAULO COELHO

Manager: Marketing, Communications and Public Relations
NAMCOR

MC



NUST Auditorium



13th - 14th Sep, 2023
Time: 18H00

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SPEAKERS - 13TH SEP, 2023



MTUNDENI NDAFYAALAKO
Executive: Upstream
Development & Production
NAMCOR

Socio-economic benefits & Namibia's fiscal share of the oil discoveries - a potential for Namibian economy diversification.



SAAVE NAKASHOLE
Principal Geoscientist
NAMCOR

Fundamentals of hydrocarbon formation and the Upstream Petroleum lifecycle.



PETRUS NUUYOMA
Oil Trader
NAMCOR

Understanding the Namibian Mid-Stream & Downstream Sector - A Namcor Perspective.



LUKAS KANDOWA
Engineering Manager
NAMCOR

Understanding the Namibian Upstream Sector: A NAMCOR Perspective.

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FRANS KALENGA
Senior Manager: Sustainable Energies



PETRUS SINDIMBA
Principal Reservoir Engineer



RAMONA ITEMBU
Acting Executive: Human Capital



SHIWANA NDEUNYEMA
Acting Managing Director

SPEAKERS - 14TH SEP, 2023



FRANS KALENGA
Senior Manager: Sustainable Energies



PETRUS SINDIMBA
Principal Reservoir Engineer



RAMONA ITEMBU
Acting Executive: Human Capital



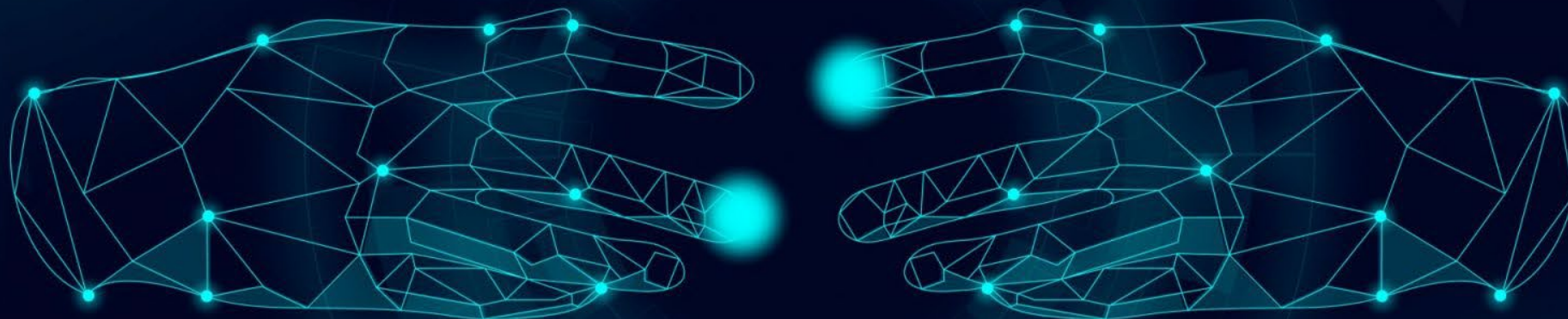
SHIWANA NDEUNYEMA
Acting Managing Director

Conclusion



- There is a need for Policy Statement on the Namibian oil and gas sector - The Namibian state's ideological dispensation in terms of what it aims to achieve from the petroleum sector, from which all policy, strategies and initiatives will flow.
- NAMCOR role is critical (from a resource and revenue maximization perspective) – we are committed to jointly work together with the JV partners and Government to successfully develop the recent oil and gas finds in Namibia.
- We need to unpack and understand the oil and gas value chain – this will enable the country to leverage immediate opportunities, address skill gaps, and strategically develop industries that align with the sector's requirements.
- Investor Policy certainty and a conducive business working environment is critical to the success of the industry.
- NAMCOR's end game is to place the company in a position to competently supervise Namibia's petroleum assets, specifically in light of International Oil Companies' Energy transition strategies and commercial thresholds.
- Ladies and Gentlemen, NAMIBIA has become a POWERHOUSE – And as NAMCOR, we remain committed to being the Namibian state's vehicle, that will help unlock the country's economic potential, given the wealth lying beneath our feet.

Thank You...



Questions & Discussions....!



Namibia^{sun} Oil and Gas Conference



SCAN ME



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