

The Socio-economic Impacts of The New Oil and Gas Discoveries on Namibia

THE NAMCOR PERSPECTIVE

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Recent Oil Discoveries in Namibia - Venus-1X & Graff-1



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Graff-1 well Deep Water discovery

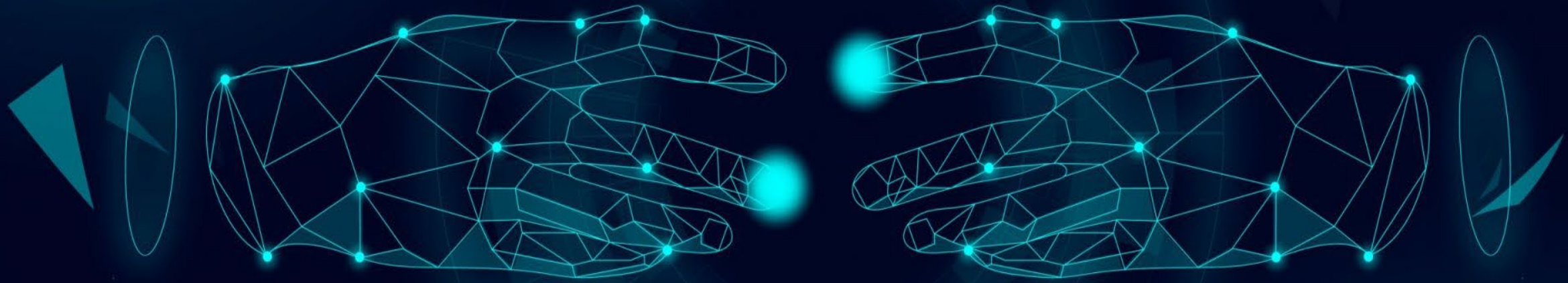
- On 04 February 2022, NAMCOR and its partners announced a discovery of light oil in the Orange Basin at the Graff-1 Deep Water exploration well, offshore Namibia, 270 km from the town of Oranjemund.
- Licensees comprise of a Joint Venture group made up of Shell (45%), QatarEnergy (45%), and NAMCOR (10%).

Venus-1X discovery

- On 24 February 2022, NAMCOR announced a major discovery of light oil and associated gas on the Venus-1X prospect, located in block 2913B (PEL 56) in the Orange Basin, offshore southern Namibia.
- Licensees comprise of a Joint Venture group made up of TotalEnergies (40%), QatarEnergy (30%), Impact Oil and gas (20%), and NAMCOR (10%).

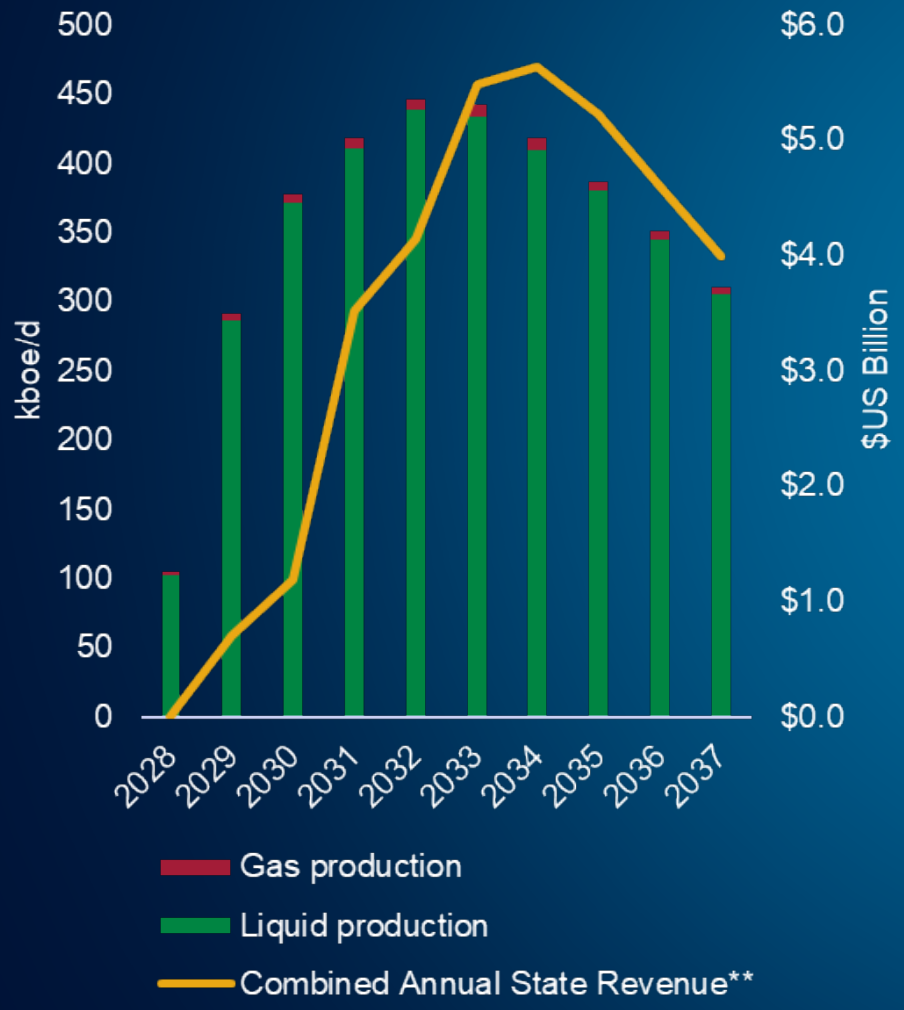
NAMCOR appointed an **internationally renowned consultancy firm** to carry out an **independent analysis** of the **socio-economic** implications of the 2 oil discoveries on Namibia.

Wood Mackenzie – is an international research and consultancy firm, specifically focused on the natural resources industry.



The following slides provide the Implications, Benefits and Risks of the discovery on Namibia, following the analysis conducted by Wood-Mack…..

After 30 years of post-independence exploration, Namibia could find itself the third largest oil producer in Sub Saharan Africa within a decade



Globally significant

Graff and Venus rank amongst the top 20 global discoveries in the last decade

Major GDP Contribution

At peak could add up to US$5.6bn per annum to state revenues

Energy Transition Aligned

Low emissions and well aligned with concept of the advantaged resource

Attractive for Partners

Large, and growing resource and $32/boe breakeven

- *Aggregate of estimated revenue from royalties, corporation tax, APT and NAMCOR revenue

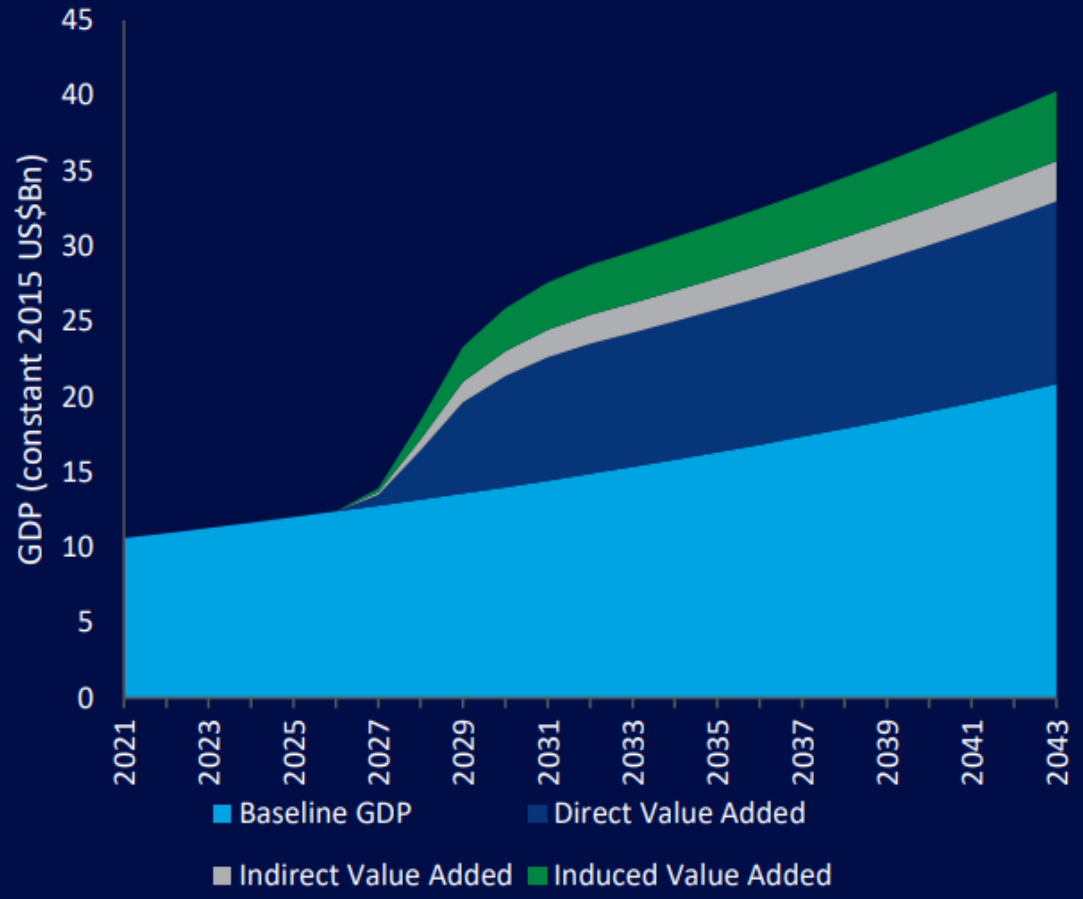
- Source: Wood Mackenzie

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

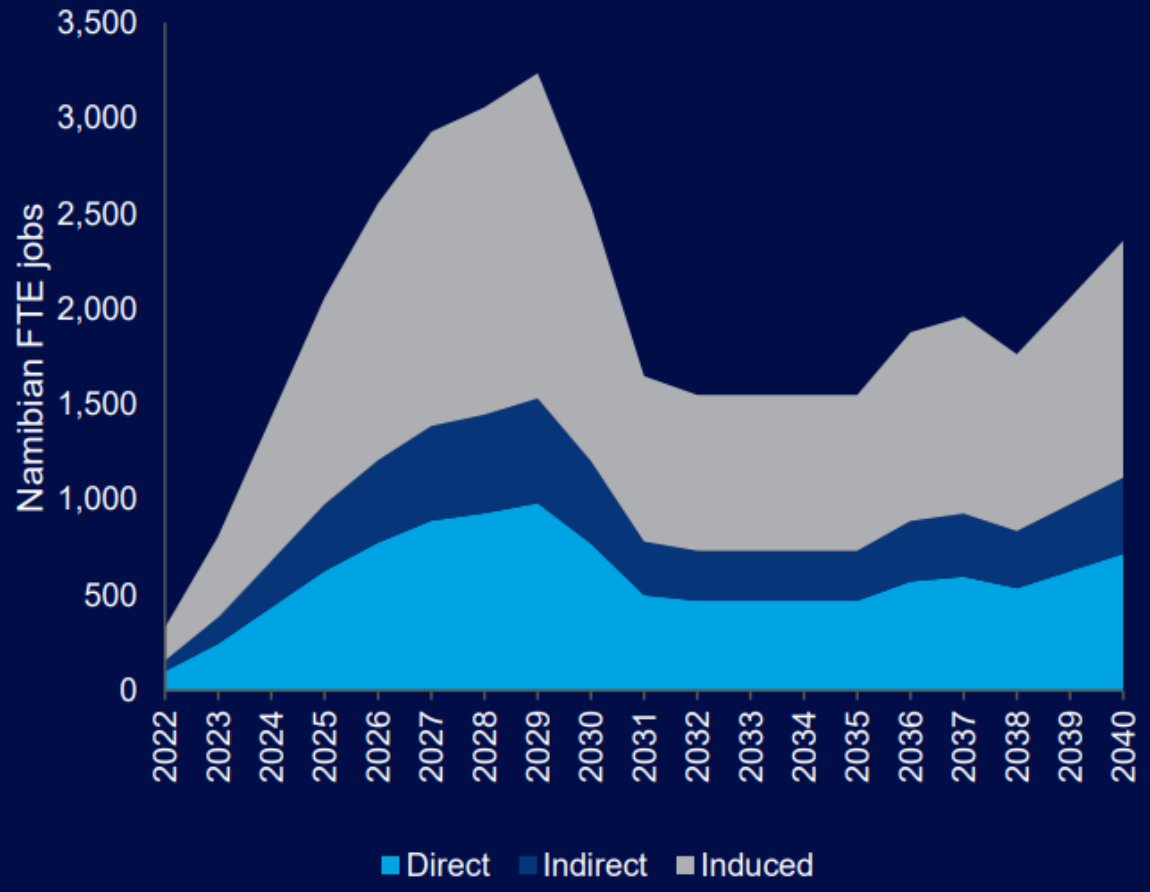
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The projects alone will generate over 3,600 jobs at peak, with the potential to maintain these levels with the correct management of skills gained

Economic Impact



Employment Impact



- Source: Wood Mackenzie

Other recent oil and gas developments provide excellent learnings for Namibia



Guyana



Ghana



Uganda

What was done well?

- Facilitated accelerated project development timelines
- Collaborated with upstream partners to create and implement successful local content policies
- Honoured contracts and competitive fiscal agreements
- Adapted quickly to challenges from lack of infrastructure

What to avoid

- Lack of coherent infrastructure plan
- Severe skills shortages in the local population
- Lack of an effective technical and commercial gas solution
- Failed implementation of sweeping, target-based and unattainable local contents policies
- Fiscal uncertainty and retrospective legislative changes

Initial scan identifies a number of areas of focus for NAMCOR and Namibia

	Regulatory framework – The regulatory framework must be robust, comparable to industry best practice, free from undue interference
	Fiscal terms – Caution, The realisation of significant government revenue can lead to disproportionate changes to fiscal structures
	Supply chain – Closely aligned with local content Namibia needs to decide elements of the supply chain to prioritise
	Local content – local content plans need to be realistic vs in country capability at any given time
	In country capability/ capacity - Provides the potential to lift benefits to Namibia beyond the direct project level
	NOC Development - The discoveries provide NAMCOR an opportunity to evolve rapidly from its current role
	Wider Economic Development - economic benefits can boost the energy sector and the economy and government as a whole

The State now owns advantaged resources but must navigate the risks and grasp opportunities to ensure that Venus and Graff grow into blessings for Namibia

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Risks

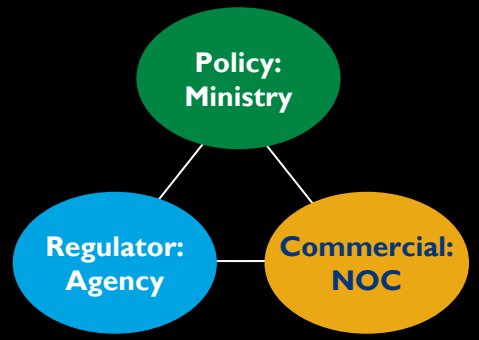
- Neglect of gas and other value creating options
- Poor local content policies which result in higher costs and lower local participation
- Namibia dependent on oil revenues while other industries suffer
- Specialist training could leave highly skilled locals out of other Namibian industries
- Creating legally and fiscally hostile environments for investors

Management of the energy sector

Opportunities

- Gas and LNG can be utilised locally or exported
- Kickstart Namibia's downstream industry, with lessons from Uganda
- Invest in solar and wind in line with the National Energy Policy 2017
- Domestic source of alternative fuel for Namibia's key industries
- Education and training to allow linkage with outside industries

Value & Employment opportunities from Graff and Venus will arrive in 3 phases



An NOC's strengths and opportunities rely heavily on:

- The **size** and **quality** of resources
- Importance of oil and gas in **economy**
- Excellent **governance**
- Ability to **function** without undue interference

1. Limited value add – primarily administrative and logistical positions
2. Revenues increasing, value at maximum – key time to increase local benefits
3. Post peak – benefits must be sustainable to avoid overreliance on oil and gas

• Source: Wood Mackenzie

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THANK YOU