

Block 2B South Africa



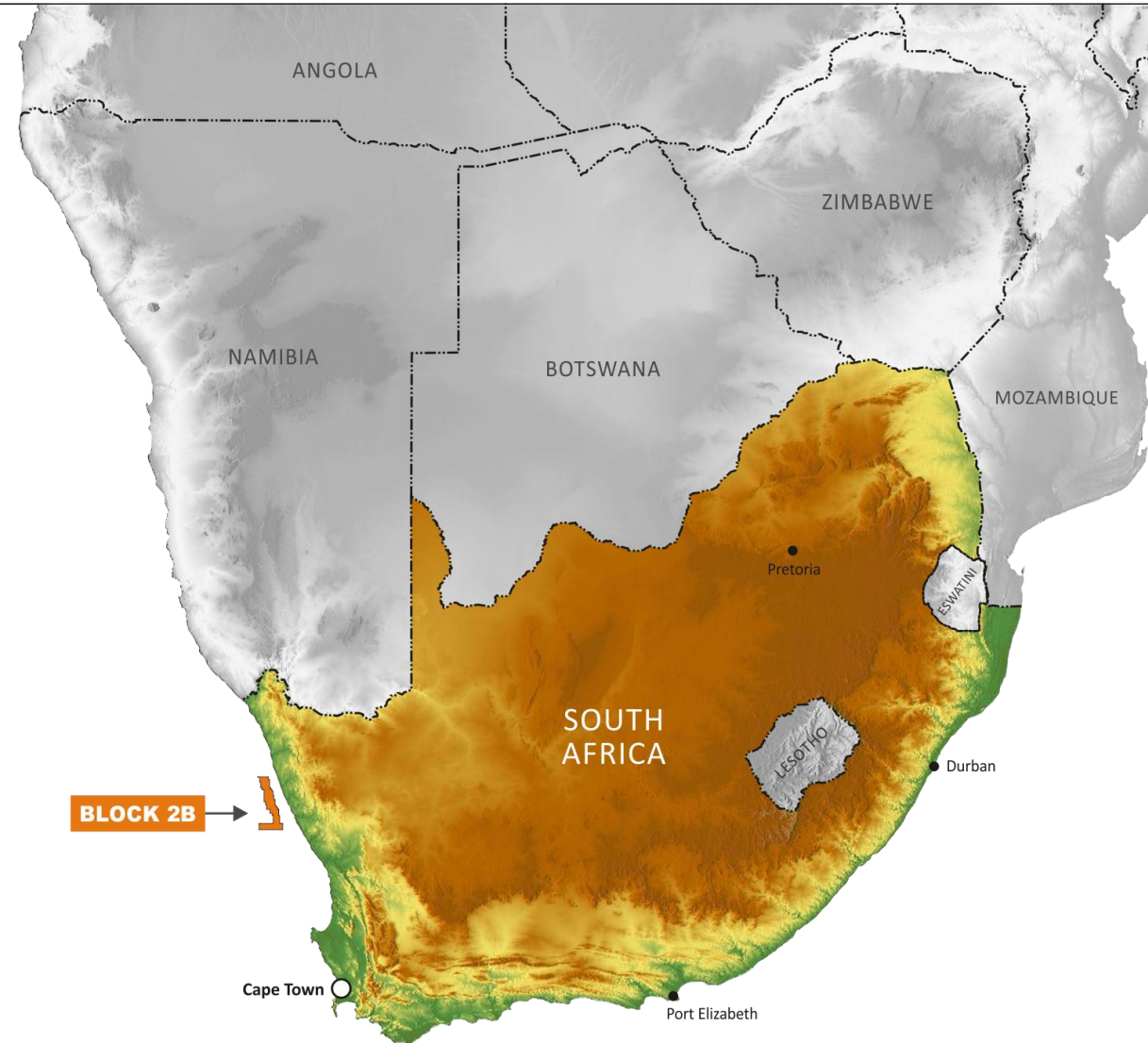
February 2020

www.panoroenergy.com

Panoro Farm into Block 2B South Africa

- Panoro has signed a Farm Out Agreement with Africa Energy Corp. (“AEC”), part of the Lundin Group of Companies, for a 12.5% interest in Block 2B located in the Orange Basin, offshore the west coast of South Africa.
- The exploration block is an exciting rift basin oil play, with an existing oil discovery and near-term plans to drill a well to prove up material additional resources.
- The Gazania-1 well is targeting best estimate gross prospective resources of 349 million barrels of oil*
- Panoro will carry AEC subsidiary for up to \$2.5 million of their share of drilling costs.
- The well is expected to be spud as early as Q4 2020 depending on regulatory approvals and rig availability.
- Separately, AEC has announced a farm-out whereby Azinam Limited will take a 50% share and operatorship of Block 2B.
- Completion of transaction is subject to consent of Minister of Minerals and Energy of South Africa and Azinam farm-out becoming effective; approval process is anticipated to take approximately 6 months.

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



South Africa Overview

Attractive Location / Fiscal Terms

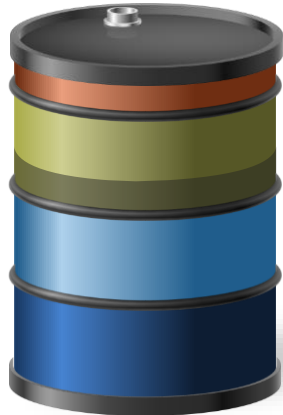
ACTIVE PLAYERS

ExxonMobil



FISCAL TERMS

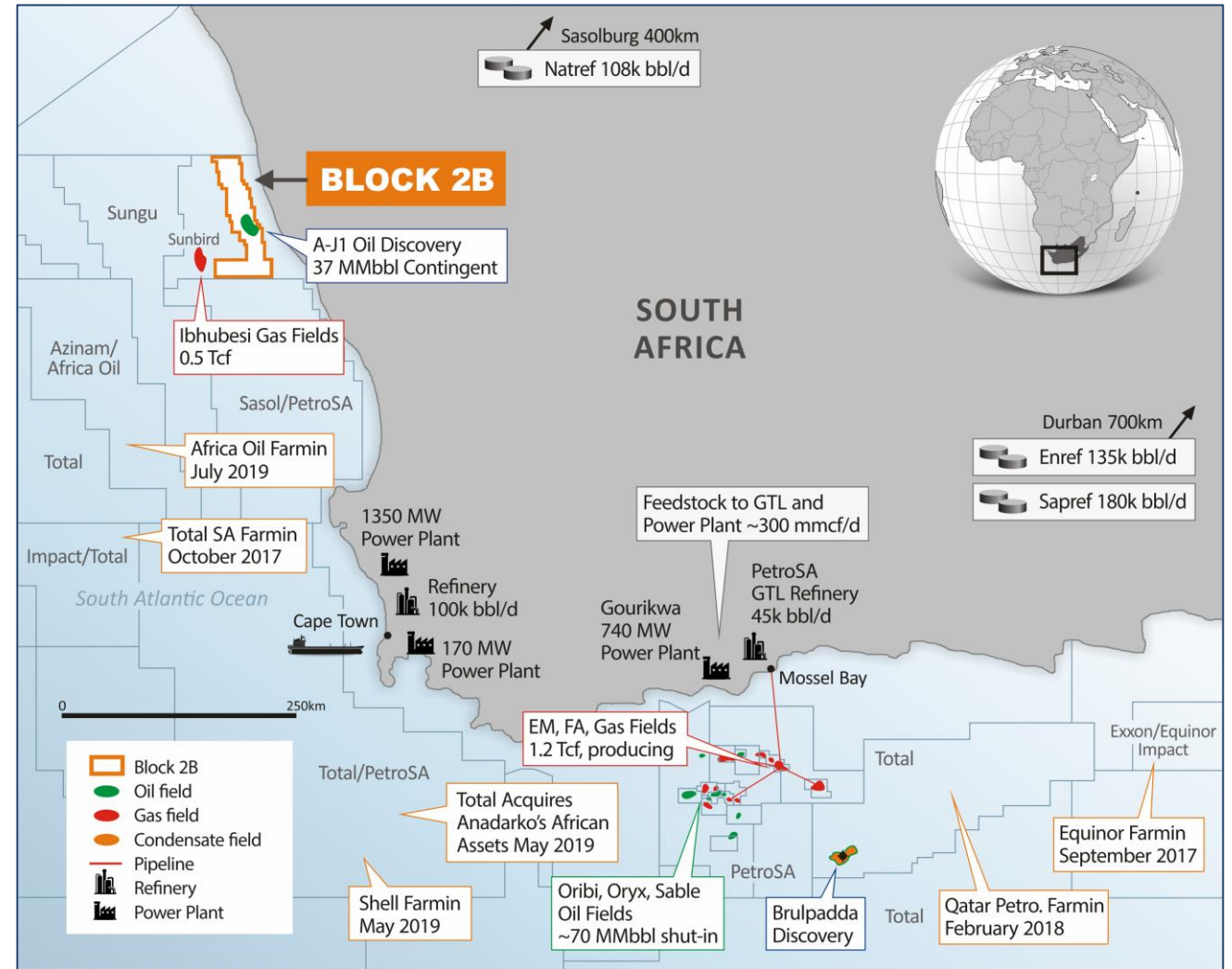
State Take < 30%



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

State and Black Economic Empowerment (BEE) Participation:

- 10% State back-in rights / 10% BEE participation rights
- Draft Upstream Petroleum Resources Development Bill proposes an increase in State Participation from 10% to 20%

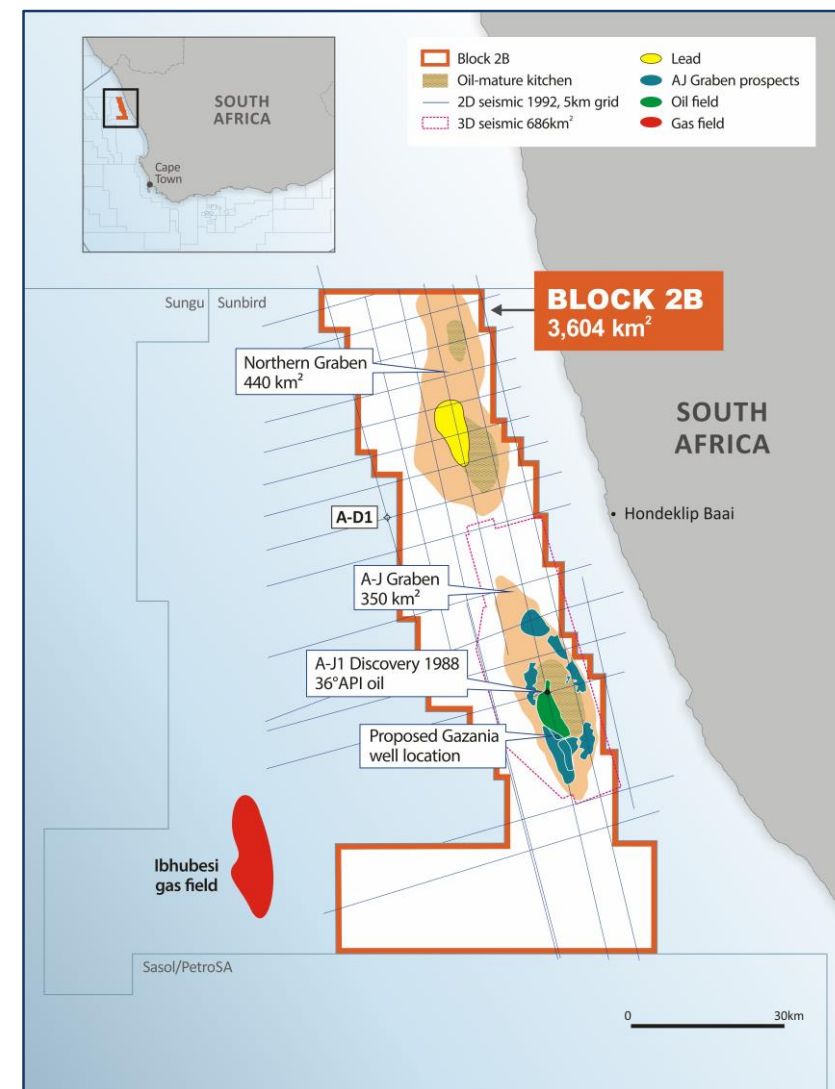


South Africa Block 2B

Proven Oil Basin

- A-J1 oil discovery in 1988 flowed high-quality oil to surface (36° API)
- Near-term low-risk exploration well planned updip from discovery
- Analogous to Lokichar Basin (Kenya) and Albertine Graben (Uganda)

ASSET SUMMARY	
Panoro Energy interest (following approval)	12.5%
Partners (following approval)	Africa Energy (27.5%), Azinam (50%), Crown (10%)
Basin	Orange Basin
First well	Gazania-1
Planned spud date	As early as Q4 2020, dependent on approvals and rig avail.
Water depth	150 m
First well prospect size, Africa Energy estimates	349 MMbbl ⁽¹⁾
Well cost estimate	~\$21 MM
Play type	Rift basin
Min. commercial field size	< 50 MMbbl at \$60/bbl ⁽²⁾
Work program to date	686 km ² of 3D seismic
Seismic data	3D survey by Western Geco 2013



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

(2) Africa Energy estimate.

Block 2B South Africa: Exploration well to target 349 million barrels*

Proven Oil Field With Significant Upside Shown On Seismic, Avo Support

1988

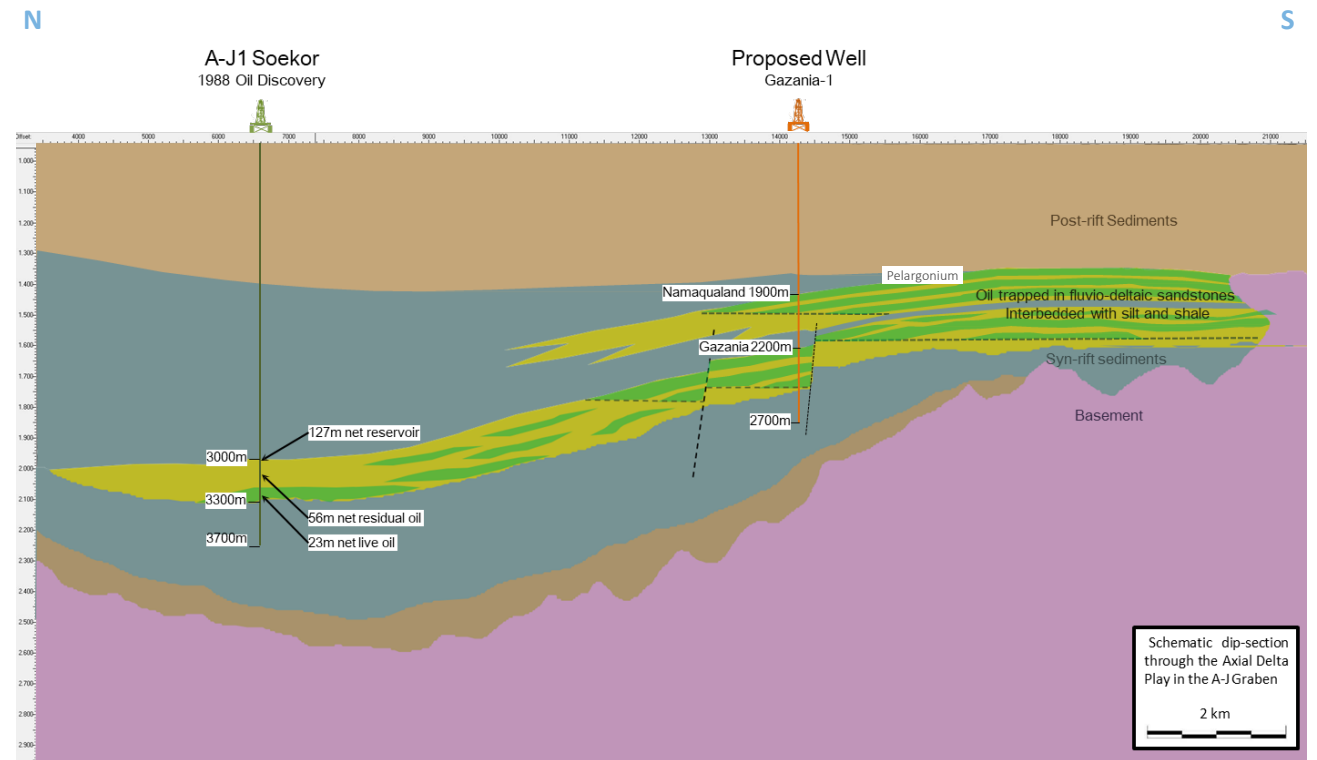
- Soekor drill AJ-1 well and find 37 mmbbl of oil at 36 API
- No further data available, sanctions, discovery largely forgotten by industry

2013-2016

- Seismic imaging shows that the intersected reservoir plus neighboring reservoirs could contain of ca. 400 million barrels* of oil in areas with very good reservoir qualities

2020/21

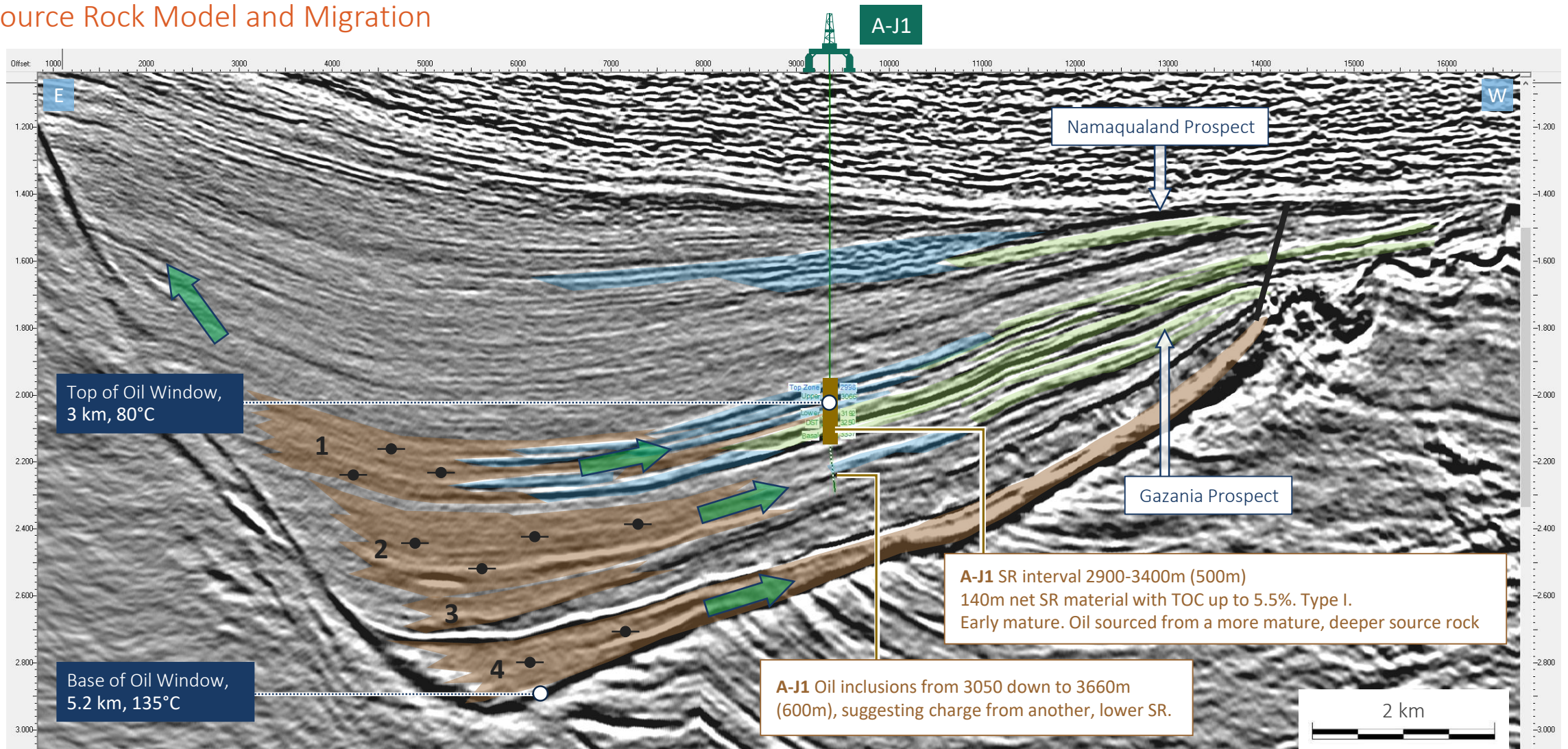
- Gazania-1 to be drilled as early as late 2020** targeting updip section of the discovered reservoir and overlapping potential reservoirs
- Upside to 1 billion barrel of total oil on the licence according to Africa Energy*



- These volumes are estimates of Africa Energy and have not been subject to assessment by a qualified third party resource auditor.
- ** subject to approvals and rig availability

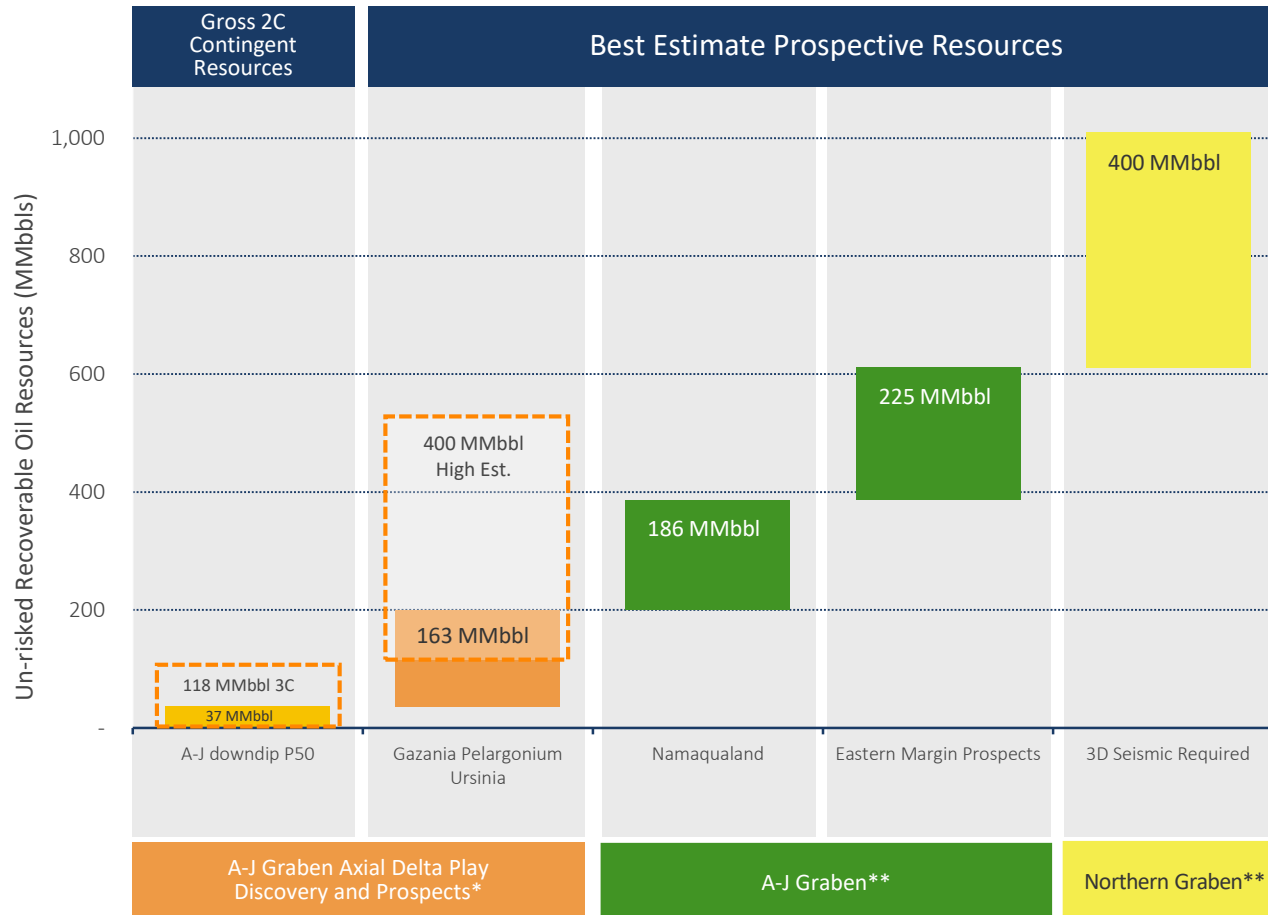
A-J Graben Dip Line

Source Rock Model and Migration



Up to 1 billion barrels gross prospective resources in license^{*/**}

A-J Graben Contingent & Prospective Resources



* These volumes have been subject to a resource assessment by a qualified third party resource auditor on behalf of Africa Energy Corp. 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.

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

