tower resources
oil and gas

Cameroon and Namibia in the time of Covid-19

Africa Upstream, LNG and Gas Summit

22nd October 2020

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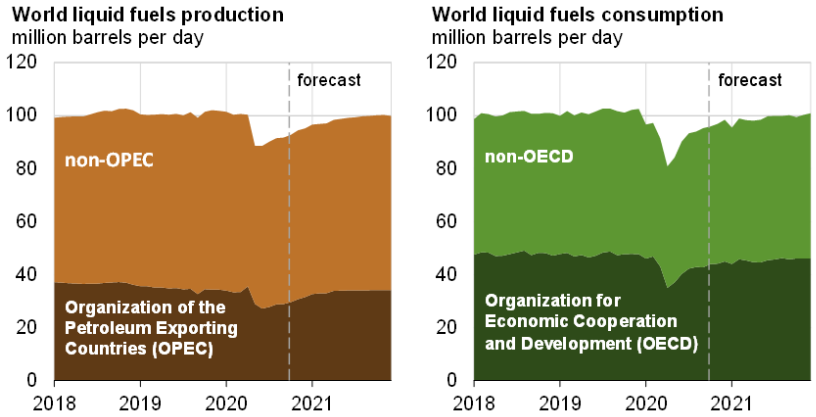
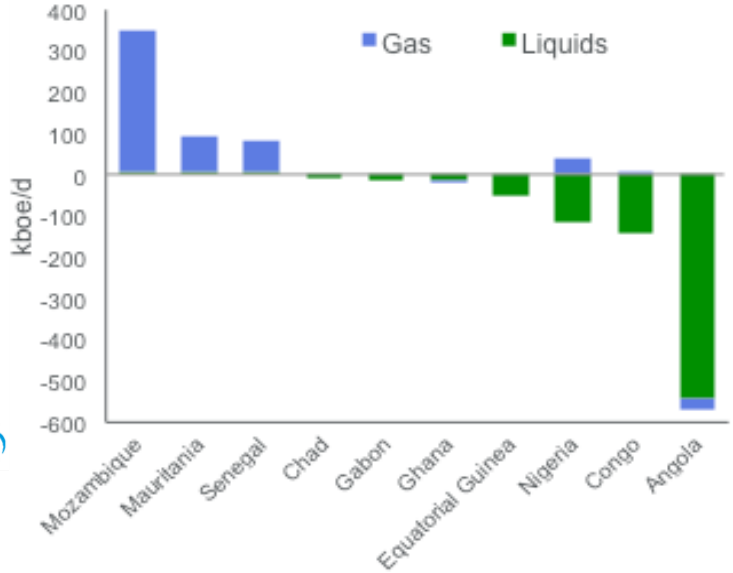
Oil and gas in Africa
Uncertainty and opportunity after Covid-19

- **Global oil supply/demand picture after Covid-19 looks a little better**
  - Forecasts differ, but consensus seems to be for demand recovery by 2022-23
  - By 2030 demand could be 5% higher or 10% lower depending on the scenario
  - In any scenario, price needs to justify sufficient replacement oil production given in-built declines
- **Majors still expanding gas production, but not oil, especially in Africa**
  - Major oil companies are now very selective about oil investment
  - Creates opportunities for independent oil companies, but also creates financing gap



Source: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2020

WoodMac forecast of Majors' production change 2020-2030



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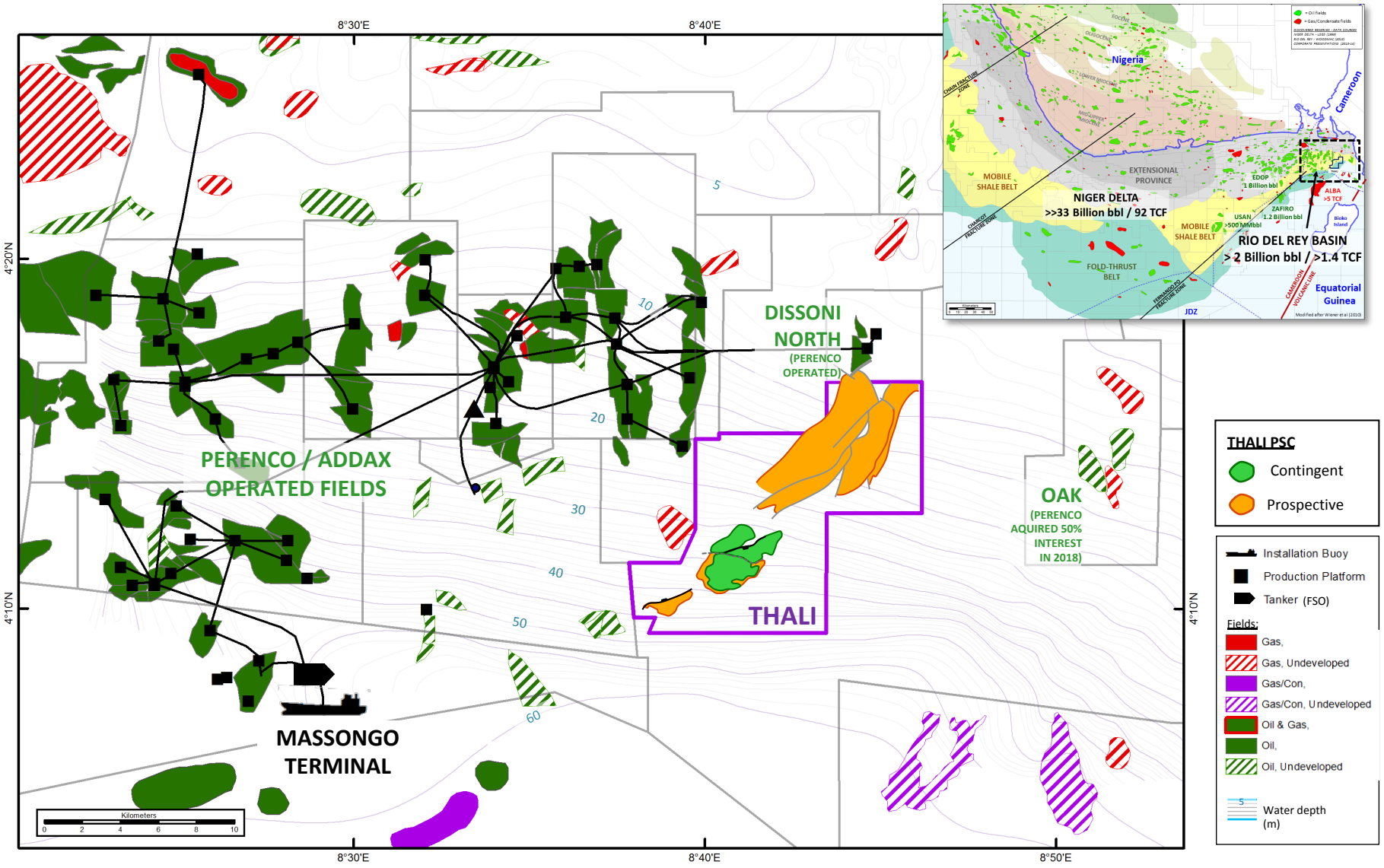
Cameroon is ahead of this trend

New gas hubs, new oil opportunities for independents



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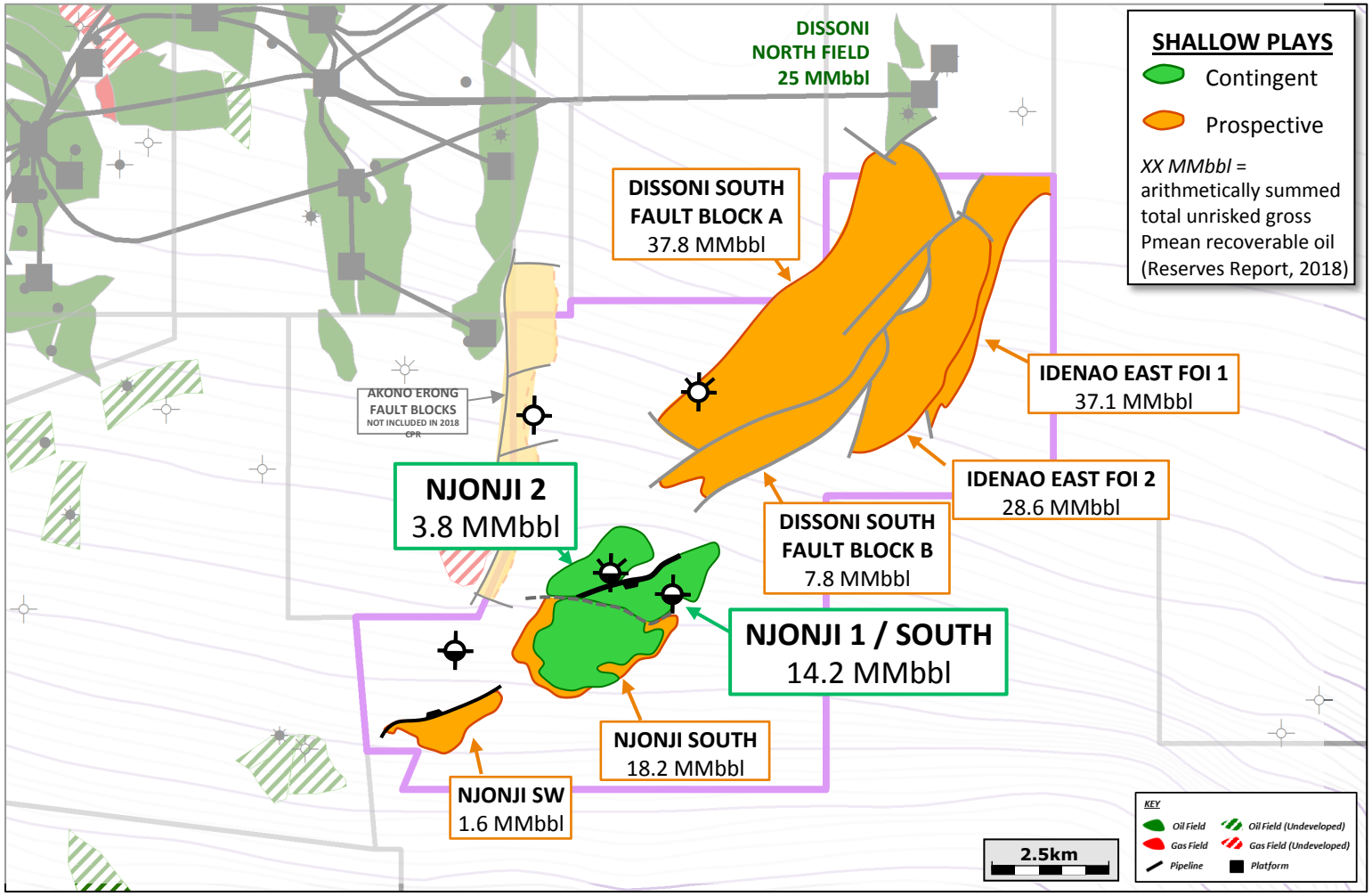
Cameroon, Thali Block

Njonji structure alone could produce 8-16,000 bbls/day

Best estimate NPV10 of $119m for 18 MMbbl of Contingent Resources at Brent prices similar to current forward curve



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Cameroon, Thali Block
Next step: to drill NJOM-3 within Covid-19 restrictions

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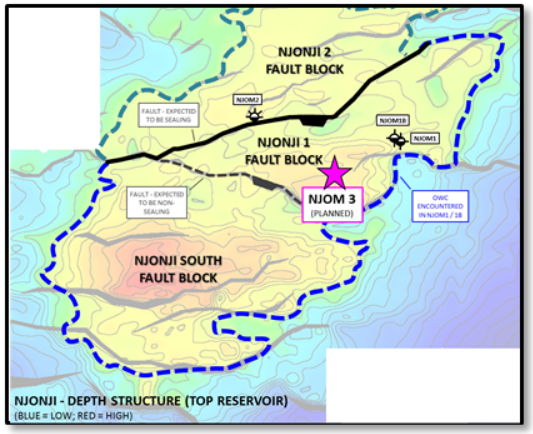
Well Programme

- Drill **NJOM-3** on the Njonji 1 fault block, up-dip of existing NJOM-1B discovery well
- Log, MDT & short term DST, then suspend/demob rig
- Install facilities for production under Provisional Exploitation Authorisation
- Begin production from NJOM-3 and three further production wells
  - Continue Reservoir testing of Njonji during production
  - NJOM-4 will also test deeper Njonji reservoirs in South

  (further 18.2 million barrels of prospective resources)

All contractors need to be inside a Covid-19 bubble

Optimizing use of existing assets to accelerate first oil and to reduce cost



Key Well Objectives

- Confirm well productivity
- Confirm existing geological and assay data

Drilling (NJOM-3, PTD 1100m) → **Wireline Logging** (reservoir properties etc.) → **Short term DST** Confirmation of pressure and fluid characteristics (for production planning and evaluation of compartmentalisation) →

Production & Reservoir Testing (24 months)

Follow-on multi-well program

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Namibia Offshore

Vast potential in four under-explored basins

Namibe basin

- Sintezneftegaz and Chariot drilled wells in 2008 and 2012
- Exxon farm-in to 4 blocks in 2019, largest acreage holder

Walvis basin

- Tower present since 2006, drilled with Repsol/Arcadia (2014)
- Norske Hydro, Ranger, Sasol and Shell drilled 5 wells (1994-8)
- HRT, Tullow and Chariot drilled 4 wells (2013-18)
- Recent farm-ins from Exxon, Africa Energy, ONGC
- GALP/Exxon processing new 3D data, expected to drill soon
- Eco Atlantic/Azinam due to drill Osprey well soon

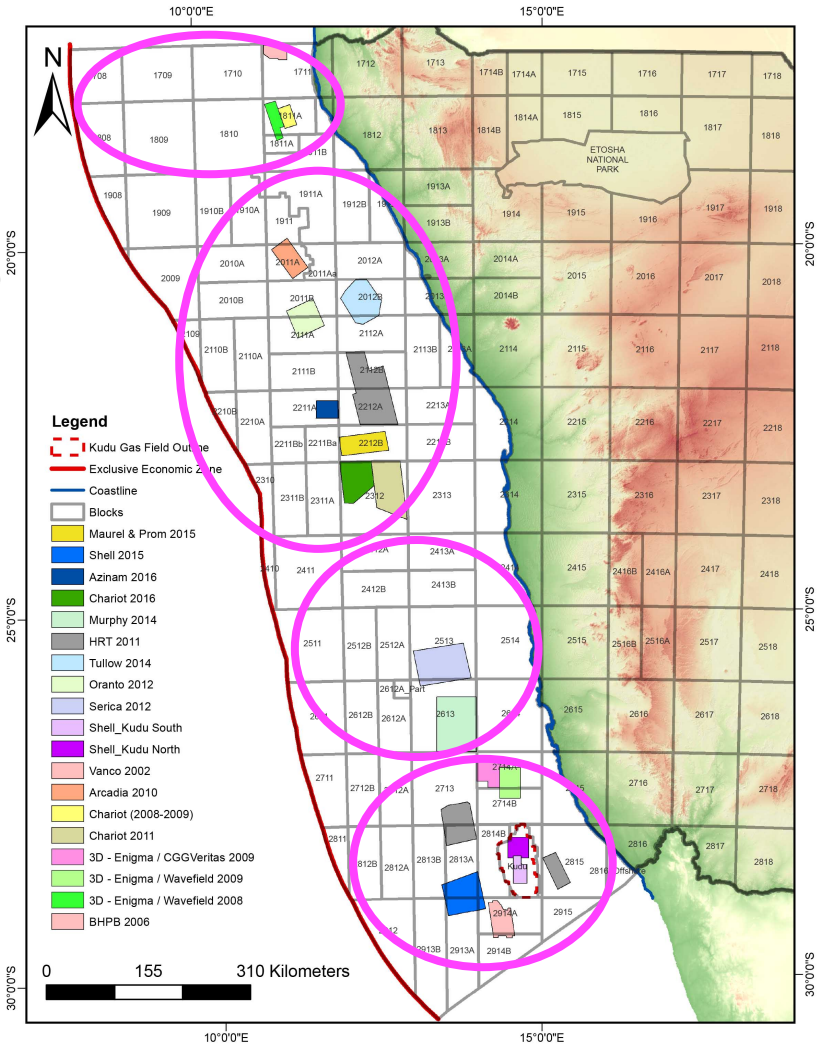
Luderitz basin

- Norsk Hydro well in 1998, Maurel & Prom due to drill soon
- License holders include Maurel & Prom, Serica, and Azinam

Orange basin

- Kudu gas field (1.3 TCF) discovered in 1974
- 8 Kudu exploration and appraisal wells during 1974-2007
- Other wells from Chevron (1996), Petrobras (2012), and HRT (2013)
- Total, Qatar Petroleum, Kosmos and Tullow all recently farmed in
- Total/QP, Kosmos/Shell and GALP wells expected soon

NAMIBIA 3D BASE MAP AUGUST 2017



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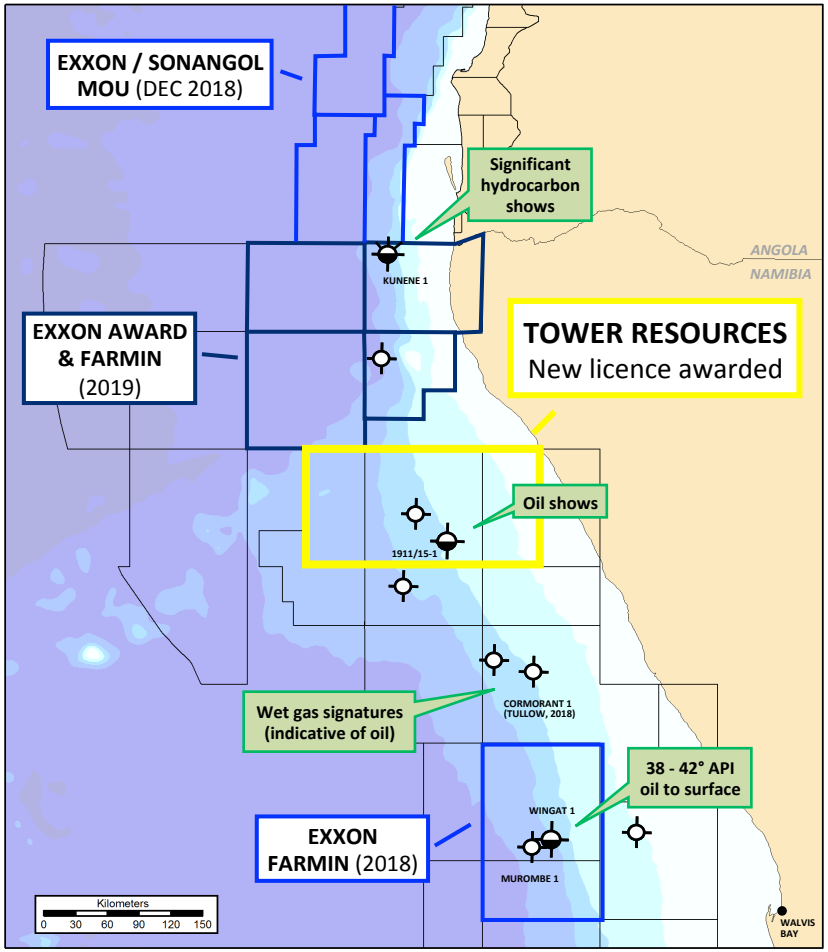
Namibia Offshore
Tower in the Walvis basin

License Covers Blocks 1910A, 1911 & 1912B

- Operator: Tower with 80% interest
- Local partner and Namcor hold 20%
- Very large area of 23,297 km^2
- Largest acreage in Walvis basin
- Recent nearby farm-ins by Exxon, Africa Energy and Kosmos Energy

Northern Walvis Basin / Dolphin Graben

- Norsk Hydro's 1911/15-1 encountered three source rock intervals and recovered oil from Albian carbonates
- Recent drilling further supports presence of oil-prone petroleum system
- Wingat 1: oil recovered to surface
- Cormorant 1: wet gas signatures (indicative of oil)



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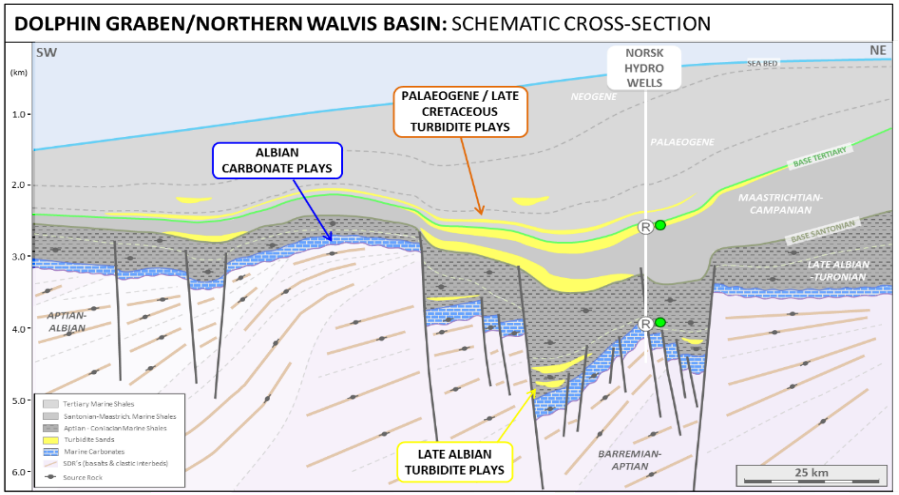
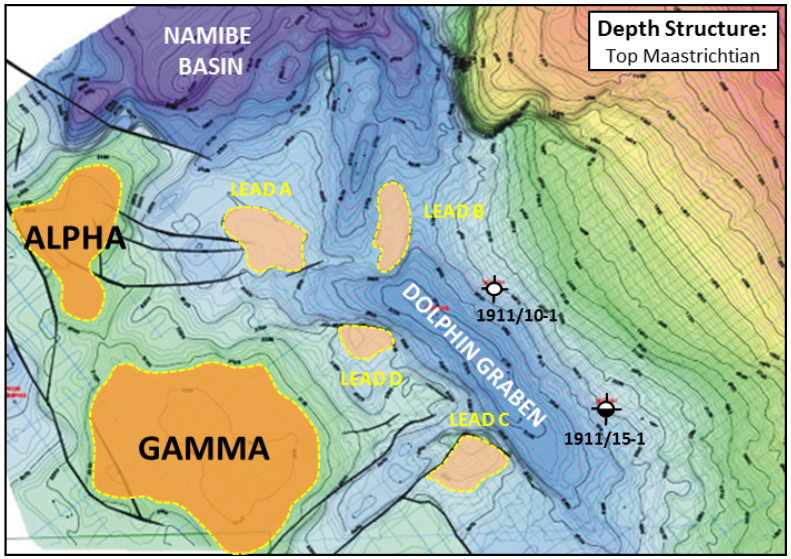
Namibia Offshore
Multiple Plays, Stacked Targets

- Norsk Hydro wells (mid-1990s) also proved presence of:
  - Thick Palaeocene, Maastrichtian and Campanian turbidite sands
  - Good quality Albian carbonate reservoirs
- Multiple large structural traps identified and mapped on existing 2D seismic
- Upside potential in stratigraphic plays





Giant 4-way Dip Closures in West of the license, and large structures in Dolphin Graben

- Alpha and Gamma structures have potential in excess of 1 billion bbls each
- Large structures (Leads 'A' to 'D') within the core of the Dolphin Graben - close to source kitchen
- Multiple stacked reservoir targets
- Well costs have fallen from ~$100m to ~$20m

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Oil and gas in Africa
Thoughts on industry priorities after Covid-19

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- **Conserve operators and service company bases where possible**
- **Bridge the financing gaps as Majors and stock markets disinvest**
- **Creative approaches to operations, re-use of existing assets**
- **Hang in there!**

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