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What is Impact Oil & Gas to Africa Oil?

Africa Oil holds, besides direct interests in production and exploration licences, interest in three portfolio companies:

- * Africa Energy, 32%
- * Eco Atlantic, 18%
- * Impact Oil & Gas, 30%

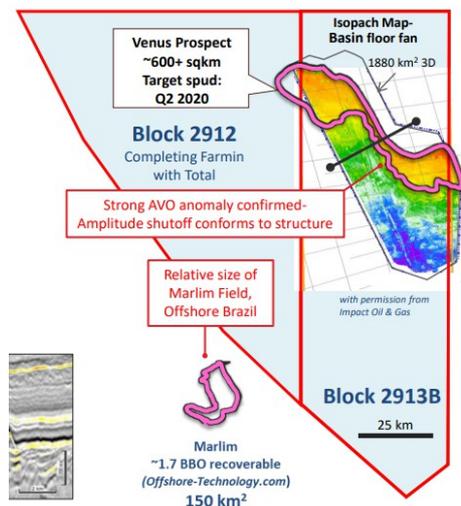
While Africa Energy and Eco Atlantic are publicly traded stocks and as such provide information ongoing the privately held Impact is more of a secret black box. The aim here is to put some light on the assets of Impact and open up for further discussion.

Impact was founded by a handful of geologists and geophysicists back in 2010, entering a license in South Africa. Since then they've been building their prospect portfolio but haven't yet participated in any spud. The prospect portfolio now include:

Block	Country	Interest %	Prospect
AGC Profond	Guinea-Bissau	20	2020
2913B	Namibia	20	Venus 2020
2912	Namibia	19	
Orange Basin deep	South Africa	22	
Algoa & Transkei	South Africa	25	
Tugela south	South Africa	25	

AGC Profond is a block in the waters outside of Senegal and Guinea Bissau ready for drilling. The operator CNOOC has earlier announced that the Gainde-1 well is scheduled for 2020. Whether that is put on hold due to the corona crisis is not announced.

Block 2913B outside Namibia contains the huge Venus prospect. This well seems to be on track to be drilled by Total this year. Keith Hill, chairman of Africa Oil and board member of Impact Oil said "This is the biggest undrilled submarine fan I have ever seen". Venus is seen as a multi billion barrel prospect. Let's assume this block contains 2 billion barrels. That would mean 120 million barrels net to Africa Oil's indirect interest of 30% of 20%. That is in the same ball park as the official prospective resources Africa Oil holds in Kenya and as such would be substantial for Africa Oil.



Source: Africa Oil

On the west side of block 2913B is block 2912. Robert Wilde says they see similar prospects on this block as on 2913B.

If exploration on block 2913B and 2912 is successful this will increase the understanding and probability of the rest of the Orange Basin. Impact holds the Orange Basin Deep license further south outside South Africa.

On a webinar in June 2020 Philip Birch, exploration manager, says right now they are pretty much focused on developing prospects along the Transkei block on the eastern side of South Africa. He says the Transkei margin has many many similarities to the Guyana margin. There is potential for "very very large resources trapped close to the Agulhas formation". The second part of the Transkei-Algoa license is the Algoa. Algoa lies to the east of the Africa Energy 11B/12B block containing the Brulpadda discovery and Impact hopes that petroleum system extends into the Algoa block. The Transkei-Algoa block stretches across close to 46 000 km². In comparison the 11B/12B block, which is regarded as a large license, is less than 19 000 km². Thus there's a lot of running room.

Impact Oil & Gas has financed Arostyle Investments 5.1% effective interest in 11B/12B (51% of Main Street 1549, in which Africa Energy holds the rest) via a loan. The terms of that loan isn't known and may contain interest based on the success of the block.

Impact has considered IPO for at least 5-6 years. Mike Doherty said the plan was to build a portfolio of 8-10 prospects before going public. Robert Wilde, CFO, mentioned in an interview in October 2019 that now they see that if they are successful in a couple of the drills in 2020/2021 they are going to need more capital for further appraisals also in 2022/2023 and see the need for listing at that point.