



REPUBLIC OF NAMIBIA

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Ministry of Mines and Energy Responds to Shell's Orange Basin Write-Down

The company encountered technical and geological difficulties in PEL 39, leading to the determination that discoveries made in some of the wells drilled were not viable for commercial development.

The Ministry of Mines and Energy of the Republic of Namibia announces that multinational oil and gas company Shell will write down \$400 million on an oil discovery made in Petroleum Exploration License (PEL) 39 in accordance with the company accounting principles. The discoveries were considered commercially unfeasible, with Shell citing technical and geological challenges. However, together with their partners Qatar Energy and Namcor, Shell will continue to explore potential commercial pathways to development, while actively looking for further exploration opportunities in PEL39.

Since the initial discovery at the Graff-1X well in 2022, Shell has drilled eight wells at PEL 39, with various wells encountering hydrocarbons. PEL 39 is situated 250 km in deep-offshore acreage, comprising an area of more than 12,000 km². While initial assessments of some of the subsurface parameters indicated challenges related to subsurface complexities and reservoir quality, there is significant potential for improvement as exploration and technical analysis continues. Advances in technology, coupled with further geological and geophysical studies are expected to provide deeper insights and unlock the full potential of these resources.

The collective discoveries from the nine drilled wells amount to significant volumes of hydrocarbons accumulations. The government of Namibia remains committed to developing these discoveries, which are believed to be commercially viable. We are dedicated to progressing these opportunities with the right partner and right investment commitment.

The Ministry of Mines and Energy emphasizes that Shell's decision to write down the discoveries will not significantly impact Namibia's oil and gas development. It is not a setback. We are positive that the remaining potential of PEL39 and other exploration campaigns will translate into commercial developments. Shell's discoveries in PEL 39

represent just some of the many exploration milestones witnessed offshore Namibia since 2022.

TotalEnergies, for example, is making progress with its multi-well appraisal and exploration drilling campaign in Block 2913B, situated in PEL 56. The company aims to make a Final Investment Decision in 2025, with first oil targeted for 2029. Concurrently, Galp seeks to bring in another partner on the Mopane complex, following two discoveries at the Mopane-1X and its successful appraisal in Mopane-2A well in 2024. The Mopane complex in PEL 83 alone has been cited having the potential to contain significant volumes of hydrocarbons in place. Rhino Resources, in partnership with Azule Energy, NAMCOR and Korres Investments - are busy drilling the first of the two high-impact wells at PEL 85 currently, while Petrobras is seeking farm-in opportunities offshore. At the same time, drilling activities are underway for the Kapana 1X well by Chevron and its joint venture partners Namcor and Trago in PEL90.

Following its acquisition of an 80% operated interest in PEL 82, Chevron is seeking play-opening discoveries within the Walvis Basin. PEL 82 features more than 3,500 km² of 2D and 9,500 km² of 3D data. Additionally, Woodside Energy gained the rights to PEL 87 3D seismic data in 2024 which will further test the additional opportunities within the prolific Orange Basin.

"These investments signal a strong commitment by leading international oil companies to unlock the full potential of Namibia's offshore acreage. While the Shell write down is unfortunate, the Ministry of Mines and Energy believes that we have barely begun to scratch the surface of the country's offshore resources. The Namibia government will continue working with dedicated companies to develop these resources and our plan to first oil are still on track. We remain confident that ongoing exploration efforts will reveal commercial opportunities and look forward to delivering first oil production in the near future," states Tom Alweendo, Minister of Mines and Energy, Namibia.