



IJG Oil & Gas Update

Changing the Game But When?



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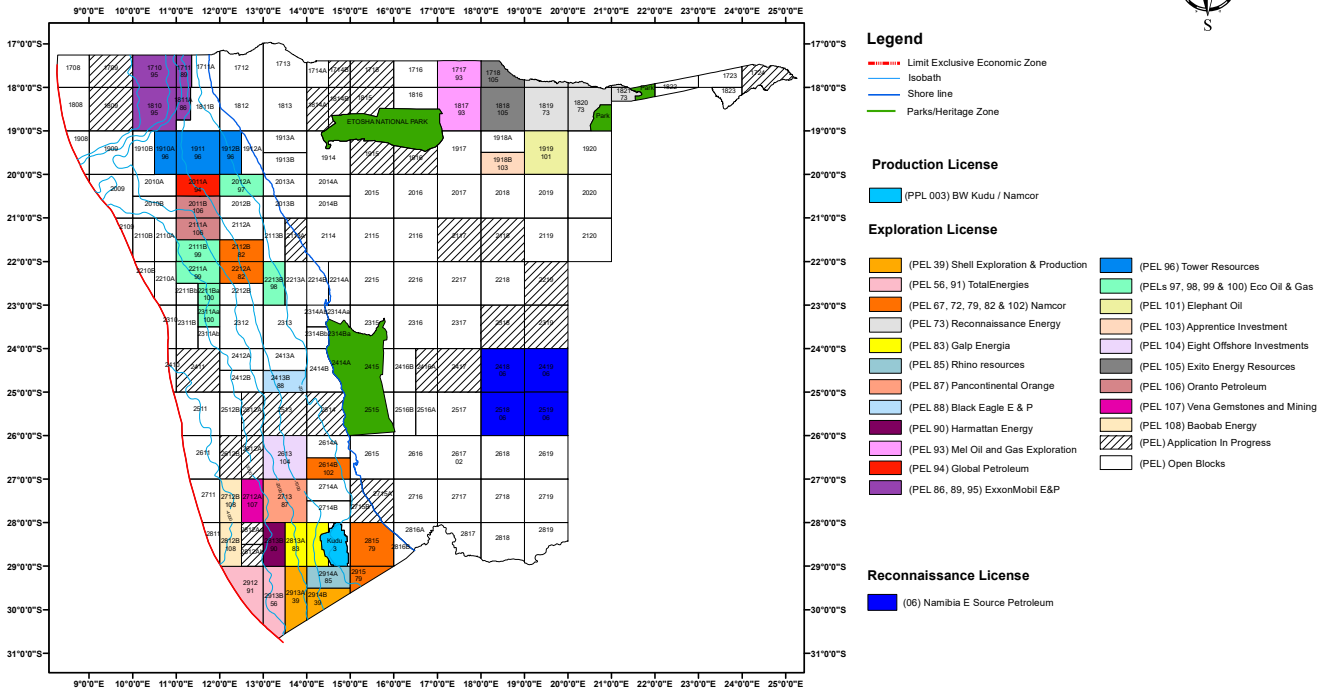
Research Analyst:

*Robin Sherbourne
robin@ijg.net
+264 (81) 958 3500*

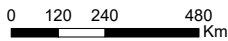


Since Shell announced it had discovered commercial quantities of light, sweet oil off Namibia’s southern coast in early 2022, expectations have soared that Namibia is likely to become a major oil and possibly also a major gas producer. TotalEnergies of France is the clear front runner in the race to become the first producer, but this is likely to take longer than many people expect. The period to First Oil could be delayed by policy uncertainty and lengthy negotiations.

HYDROCARBON LICENSE MAP



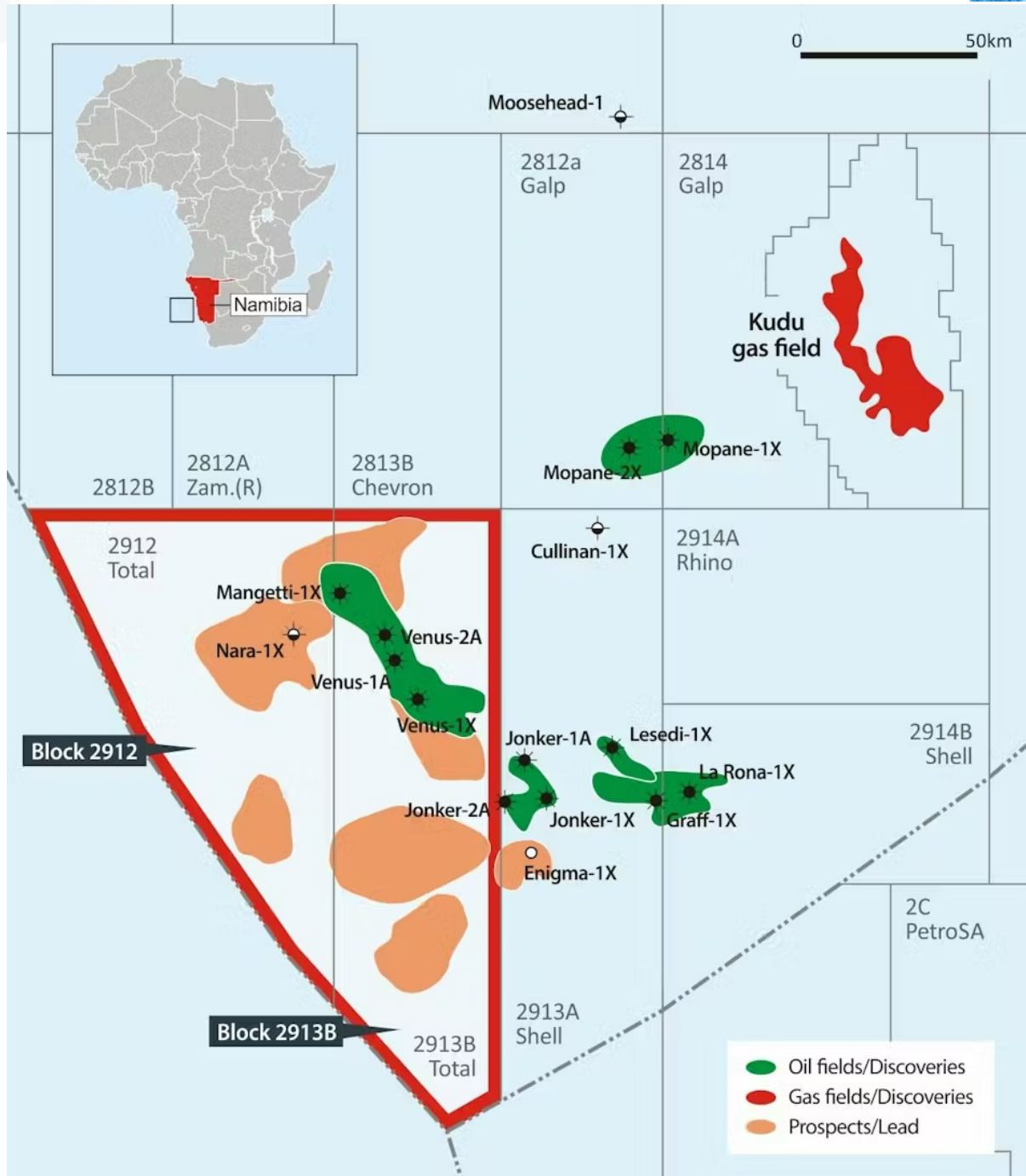
For further information:
www.namcor.com.na
www.mme.gov.na
 Updated: 29 August 2024



Source: The latest hydrocarbon licence map from the Ministry of Industrialisation, Mines and Energy – August 2024



0.0005	4.85%
0.0003	13.04%
0.0001	50.00%
0.0003	14.29%
0.0005	12.50%



Source: Impact Oil and Gas

On 25 January 2022, Reuters reported that Shell had made a "significant" discovery of oil and gas in its Graff-1X well off the coast of southern Namibia in the Orange Basin. This was the first significant discovery since Chevron discovered the Kudu gas field in 1974. Shell's announcement was the first in a series of subsequent announcements of major oil and gas finds which have so far all been confined to the Orange Basin. According to Wood Mackenzie, at July 2024 around 9 billion barrels of oil equivalent (BOE) had been discovered by Shell, TotalEnergies and Galp (including contingent resources) which could potentially turn Namibia into a major oil producing country. This report summarises exploration activities since 2022 in the various Petroleum Exploration Licence (PEL) areas and Blocks and describes some of the policy and institutional changes that have taken place up to the end of June 2025. Dates are provided for each exploration and appraisal well but, given that a period of time can elapse between spudding a well and finalising drilling and testing, these are sometimes only approximate.



PEL39 Block 2913A and 2914B

Operator Shell (45%) of the UK and the Netherlands with QatarEnergy (45%) and Namcor (10%) as joint venture partners have drilled 9 exploration and appraisal wells between [January 2022 and April 2024](#):

1. Graff-1X – January 2022
2. La Rona-1X – April 2022
3. Graff-1A – February 2023
4. Jonker-1A – February 2023
5. Jonker-1X – March 2023
6. Lesedi-1X – July 2023
7. Cullinan-1X – August 2023
8. Jonker-2A – November 2023
9. Enigma-1X – April 2024

All wells are located in Block 2913A with the exception of La Rona 1X which is in Block 2914B. All wells contain significant quantities of light oil with the exception of Cullinan 1X which was dry. On 8 January 2025 Reuters reported that Shell had written down around US\$400 million it had spent on oil exploration in Namibia because it deemed the finds commercially unviable. In a statement Shell said:

"While we recognise that extracting the discovered resources presents challenges, the extensive data collected shows that there remain opportunities. Together with our partners, we are continuing to explore potential commercial pathways to development, while actively looking for further exploration opportunities in Namibia."

PEL56 Block 2913B and PEL91 2912

Operator TotalEnergies (50.5%) of France with QatarEnergy (30%), Impact Oil and Gas (9.5%), and Namcor (10%) as joint venture partners have drilled 7 exploration and appraisal wells between February 2022 and February 2025:

1. [Venus-1X – February 2022](#)
2. Venus-1A – December 2023
3. Venus-2A – April 2024
4. Nara-1X – June 2023 (Block 2912)
5. Mangetti-1X – February 2024
6. Tamboti-1X – October 2024
7. Marula-1X – February 2025

All wells are located in Block 2913B with the exception of Nara-1X which is in PEL91 Block 2912 which failed to yield oil.

At the time of its first discovery in February 2022 the joint venture consisted of TotalEnergies (40%), QatarEnergy (30%), Impact Oil and Gas (20%) and Namcor (10%). The first ten-year exploration period was extended on 10 May 2022. On 10 January 2024, TotalEnergies bought a 10.5% interest from Impact in Block 2913B and a further 9.39% in Block 2912 for US\$99 million with the intention of sharing these additional interests with QatarEnergy but the joint venture ended up as TotalEnergies a 50.5% interest in Block 2913B and 50.5% interest in Block 2912 while Impact retained 9.5% in both blocks. Further exploration within Block 2913B took place using the 6th generation semi-sub rig Deepsea Mira which spudded the Taboti-1X well in October 2024 and the Marula-1X in February 2025 while the Olympe-1X in Block 2912 is planned for later in 2025.

The TotalEnergies joint venture is the frontrunner in the race to be the first to reach production in Namibia. TotalEnergies chief executive Patrick Pouyanné paid a courtesy visit to Namibia's President Netumbo Nandi-Ndaitwah in Windhoek on Friday, 25 April to underscore the supermajor's plans to develop its deepwater Venus oil discovery in





the Orange basin. The French oil giant reportedly aims to bring Venus on stream in 2029 or 2030, targeting a peak production rate of about 150,000 barrels per day based on 40 subsea wells tied back to a floating production, storage and offloading (FPSO) vessel, an extensive Subsea Production System (SPS) involving around 40 wells, and two Dynamically Positioned Shuttle Tankers (DPSTs).

During his visit Pouyanné was quoted as saying:

"We have quite a lot of oil – around 750 million barrels to be developed. It would be the deepest development in terms of water depth – 3,000 metres. It's challenging, but technically feasible."

On the idea of building an oil refinery in Namibia, he was quoted saying:

"I think it's complex. It's a small market. I don't recommend making an export refinery because of competition with very large refineries in China, India and Saudi Arabia." But Pouyanné assured the Namibian President that TotalEnergies would explore ways to support Namibia in accessing affordable fuel.

On 5 February 2025 Pouyanné was reported as saying the FID would be pushed back to 2026 compared to the stated "end of 2025" during an earnings call in April 2024 whilst also revealing plans to drill at the Marula prospect in the first quarter of 2025, followed by Olympe toward the end of the year.

PEL83 Block 2813A

Operator Galp Energia (80%) of Portugal with Custos Energy (10%), and Namcor (10%) as joint venture partners have drilled 5 exploration and appraisal wells between [January 2024 and January 2025](#):

1. Mopane-1X – January 2024
2. Mopane-2X – March 2024
3. Mopane-1A – November 2024
4. Mopane-2A – December 2024
5. Mopane-3X – January 2025

Custos Energy was founded over a decade ago by Namibian businessman Knowledge Katti who is also chair of the board. It has no website or seemingly any physical address. Canadian company [Sintana Energy](#), which is listed on the Toronto Venture Exchange (SEI TSX-V), owns 49% of Custos. It is not clear what value Custos brings to the project that Namcor could not provide as the local participant.

After having drilled five offshore oil wells in Namibia in little more than a year, Galp is seeking credible partners to explore natural oil deposits in the Mopane basin in Galp CEO Maria João Carioca a €155 million investment. On the production side, the expectation remains that the Mopane fields could bring in 10 billion barrels of crude oil, although it is too early to say for definite.

Galp's CEO, Maria João Carioca, publicly stated in January 2025 that the company was looking for a partner to help develop the Mopane field, as it was not large enough to retain an 80% stake. On 6 June 2025 Upstream reported that TotalEnergies had outbid Brazil's Petrobras for an operating stake in Mopane.

PEL 85 Block 2914A

Privately-owned Rhino Resources (42.5%) of South Africa as operator, with Azule Energy (42.5%), Korres Investments (5%) and Namcor (10%) as joint venture partners have drilled 2 exploration and appraisal wells between December 2024 and April 2025:

- Sagittarius 1X – December 2024 to February 2025
- Capricornus 1X – February to April 2025





The joint venture plans to drill the Volans-1X exploration well in late July or early August 2025. Rhino has an informative website. Azule Energy is a 50-50 joint venture between the UK's BP and Italy's ENI. Korres Investments is the oil and gas exploration arm of the [TaTe Group](#) owned and managed by Tangeni Shiimi-Ya-Shiimi .

PEL 90 Block 2813B

Operator Chevron (80%) of the US, with joint venture partners Trago Energy (10%) and Namcor (10%) completed drilling the exploration well Kapana-1X in the frontier basin of the Orange Basin early January 2025. While operations reached total depth ahead of plan, the well did not find commercial hydrocarbons. Trago Energy is another company owned and operated by Knowledge Katti and Sintana Energy.

PL 003 Block 2814

Operator BW Kudu Ltd (95%) of Norway and Namcor (5% with a further 5% back-in right) are committed to developing the gas-to-power project which will serve as a national strategic project to solve the energy need for Namibia and its neighbours. BW Kudu is a subsidiary of the BW Group, a shipping and maritime company. The Kudu gas field has a long and chequered history since discovery by Chevron in 1974¹. It is estimated to hold 1.3tcf of gas but there has been speculation this could rise to as much as 10tcf. After Russia's Gazprom left the project in May 2011 saying it did not meet its investment hurdle rate, the Namibian government gave the production licence 003 to the then joint venture of Namcor, Tullow and Itochu Corporation in late 2011. The current joint venture is on course to submit the field development plan to the Ministry of Industrialisation, Mines and Energy by Q2 2025. In addition, the JV is currently preparing for an appraisal drilling campaign of up to two wells of which the long lead items have already been purchased ahead of a Q3 2025 spud date.

Institutional Changes

On 22 March 2025 newly-inaugurated President Netumbo Nandi-Ndaitwah announced changes to government structures and her new Cabinet. Of particular relevance to oil and gas were the following changes:

"The new emerging industries of oil and gas need to be managed in the manner that maximise benefits for all Namibians. Therefore, the management of these industries will fall under the Office of the President."

"Industrialisation will migrate to the Ministry of Mines and Energy which is responsible for the management of our country's mineral resources in order to ensure effective implementation of our national industrialisation drive and economic diversification through value addition initiatives."

It should be noted that all petroleum legislation in Namibia, such as the Petroleum (Exploration and Production) Act Number 2 of 1991 gives powers to the Minister where "Minister" means the Minister of Mines and Energy.

On 28 March 2025 Namcor announced its acting MD Ebson Uanguta would make way for Victoria Sibeya from 1 April 2025. Sibeya joined Namcor in 2006 and, at the time of her promotion, had served as Executive for Upstream Exploration since April 2019.

On 23 May 2025 President Nandi-Ndaitwah appointed Kornelia Shilunga and Carlo Lord Muhamed McLeod as Special Advisors in the Presidency with immediate effect, tasked with establishing and managing the newly created Upstream Petroleum Unit (UPU). Shilunga was previously the Deputy Minister of Mines and Energy between 2015 and 2025 whilst McLeod was Deputy General Manager at Chevron Namibia after serving for many years as Deputy Director at

¹ <https://theextractormagazine.com/2023/11/25/kudu-gas-project-what-has-changed-49-years-later/>



0,0005	4,85%
0,0003	13,04%
0,0001	50,00%
0,0003	14,29%
0,0005	12,50%

the Petroleum Affairs Directorate in the Ministry of Mines and Energy from 2015 to 2023. Shilunga and McLeod are Head and Deputy Head of the UPU respectively. According to the Presidency, the two officials bring “vast policy and industry experience” and will be responsible for setting up the new unit, reviewing Namibia’s current petroleum regulatory framework, and proposing governance policies for the upstream petroleum sector. Meanwhile, Maggy Shino remains in post as Petroleum Commissioner based in the Ministry of Industrialisation, Mines and Energy as per Section 3 (1) a of the Petroleum Act of 1991. As far as is known, responsibility for the oil and gas taxation regime remains with the Ministry of Finance.

The Namibia Petroleum Operators Association (NAMPOA) is a not-for-profit association established in 1992 to represent the Namibian upstream oil and gas industry, and provides an interface for the industry with the public and the government. Its website is rather out of date and lists its board effective at 3 February 2023 as Klaus Endresen (Chairperson), Martin Negonga (Vice-Chairperson), Rachel Msiska (Secretary General), Maria Mbudhi (Chair-Public Affairs Committee), and Tironenn Kauluma (Chair-Legal Committee). At the beginning of 2025, a new board was elected: Klaus Endresen, Country Chair of BW Kudu; Eduardo Rodriguez, Shell Namibia Country Chair; Diogo Martins, Galp Country Manager; Selma Usiku, Eco Atlantic Director; and Laurent Roché, TotalEnergies Namibia Country Chair. It is understood that NAMPOA is in the process of recruiting staff so that it has the required capacity to fully engage with government.

Studies and Research

There is surprisingly little public research on Namibia’s nascent oil and gas industry. In August 2024 Deloitte published an [Industrial Baseline Survey](#) (IBS) with partners Monasa Advisory and Associates and Survey Warehouse which lays out some of the potential commercial and economic impacts of a single project and four project scenarios. There is talk of updating this study. It is worth noting that the IBS puts the number of direct jobs created during the production phase in the single FPSO scenario at just 600 and at just 2,268 in the four FPSO scenario.

Namcor publishes occasional media releases, some of which are extremely informative such as the [Operational Updates on Exploration and Appraisal Activities Offshore Namibia from 22 January 2025](#). The company’s last annual report on its website dates from FY2021/22.

The Windhoek-based Institute for Public Policy Research (IPPR) has published occasional papers which are relevant to oil and gas. The last paper of any substance, however, was [Transparency in the Namibian Extractives Sector from 13 March 2017](#) and the blog [The Time for Transparency in Oil and Gas is Now from 1 September 2024](#).

Policy Issues

Since her inauguration, President Nandi-Ndaitwah has insisted that her administration will be guided by the SWAPO Manifesto and SWAPO Manifesto Implementation Plan (SMIP). Under a section on “Oil and Gas” which is described as a “Critical Economic Enabler”, the SMIP promises to:

1. Enact Local Content Act and Regulations.
2. Establish Oil and Gas Logistics and Supply Base to drive local content in the oil and gas sector on a PPP basis.
3. Fully functional Petroleum Regulatory Agency.
4. Increase capacity to handle oil and gas at the Port of Walvis Bay.
5. Increase capacity of quay wall, accommodating the oil and gas, manganese and related cargo activities at the Port of Lüderitz.



Furthermore, greater Namibianisation will make it necessary to “Maintain at least 30% carried interest for the State in all upstream licenses.” This is likely to slow down the development of Namibia’s nascent oil and gas sector and raise the hurdle rate for investment which means fewer projects will receive funding. The oil and gas sector is the one sector of the economy which has the potential to significantly shift the dial on economic growth. Interestingly, whereas the Manifesto commits government to “conduct a feasibility study for setting up a refinery for value addition to oil and gas in Namibia”, the SMIP does not.

The Welwitschia Sovereign Wealth Fund (SWF) managed by the Bank of Namibia was created partly to help manage future revenues from oil and gas. The Fund was formally launched on 13 May 2022 by former President Geingob and the Governor of the Bank of Namibia and seeded with N\$262 million from the National Budget. The Fund as proposed consists of two funds: the Stabilisation Fund and the Intergenerational Savings Account. At the time of writing this report, the impression was given by government that revenues from resource rents (including oil and gas and green hydrogen) would be channelled into the Fund. Legislation to govern the Fund has been drafted but has not been passed by Parliament. In her maiden State of the Nation Speech, President Nandi-Ndaitwah revealed the Fund had grown to N\$453 million by January 2025. However, there is no mention of the Fund in the SWAPO Party Manifesto Implementation Plan.

Oil and Gas Taxation

Surprisingly little debate has been focused on Namibia’s Oil and Gas Fiscal Regime. Given the relatively small number of direct jobs likely to be created by the industry, significantly enhanced government revenue is likely to be one of or perhaps even the main benefit to Namibia of exploiting its oil and gas resources.

Namibia’s petroleum direct taxation regime consists of the following elements:

- A petroleum income tax (PIT) is levied at a rate of 35% of taxable income (this is higher than Namibia’s normal corporate tax rate but lower than the rate applied to mining and diamond mining companies). The PIT is levied separately for each licence area.
- Exploration expenditure is accumulated throughout the exploration phase and claimed in full in the first year of production. Ongoing exploration expenditure after first production is deductible in the year incurred.
- Development expenditure is accumulated throughout the development phase and claimed over three years, starting in the year of first production. On-going development expenditure after first production is deductible over three years from the year the costs are incurred.
- Losses can be carried forward indefinitely.
- Exploration expenditure incurred by a licensee in any license area in Namibia may be deducted in the computation of that licensee's PIT taxable income from a producing license area.
- An incremental three-tiered Additional Profit Tax (APT) is charged on the after-tax net cash flow from petroleum operations in each license area only if the inflation-adjusted after-tax returns exceed 15%, 20% or 25%. The first tier rate is set at 25% but the second and third tier rates are negotiable in advance.
- Exploration, development and operating expenditures, as well as Royalty and PIT, are all fully deductible in the year they are paid in the computation of the APT net cash flow for the year.
- A royalty of 5% is paid on gross revenue regardless of profitability.
- An export levy of 1.5% is paid on the free-on-board value of gross exports regardless of profitability.



0,0005	4,85%
0,0003	13,04%
0,0001	50,00%
0,0003	14,29%
0,0005	12,50%

- Payments for management, consultancy or technical services to non-residents are subject to a withholding tax (WHT) at a rate of 10% on the gross amount of the service fees.
- Petroleum companies are exempt from the WHT on dividends, or the Non-Resident Shareholders Tax (NRST) on any dividend distributed out of taxable income from mining for natural oil or gas in Namibia.

This tax structure allows government to receive revenue as soon as production commences (through the royalty and export levy) but the more significant revenues start to flow to government through the PIT after the investment has been recouped. Furthermore, government receives more revenue if the project turns out to achieve higher levels of profitability through the APT.

In an article penned in an oil and gas supplement published in May 2025 by The Namibian, former Finance Minister lipumbu Shiimi wrote of the need to change the Petroleum Act and that “Namibia needs to refresh the laws that ensure the country retains a significant part of the oil and gas cake, in my view at least 70%. This means strengthening the Petroleum Act regulations, specifically to better regulate oil and gas production.”

Conclusions

As things stand, Namibia appears to be on the threshold of becoming a major oil producing country. However, even in the most optimistic scenario, it is likely to take five years or so to build and put in place the assets required to go into production. It could then take at least another five years before investment costs are recouped and production becomes cash positive generating returns for investors and government. Although government’s tax structure will provide revenue from royalties and export levies from the moment of First Oil, the main revenues to government will start to flow after investment costs are recouped and Petroleum Income Tax (PIT) and Additional Profits Tax (APT) kick in depending on the price of oil and profitability. That suggests the main benefits to Namibia only start to flow in the mid-2030s. The IBS suggests that the direct employment generated by the industry will be relatively limited.

President Nandi-Ndaitwah has put in place a new government structure and new personnel to lead the country’s legal, regulatory and fiscal framework. Setting up the new upstream petroleum unit, reviewing Namibia’s current petroleum regulatory framework, and proposing governance policies for the upstream petroleum sector sounds like it could take some time as might the changing of legislation to take account of the new institutional structure. Opinions also vary on whether the fiscal framework gives a fair split of profits between the investor and government. Former Minister of Finance lipumbu Shiimi wrote recently that government should expect to receive 70% of profits. In addition, negotiations over a possible oil refinery and carried interest for the state have the potential to significantly extend the period to First Oil which would mean revenues to government accrue only in the late 2030s at best. Oil and gas may be a game changer for Namibia but there are plenty of reasons – political, technical, regulatory and fiscal – why the game may only be changed many years in the future.

IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Amutenya	Group Financial Director	helena@ijg.net	Tel: +264 (81) 958 3528
Leonie De Klerk	Group Compliance Officer	leonie@ijg.net	Tel: +264 (81) 958 3533
Tashiya Josua	Financial Manager	tashiya@ijg.net	Tel: +264 (81) 958 3511
Benita Windisch	Financial Manager	benita@ijg.net	Tel: +264 (81) 958 3539
Lynnet Sasele	Financial Accountant	lynnet@ijg.net	Tel: +264 (81) 958 3536
Counney Kemp	Group PA	reception@ijg.net	Tel: +264 (81) 958 3500

IJG Securities

Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Kari Rossouw	Sales and Research	kari@ijg.net	Tel: +264 (81) 958 3530
Robin Sherbourne	Economist	robin@ijg.net	Tel: +264 (81) 958 3500

IJG Wealth Management

Andri Ntema	Managing Director	andri@ijg.net	Tel: +264 (81) 958 3518
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Thiart	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Maunda Rautenbach	Head of Operations	maunda@ijg.net	Tel: +264 (81) 958 3529
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Francoise van Wyk	Wealth Administration	francoise@ijg.net	Tel: +264 (81) 958 3513
Calvin Mwinga	Wealth Administration	calvin@ijg.net	Tel: +264 (81) 958 3514

IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Senior Manager: Investments	mirko@ijg.net	Tel: +264 (81) 958 3531
Fares Amunkete	Senior Manager: Investments	fares@ijg.net	Tel: +264 (81) 958 3527
Peterson Mbise	Manager: Investments	peterson@ijg.net	Tel: +264 (81) 958 3532
Veripi Ngapurue	Senior Associate	veripi@ijg.net	Tel: +264 (81) 958 3500
Jacinda Lima	Associate	jacinda@ijg.net	Tel: +264 (81) 958 3500

IJG Investment Managers & IJG Unit Trusts

Chidera Onwudinjo	Portfolio Manager	chidera@ijg.net	Tel: +264 (81) 958 3523
Danie van Wyk	Portfolio Manager	danie@ijg.net	Tel: +264 (81) 958 3534
Joshua Sithole	Junior Research Analyst	joshua@ijg.net	Tel: +264 (81) 958 3523

IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3522
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500
Hugo van den Heever	Corporate Advisor	hugo@ijg.net	Tel: +264 (81) 958 3542

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4th Floor, 1@Steps, C/O Grove & Chasie Streets, Kleine Kuppe
P O Box 186, Windhoek, Namibia, Tel: +264 81 958 3500, www.ijg.net

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