



Finding Petroleum Tanzania

23 February 2017



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SCREEN

SELECT

INVEST

FOCUS

MONITOR

MONITISE

Investment Model

“Oil & Gas Investment Company focused on acquiring and developing a diverse global non-operated portfolio of strategic assets to deliver value to our shareholders”

IDENTIFY AND EVALUATE

oil & gas opportunities

ACTIVE NON- OPERATOR:

strategic investments to
assist projects that have
excellent potential

VALUE FOR SHAREHOLDERS

BUILD A PORTFOLIO OF ASSETS:

spread risk and leverage
access to more opportunities

RE-INVEST

value created from building
assets back into portfolio

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Current Investment Portfolio

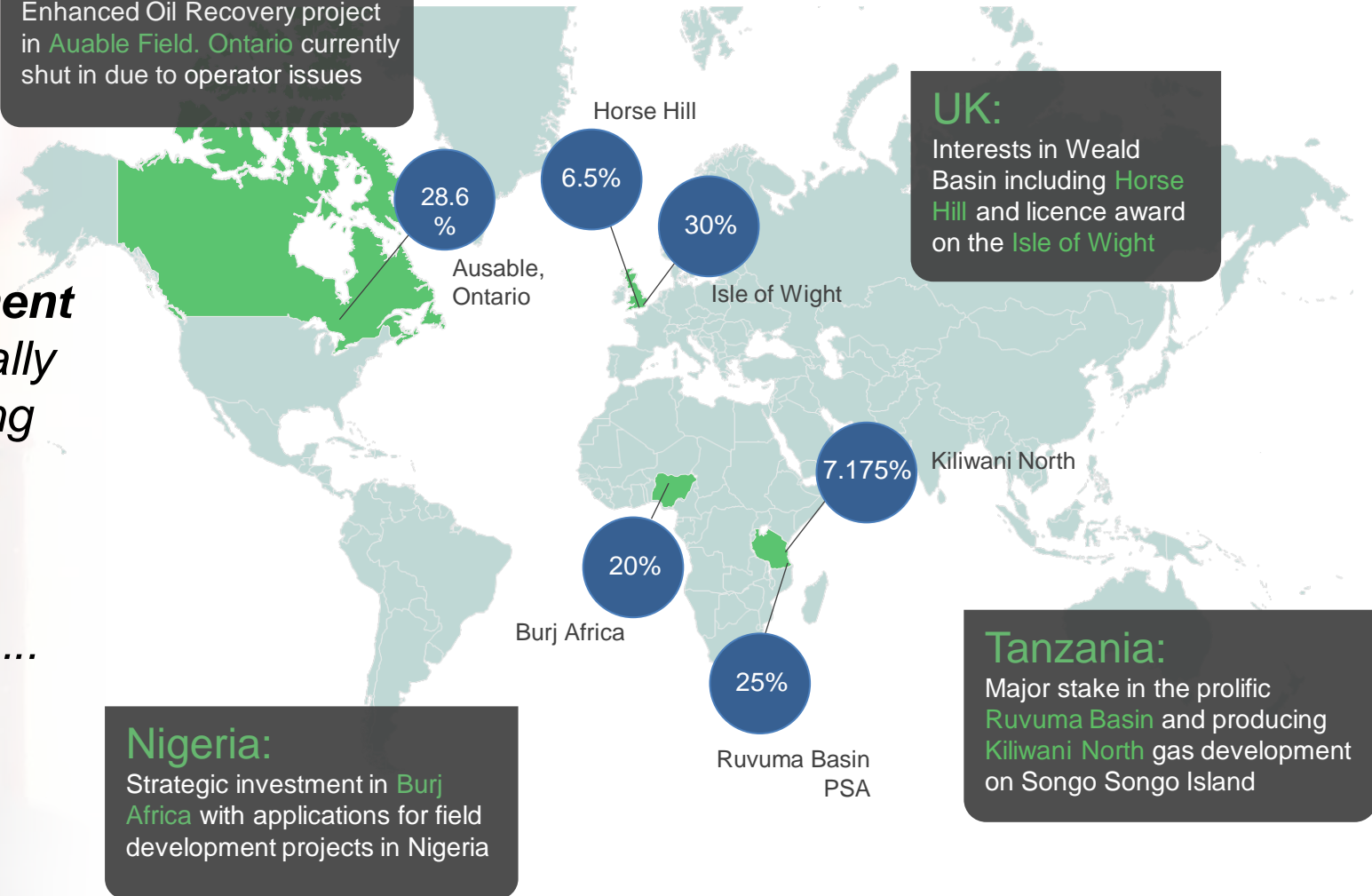
Oil & Gas Investment Company specifically focused on acquiring and developing a diverse global **non-operated** portfolio of assets.....

Canada:

Enhanced Oil Recovery project in **Ausable Field**. **Ontario** currently shut in due to operator issues

UK:

Interests in Weald Basin including **Horse Hill** and licence award on the **Isle of Wight**



Nigeria:

Strategic investment in **Burj Africa** with applications for field development projects in Nigeria

Tanzania:

Major stake in the prolific **Ruvuma Basin** and producing **Kiliwani North** gas development on Songo Songo Island



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NEIL RITSON, CHAIRMAN

Has a BSc in Geophysics and has worked in the energy sector for nearly 40 years, initially with BP plc for 23 years, before managing the international operations of Burlington Resources Inc. More recently, he was CEO at Regal Petroleum plc, before founding Vanguard Energy Group, where he was Chairman and CEO. As Founder and Chairman of VE Resources Limited he oversaw the rapid growth of a company in the oil services sector. Currently he is Chairman and CEO of LGO Energy plc and Non-Executive Director of Enovation Resources Limited.

Outline

EAST AFRICA

- Tanzania's place in East Africa
- Some background statistics

TANZANIA

- What has been discovered and where
- Bringing those discovered resources to commercialisation
- Solo's interests and future plans
- Summary



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What defines East Africa

There are many definitions of “East Africa”; some geographical, some political, some even geological

For the purposes of today I will focus on Tanzania in the context of the East African Community (EAC) :

- Burundi
- Kenya
- Rwanda
- Tanzania
- Uganda
- S. Sudan





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EAC History

The concept of the EAC dates back to 1917 when the states that were to become Kenya, Uganda and Tanzania first collaborated on trade

In 1948 the East African High Commission was formed bringing together the Kenya Colony, Uganda Protectorate and the Tanganyika Territory

The EAC came into existence in 1967, but was dissolved in 1977 due to infighting with Idi Amin's Ugandan regime, before being revived again in July 2000

EAC admitted Burundi and Rwanda in 2007 and ratified a "common market of goods" in 2010

In 2013 a protocol was signed to progress to monetary union "within 10 years"

South Sudan was invited to join after its independence and acceded in 2016, although its current "civil war" presents severe challenges for progress

EAC already has a Customs Union, a Court of Justice and a Legislative Assembly



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EAC Some Basic Data

Name	Capital	Accession	Population	Area (km ²)	GDP (\$bn)	Per capita (\$)
Kenya	Nairobi	2000	43,000,000	580,367	60.937	1,417
Tanzania	Dodoma	2000	46,744,000	947,300	48.089	1,029
Uganda	Kampala	2000	38,728,000	241,038	27.519	711
Burundi	Bujumbura	2007	9,201,000	27,830	2.896	315
Rwanda	Kigali	2007	11,000,000	26,338	7.891	717
S. Sudan	Juba	2016	11,384,000	644,329	13.904	1,221
			160,057,000	2,467,202	161.236	1,000

	City	Country	Population (IMF)
1	Dar es Salaam	Tanzania	4,364,541
2	Nairobi	Kenya	3,768,000
3	Kampala	Uganda	1,659,600
4	Kigali	Rwanda	1,135,428
5	Mombasa	Kenya	1,068,000
6	Bujumbura	Burundi	800,000
7	Mwanza	Tanzania	706,543
8	Arusha	Tanzania	416,442
9	Dodoma	Tanzania	410,956
10	Kisumu	Kenya	409,928



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Tanzania in Numbers

	Tanzania	Trinidad & Tobago
GDP (billion current US\$)	48.09	28.07
GDP growth rate (annual)	7.0%	1.9%
GDP per capita (current US\$)	1,029	20,723
Agriculture as portion of GDP	31.1%	0.4\$
Unemployment (%)	3.1%	3.3%
Labour force participation (M/F)	83.4/74.0%	73.7/52.6%
Urban population	31.6%	8.4%
Life expectancy (M/F years)	62.6/65.6	66.9/73.8
Infant mortality rate (per 1,000)	37	25
School enrolments (M/F %)	86.2/87.4%	99.3/99.5%
Mobile subscriptions (per 100)	62.8	147.3
Energy supply per capita (gigajoules)	20	611
Domestic electricity supply (households)	~40%	96%

(Source: UN, 2015)

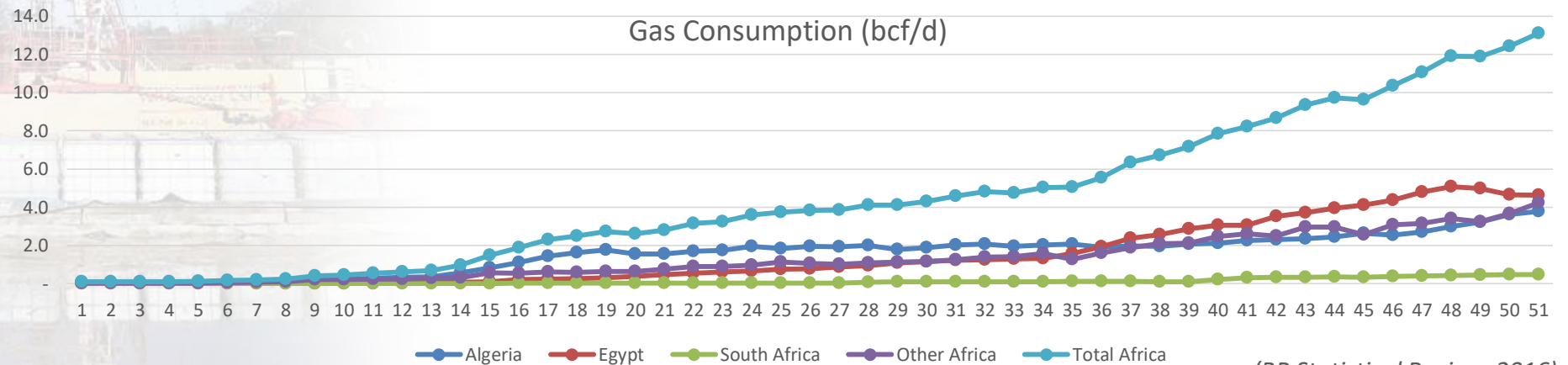
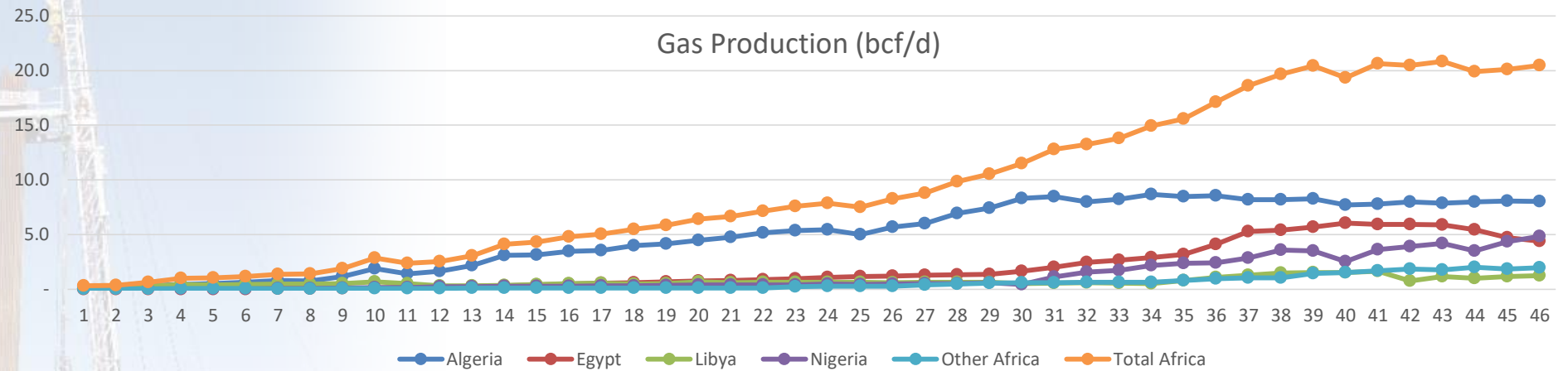
Tanzania



Africa Gas Production and Consumption

Sub-Saharan Africa alone is projected to have natural gas demand of:
18 bcf/d (2030), 31 bcf/d (2040) and 52 bcf/d (2050)

(Sustainable Engineering Lab et al-2014)

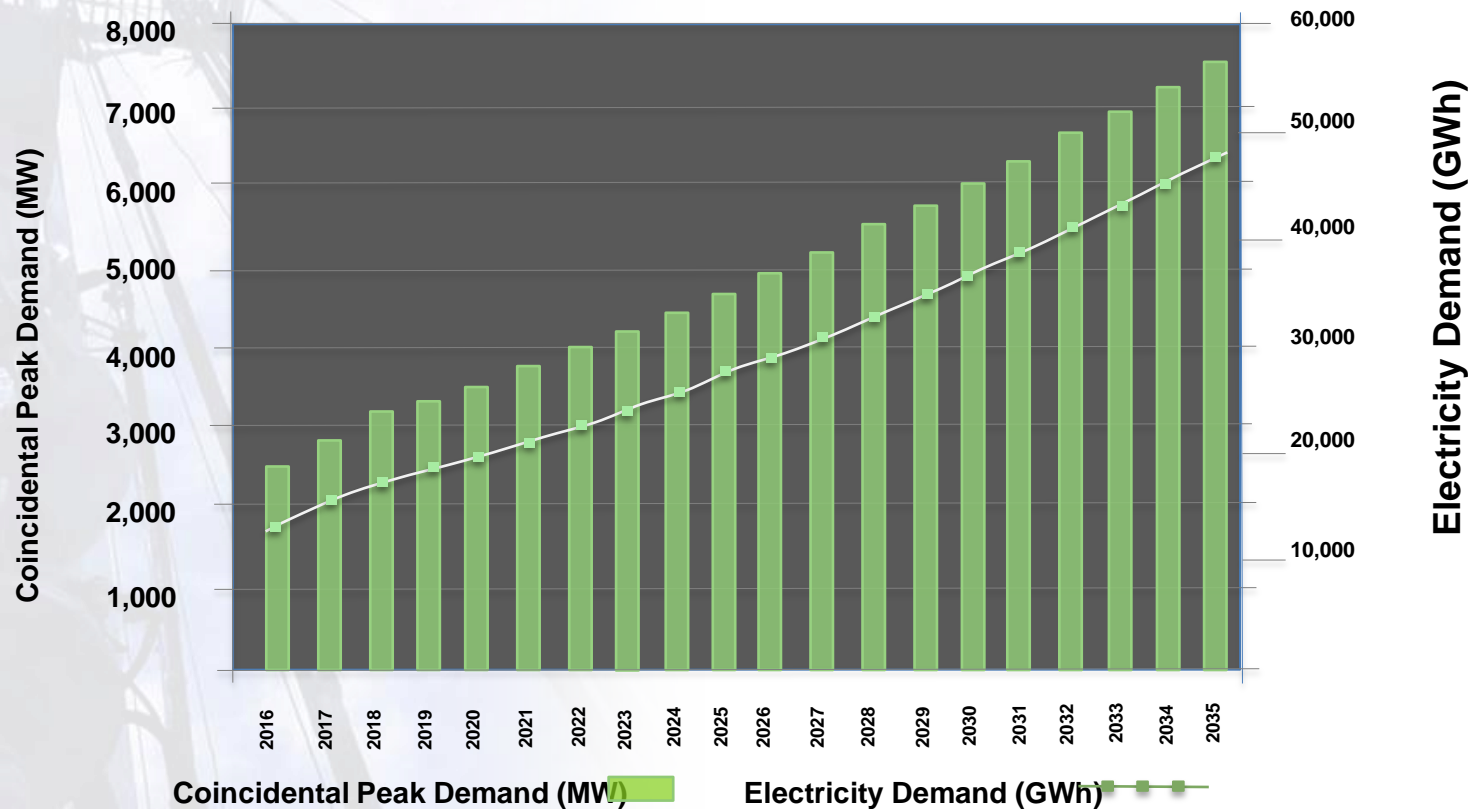


(BP Statistical Review, 2016)

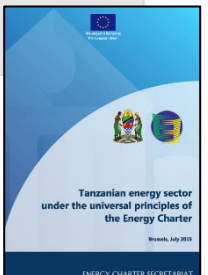
Electricity Demand Drives Gas Demand

Domestic electricity demand provides certainty over gas demand with a new wave of natural gas fired power stations coming on-stream between 2018 and 2020

Tanzania



Tanzania Electricity Peak Demand & Consumption Forecast, MEM, Power System Masterplan, 2012 Update, November 2012 (Tanzanian energy sector under the universal principles of the Energy Charter Report, Brussels, July 2015)





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Kiliwani North Gas Field

Kiliwani North Development Licence

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interest
7.175%



- First gas achieved 4 April 2016
- Daily Production Rate up to 30 mmscfd from July 2016 (~ 5,000 barrels of oil equivalent per day)
- Gas produced flows through the 2 km tie-in pipeline from KN-1 to the Songo Songo gas processing plant & via 36-inch pipeline to Dar es Salaam, where the gas is used for domestic, industry and power generation
- Gas Sales Agreement signed with TPDC for US\$3.00 per mmbtu (~ US\$3.07 per mscf), paid in US\$ with bank guarantees.

Kiliwani North will only provide 10% of the Tanzania's current domestic natural gas demand in the near term.



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KILIWANI NORTH

RUVUMA PSA

Tanzanian Gas

Natural gas resources of over 55 tcf of probable contingent resources have been discovered in Tanzania, mostly offshore

Largest energy resource in East Africa

Significant Investment in **Infrastructures:**

Gas pipeline constructed and commissioned from Mtwara to Dar es Salaam with capacity of over 800 mmscfd

Additional pipeline network planned to export gas resources to East African states (Uganda, Kenya)

Government support to energy/gas industry

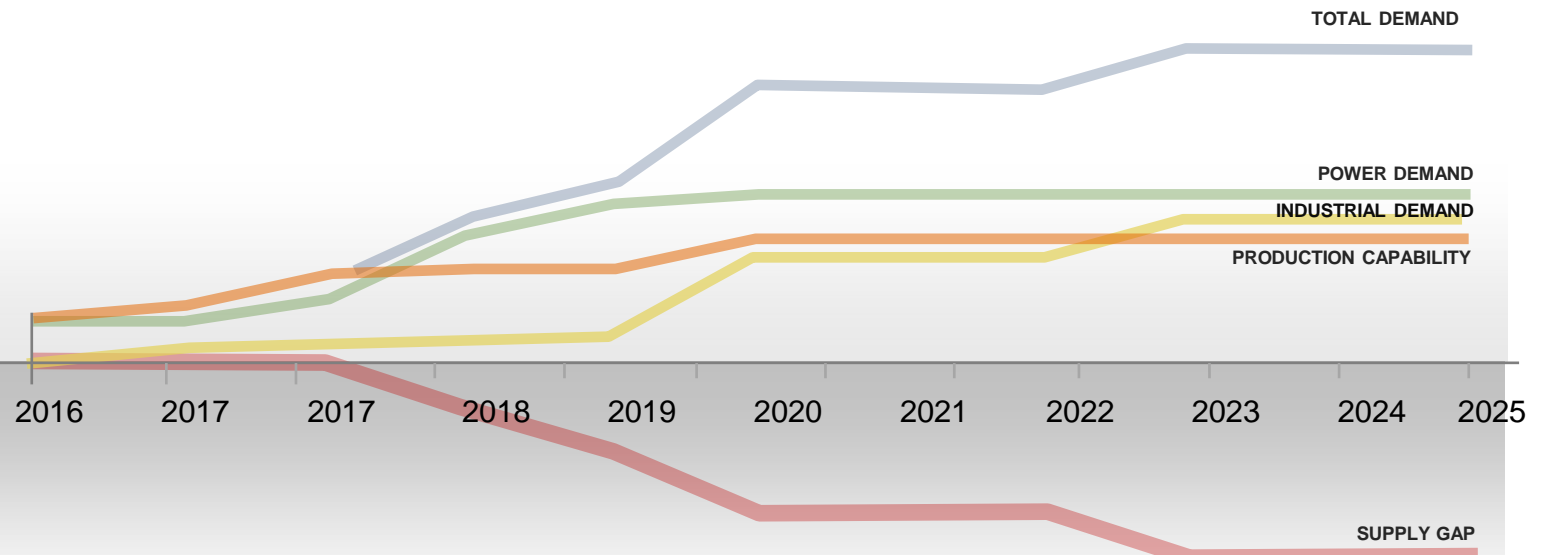
Improving business climate, increased capacity and decision making

Significant **LNG exporter** from 2020

Major players are highly active in the offshore gas province



Statoil



Ruvuma PSA – Ntorya Discovery

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25%

Aminex
(operator)

75%

Solo-Aminex joint venture has been active for nearly 10 years and is now appraising the Ntorya gas and condensate discovery with Ntorya-2

Tanzania



2010

2011

2012

2013

2014

2015

2016

2017

First well:

Likonde-1:

excellent shows for residual oil and gas

Second well:

Ntorya-1 made a **gas and condensate discovery** of commercial interest:

- **Gas Flow** 20 mmscfd through a 1-inch choke;
- **Formation pressure** of 5,424 psi; and
- **Liquids Production** 139 bopd of condensate

CPR by Senergy:

Potential 4.7 tcf of gas within the Ruvuma PSA

153 bcf of gas in place for NT-1 (70 bcf of 2C.)

4 “drillable targets” accounted for over 3 tcf of gas in place.

Seismic:

Further **infill 2D** seismic acquired and existing seismic reprocessed

Appraisal well program:

Ntorya-2 drilled to TD

30 metres net gas pay

Completion and testing underway



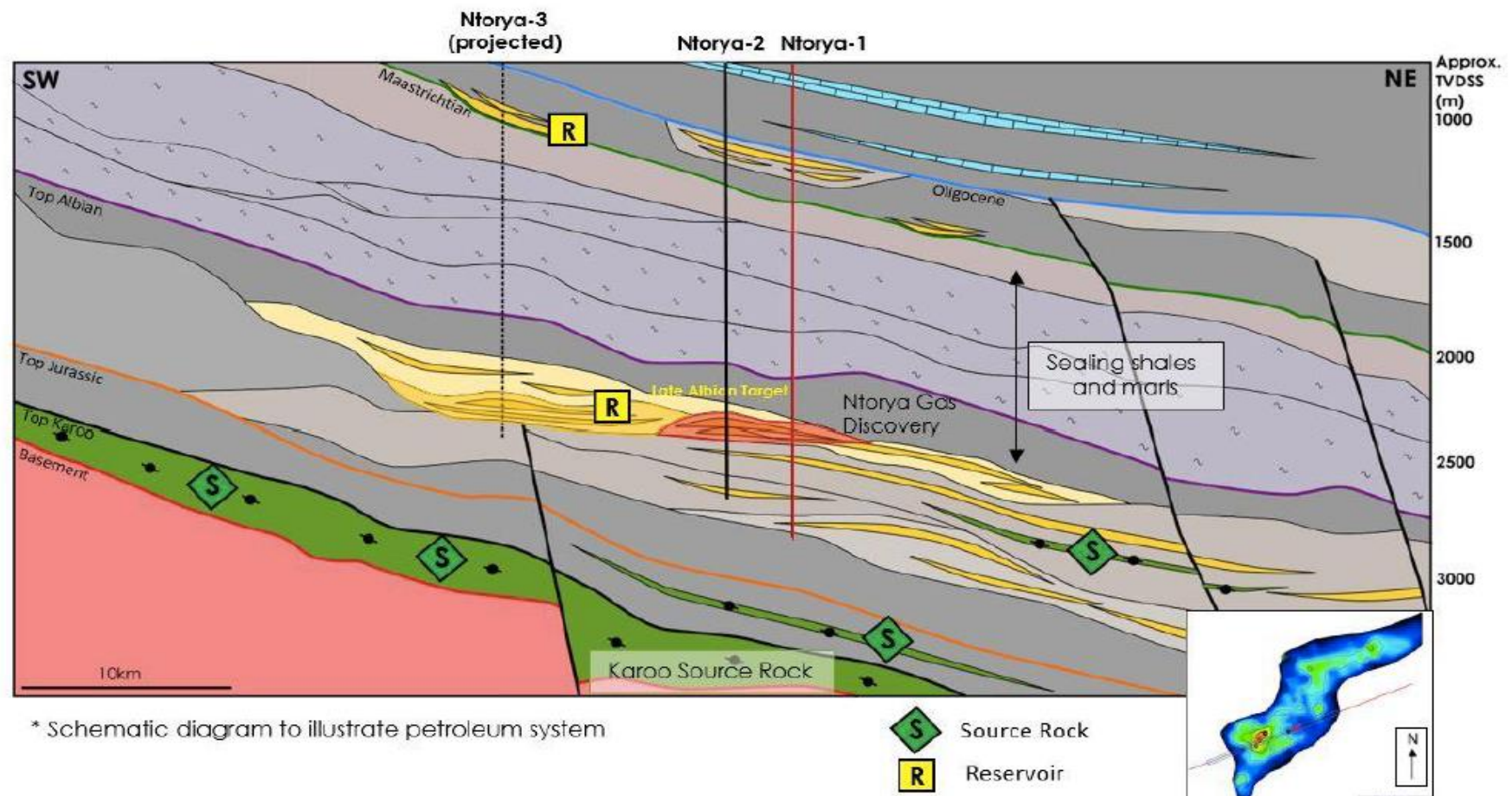
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Ntorya Discovery

Schematic cross section showing the Ntorya-1 discovery well and location of the Ntorya-2 well, and possible Ntorya-3 well



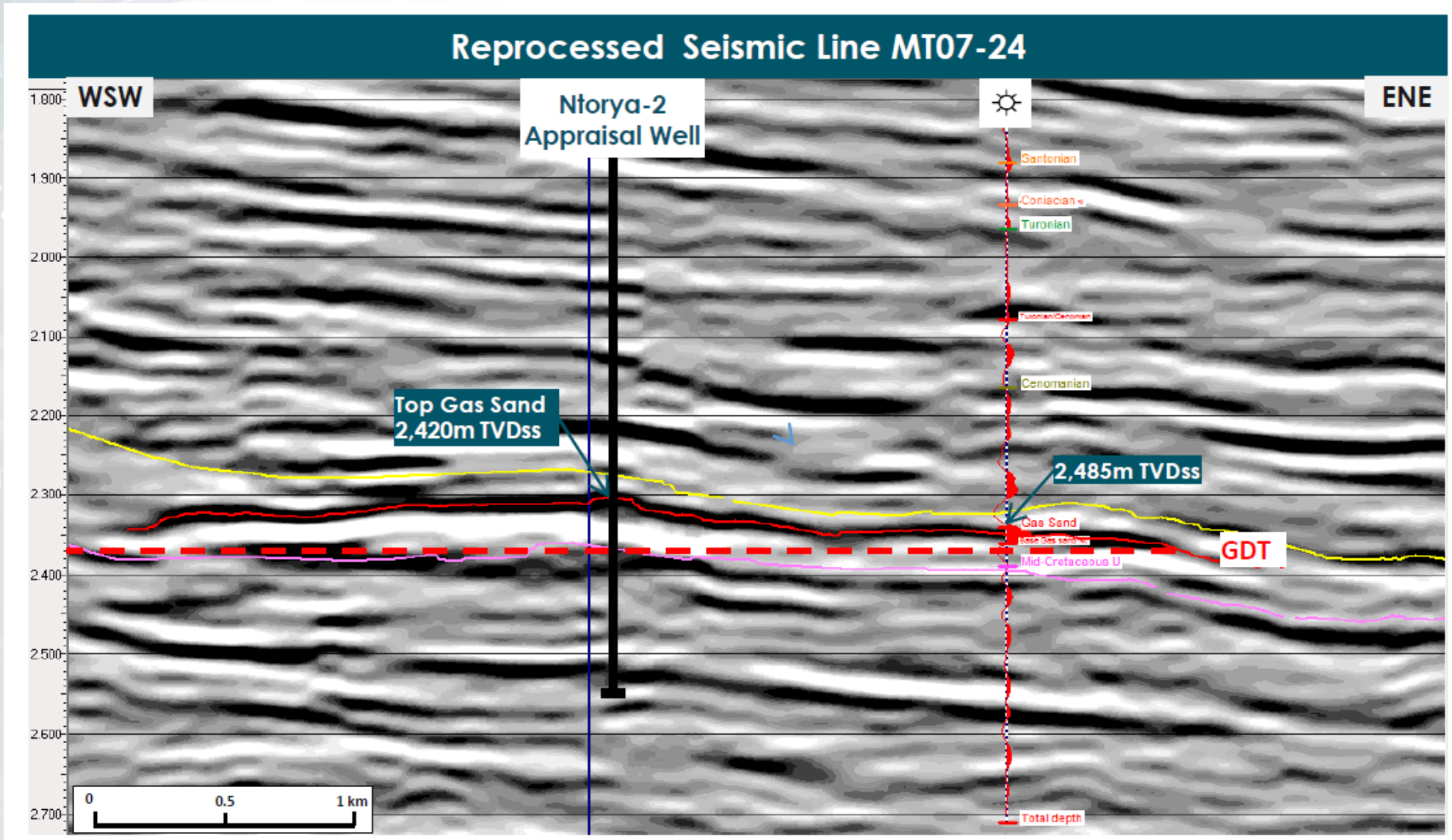
Source: Aminex



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Seismic definition



Source: Aminex

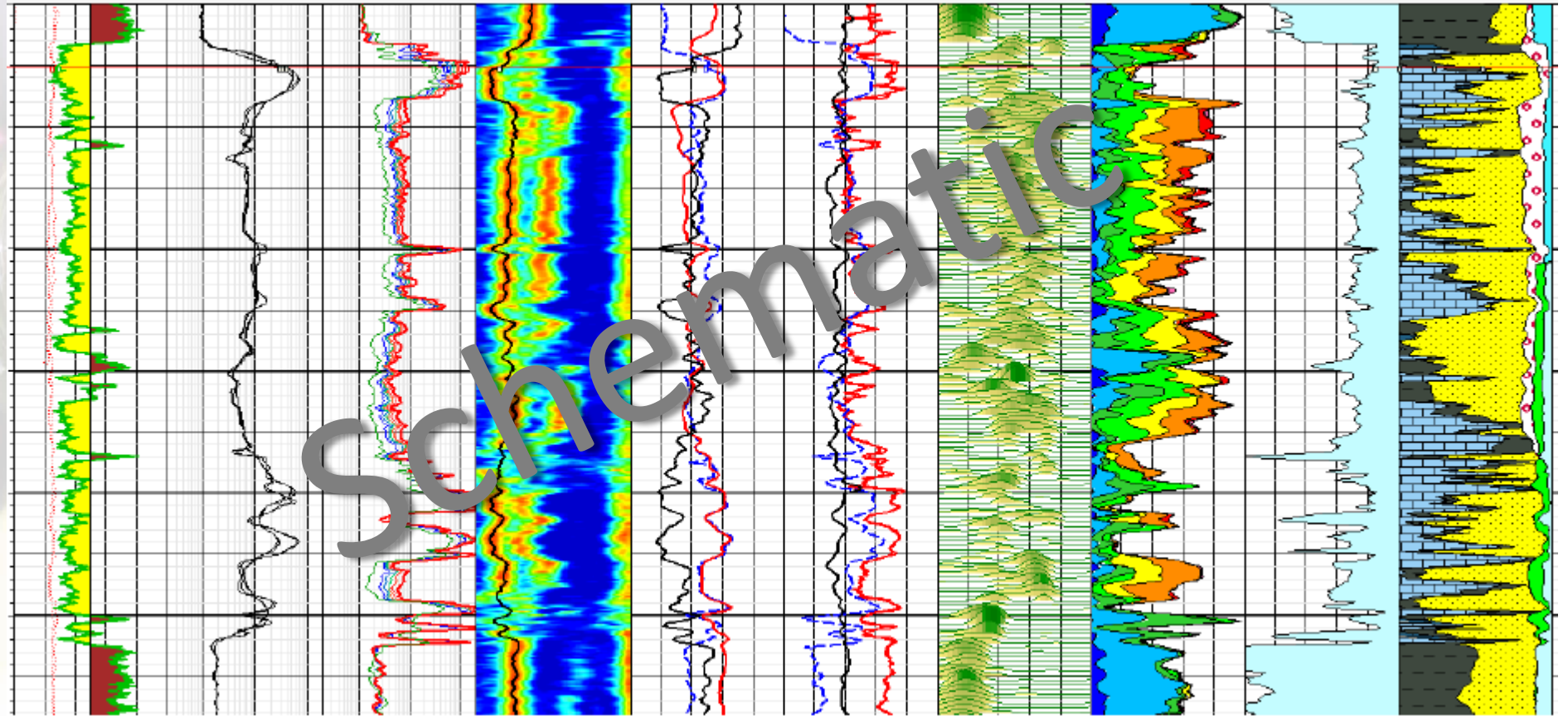


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NT-2 Quick-look Petrophysics



What we can say today:

- Cretaceous age fluviatile sandstone reservoir intersected at 2596 metres MD
- Total 51 metres gross interval with ~ 30 metres net gas sand
- Excellent quality reservoir with average porosity over 20%
- Gas in flux during drilling, higher than expected pressures
- Trace oil seen on cuttings



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Access to Markets

Ntorya discovery and the wider **Ruvuma PSA** benefits from excellent access to the market through the regional gas pipeline connecting Mnazi Bay to Dar es Salaam

Tanzania

\$1.33 billion project:
largely financed by
Chinese loans

532-km pipeline linking
Mnazi Bay gas field
production in southern
Tanzania to Dar es Salaam
in the north is now
completed and operational

36" gas pipeline & gas
processing plants are part of
a plan to increase Tanzania's
generating capacity to
10,000 MW by 2025



Natural gas will be
transported to large-scale
electricity producers,
other industrial users and
major population centres

The pipeline will allow
production from existing
fields to be ramped up and
future fields to be
commercially developed

Large, unsatisfied
domestic demand for
natural gas is estimated at
over 500 mmscfd



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Summary

Solo has invested heavily since 2010 into exploration and development in Tanzania

Resulting in Solo's 7% interest in Kiliwani North and 25% interest in the Ruvuma PSA containing the Ntorya Gas field

Kiliwani North has demonstrated that development, production and commercialisation can be pursued successfully

Solo is committed to the energy sector in Tanzania as a first mover and one of only a handful of companies so far deriving revenue from gas

Growth of local and regional markets for gas to provide electricity, manufacturing feedstock and industrial power provides an exciting landscape for further short-term development

Onshore gas has a major cost and first mover advantage over offshore resources and can meet local demand as it continues to grow

And is there yet an elusive oil play to discover?

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