



May 30, 2023

Re: Request to refrain from participating in exploration activities in the Kavango Basin.

Dear Company,

OilWatch Africa, Greenpeace Africa, 350.org, and Oil Change International, are today writing to you to seek confirmation that Company will not invest in the highly controversial drilling activities of the Canadian company Reconnaissance Energy Africa (ReconAfrica) in the Kavango Basin in Namibia and Botswana.

ReconAfrica holds the drilling rights to [34,325 sq km](#) across both countries. In 2021, the company [began its drilling](#) operations in Namibia. So far, all three wells in the country drilled by ReconAfrica have yet to reveal the [presence of commercially extractable oil](#). This is despite [early hype that the region](#) could be “the last major onshore oil discovery on Earth.”

ReconAfrica, which has spent [R445 million to drill the three test wells](#), has so far failed to find commercial hydrocarbons and is running out of cash among mounting debts. In the company’s last unaudited accounts, filed on November 24 2022, [the day its auditor Deloitte resigned](#), ReconAfrica admitted that it did not have sufficient funding to continue as a “going concern.” [The company stated in its accounts](#): “ReconAfrica’s revenues are not sufficient to fund ongoing operations, and the Company may be required to raise new financing through the sale of shares or issuance of debt ... the Company’s continued successful operations are dependent on its ability to obtain additional financing.”

Last year, it was also reported in Upstream that ReconAfrica had appointed New York-based Alvarez & Marsal and London-based Hannam & Partners to try to secure joint venture partners, with a data room already having been opened. In December last year, ReconAfrica’s chief executive, Scot Evans, told investors that a number of international oil companies were showing [“interest”](#) in the acreage. We are writing today to clarify whether you are one of those companies.

If you are considering investing, you should be aware that the drilling threatens the UNESCO World Heritage site, [the Okavango Delta](#), home to some of the world’s most endangered species, such as the cheetah, white and black rhinoceros, African wild dog and lion. It also threatens the world’s largest protected international wildlife reserve, the [Kavango–Zambezi Transfrontier](#)

[Conservation Area](#) (“KAZA”), which covers the five nations of Southern Africa. Over one [million people](#) depend on the water within the Delta watershed.

Based on ReconAfrica’s projections of potentially 120 billion barrels of recoverable oil, this would produce a [“carbon gigabomb”](#) of 51.6 Gigatonnes of CO2. This is equivalent to one-sixth of the world’s remaining carbon budget. According to climate experts, the region, including the Kalahari desert, [is already warming](#) at rates twice the global average and at the fastest anywhere in the Southern Hemisphere.

The drilling operations have already caused significant legal and social and environmental issues. In a series of articles since 2020, [National Geographic](#) magazine has outlined the shortcomings of the drilling operations. The magazine has highlighted how “the company allegedly [didn’t adequately consult with local communities](#) about the full drilling plan as required by Namibian law; [intimidated local opponents](#); [violated its promise to line its drilling waste pits](#) to prevent groundwater pollution; [failed to secure legally required water and land permits](#); [drilled inside Kapinga Kamwalye Conservancy](#) without legal rights, and [bulldozed](#) roads illegally through protected areas.”

ReconAfrica already faces lawsuits on two continents and is reported to be under active investigation by financial regulators and authorities, including in [Canada](#) and [Germany](#). If Company were to invest, it could become party to those lawsuits and investigations.

Company will also face significant civil society and shareholder backlash for threatening one of the world’s last remaining wilderness areas and helping further tip us into climate chaos. To this end, we ask for written confirmation from you that Company will not invest in or partner with ReconAfrica or any subsequent related companies or subsidiaries.

Yours sincerely,

Salome Nduta, Africa Coordinator, OilWatch

Aggy Hall, Global Campaigns Director 350.org

Mahir Ilgiz, Regional Program Director, Oil Change International

Melita Steele - Program Director, Greenpeace Africa