GLOBAL ENERGY MARKET INTELLIGENCE REPORT

Africa, the Middle East, and Global Energy Markets

A Strategic Market Overview for the Midstream Petroleum Sector

Prepared by

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Executive Summary

Global energy markets in mid-2026 are being defined by a single overriding fact: the effective closure of the Strait of Hormuz since late February has triggered what the International Energy Agency has characterized as the largest oil supply disruption in the history of the modern petroleum market. Roughly one-fifth of global oil and a comparable share of global LNG normally transit this corridor; with throughput at a small fraction of pre-crisis levels for almost four months, Brent crude has traded in a wide and volatile band through the high-$90s to above $130 per barrel at various points, OECD inventories are being drawn down toward their lowest levels since 2003, and downstream products — particularly diesel and jet fuel — have seen the sharpest price escalation.

This disruption is reshaping global trade flows in ways that matter directly to Royal Essence Petroleum's positioning. Buyers across Asia, Europe, and Africa are actively diversifying away from Gulf-dependent supply chains, U.S. crude and product exports have hit record levels, and African producing nations — while themselves net beneficiaries of higher prices in some cases — face acute import exposure given the continent's heavy reliance on refined product imports. Independently of the Hormuz shock, Africa's upstream sector continues to expand on its own trajectory, with the African Energy Chamber and S&P Global projecting $41 billion in 2026 upstream capital expenditure and continental production rising to 11.4 million barrels of oil equivalent per day, en route to roughly 13.6 million boe/d by 2030.

For Royal Essence Petroleum, this environment reinforces rather than undermines the strategic logic of midstream storage infrastructure. A period of acute supply volatility, elevated freight costs, and supply-route diversification is precisely the environment in which bulk storage and trading capacity at strategic coastal nodes — such as the planned Tema Tank Farm — gains commercial relevance, both as a buffer against future shocks and as a platform for capturing regional trading and blending margins. This report surveys the global, Middle Eastern, and African energy landscape as of June 2026 to provide partners, investors, and stakeholders with a current, well-sourced market reference.

Key Takeaways for REP

Global oil markets remain in a historically volatile, supply-constrained state driven by the Strait of Hormuz crisis, now in its fourth month.

Africa's upstream investment cycle ($41bn in 2026) continues independent of the Gulf crisis, with deepwater Namibia, Mozambique LNG, and Nigerian refining capacity (Dangote) as headline stories.

African import-dependent economies are disproportionately exposed to the Hormuz-driven price shock, elevating the strategic value of regional storage and supply security infrastructure.

Long-term demand fundamentals for Africa remain structurally bullish even as OECD demand growth flattens, supporting the investment case for midstream assets like the Tema Tank Farm.

1. Global Energy Market Overview

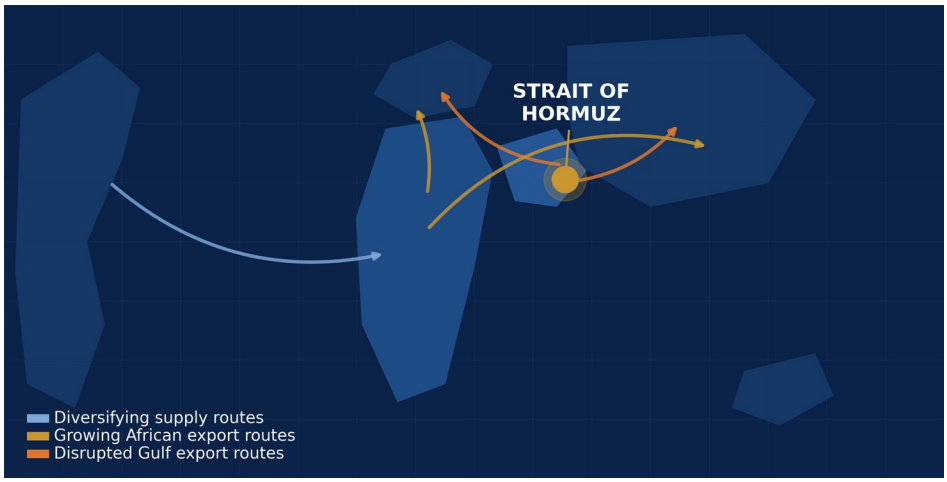

Figure 1.1 — Stylized illustration of shifting global trade flows: disrupted Gulf export routes (orange), growing African export routes (gold), and diversifying supply routes (blue).

1.1 The Strait of Hormuz Crisis: Market-Defining Event of 2026

On 28 February 2026, joint U.S.–Israeli strikes on Iranian targets triggered an Iranian declaration closing the Strait of Hormuz to U.S- and Israel-aligned shipping. The strait, just 21 miles wide at its narrowest point, normally carries approximately 20 million barrels per day of crude and roughly one-fifth of global LNG trade — supply that is overwhelmingly destined for Asian buyers (China, Japan, South Korea, and India account for the large majority of Hormuz-transiting crude). Following the strikes, the Islamic Revolutionary Guard Corps Navy laid mines, attacked merchant vessels, and effectively shut commercial transit; a series of fragile ceasefires in April were followed by renewed closures, and as of mid-June 2026 the strait remains effectively closed to commercial traffic, with daily transits running at a small fraction of the pre-crisis average of roughly 94 vessels per day.

The compounding effect has been severe. More than 1,500 commercial vessels and over 20,000 mariners were stranded in or around the Gulf at the peak of the crisis. War-risk insurance premiums for tankers have spiked to multiples of pre-crisis levels, with several P&I clubs withdrawing cover entirely for the route. Major container lines — Maersk, MSC, CMA CGM, and Hapag-Lloyd — have rerouted Asia–Europe and Asia–U.S. services via the Cape of Good Hope, adding 10–14 days per voyage at a time when Red Sea/Suez routing is also constrained by renewed Houthi activity, leaving both of the Middle East's major maritime corridors effectively blocked simultaneously for the first time in the modern era.

1.2 Oil Price Trajectory and Outlook

Brent crude, which traded around $72/bbl before the crisis, spiked as high as $118–120/bbl in futures markets in March, with physical cargoes reportedly trading near $150/bbl at the peak. Prices have since moderated into a still-elevated and highly volatile band — generally between roughly $80 and $110/bbl through May and June — as markets price in both the severity of the supply loss (cumulative losses exceeding 360 million barrels in March alone) and periodic

diplomatic progress toward reopening. The U.S. Energy Information Administration's June Short-Term Energy Outlook assumes the strait remains effectively closed into early summer before flows gradually resume in the third quarter, with full normalization of trade patterns not expected until early 2027 — and some Gulf producers possibly unable to restore pre-conflict output even by then.

Indicator	Pre-Crisis (Early Feb 2026)	Current / Recent Range (June 2026)
Brent crude (spot)	~$72/bbl	$80–$110/bbl (high volatility)
Hormuz daily transits	~94 vessels/day	Near 0% of normal; effectively closed
OECD oil inventories	5-yr avg ~2.8 billion bbl	Falling toward ~2.3 billion bbl, lowest since 2003
Tanker war-risk premium	~0.125% of hull value	Several multiples higher; some insurers exited
U.S. crude/product net exports	~2.8 million b/d	Record ~4.2 million b/d average for 2026

Sources: U.S. EIA Short-Term Energy Outlook (June 2026); IMF PortWatch; Lloyd's List; S&P Global Energy.

1.3 Demand and Supply Fundamentals Beyond the Crisis

Stripped of the Hormuz shock, the underlying 2026 narrative was one of oversupply. Non-OPEC production growth — led by Brazil, Guyana, the U.S., Canada, and Norway — pushed global supply roughly 3 million b/d ahead of demand in 2025, and OPEC+ has continued unwinding voluntary production cuts. Most independent analysts (Enverus, Rystad, Goldman Sachs) entered 2026 expecting Brent to average in the mid-$50s to $60s absent the crisis. The conflict has therefore not resolved a structural supply shortage; it has manufactured an acute, regionally concentrated one, while the global oversupply backdrop is widely expected to reassert itself once Gulf flows normalize — a dynamic with direct implications for how durable current price strength is likely to prove.

Natural gas markets show more durable divergence. Global LNG export capacity is set to grow roughly 50% between 2025 and 2030, with the U.S. supplying nearly half of new capacity, reinforcing a structural shift in gas trade away from the Gulf and toward Atlantic basin supply — a trend the Hormuz crisis has only accelerated, given Qatar's LNG production has lost meaningful capacity to strikes and is expected to take three to five years to fully repair.

2. Middle East: Geopolitics and Strategic Realignment

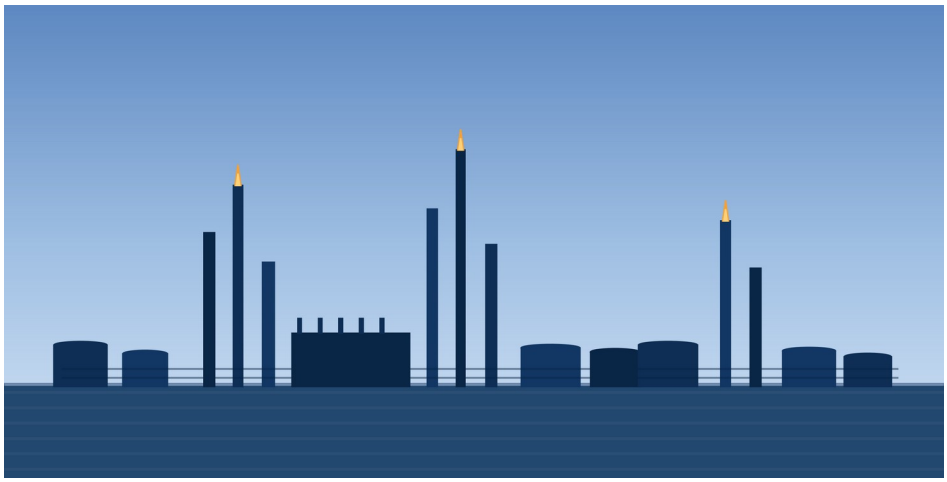

Figure 2.1 — Editorial illustration of refining and petrochemical infrastructure, representative of Gulf and global processing capacity.

2.1 OPEC Fragmentation

A significant structural development in 2026 has been the UAE's departure from OPEC, announced in late April. The UAE was among the countries most heavily targeted by Iranian strikes during the conflict, and its exit — which removes OPEC's third-largest producer from the cartel — reflects a strategic decision to pursue independent production policy via its own pipeline infrastructure rather than remain bound by group quotas. Analysts view this as weakening OPEC's collective ability to manage global supply and as a likely permanent realignment rather than a temporary rift.

2.2 Regional Infrastructure Damage and Recovery

- Qatar's LNG export facilities — the world's largest single-site liquefaction complex — sustained strikes that removed an estimated 17% of capacity, with repair timelines estimated at three to five years.
- Strategic petroleum reserve releases have been activated by Japan and discussed by other major Asian importers given their disproportionate reliance on Hormuz-transiting crude (Japan sources roughly 70% of Middle Eastern crude through the strait).
- Mine-clearing operations in the strait are expected by U.S. defense officials to take approximately six months once active hostilities cease, meaning even a political resolution will not produce an immediate return to normal shipping.
- Alternative routing — Saudi Arabia's East–West pipeline network, the UAE's own pipeline capacity, and increased interest in Arctic shipping lanes — is gaining renewed strategic attention as a long-term hedge against future chokepoint risk.

2.3 Implications for Global Buyers

China, Japan, and South Korea — which together account for the large majority of Hormuz-dependent crude demand — are accelerating supplier diversification, a trend that benefits Atlantic Basin and African producers able to offer reliable, non-Gulf supply. This is a structural tailwind for African crude and LNG exporters and, by extension, for African midstream infrastructure positioned to support more diversified trade flows.

3. Africa: Energy Sector Outlook

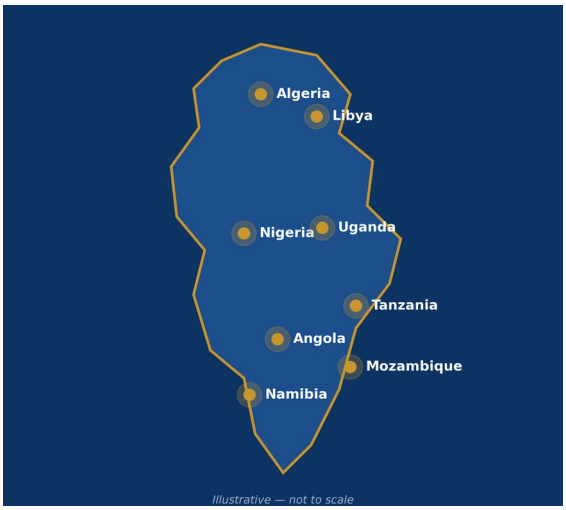

Figure 3.1 — Illustrative map of Africa's principal current and emerging oil and gas producing countries referenced in this report (not to scale).

3.1 Production and Investment Fundamentals

Africa's energy sector entered 2026 already in a multi-year expansion phase, independent of Middle East developments. The African Energy Chamber's State of African Energy 2026 Outlook, produced jointly with S&P Global, projects upstream capital expenditure of $41 billion in 2026 (roughly 8% of global E&P spending) and continental production reaching 11.4 million barrels of oil equivalent per day, rising to approximately 13.6 million boe/d by 2030 — with more than 3 million boe/d of that growth coming from currently unsanctioned projects. Africa is expected to account for around 40% of the world's planned high-impact exploration wells in 2026, concentrated along the Atlantic margin in Namibia's Orange Basin and West Africa's Gulf of Guinea.

$41B	**11.4M**	**13.6M**	**590M**
2026 upstream capex	boe/d production (2026)	boe/d projected by 2030	people lacking electricity access

Source: African Energy Chamber / S&P Global, State of African Energy 2026 Outlook; IEA.

3.2 Headline Projects and Country Developments

Sub-Saharan Africa continues to lead the continent's project pipeline, with an estimated 176 oil and gas projects expected to reach a start across Africa between 2025 and 2030, representing roughly $284 billion in cumulative investment.

Country / Project	Status (mid-2026)	Strategic Significance
Uganda — Tilenga / Kingfisher / EACOP	First oil targeted 2026; pipeline ~64% complete	Opens new East African export corridor via Tanzania
Mozambique LNG (TotalEnergies)	Restarted Jan. 2026 after 4.5-	$20.5bn project; first LNG

Country / Project	Status (mid-2026)	Strategic Significance
	yr force majeure	targeted 2029
Tanzania LNG (Shell/Equinor)	Host government agreement targeted mid-2026	$42bn; positions Tanzania as long-term EU supplier
Namibia — Orange Basin (TotalEnergies Venus)	FID under consideration for 2026	Among largest deepwater discoveries of the decade
Nigeria — Dangote Refinery	650,000 bpd; dual NGX/LSE listing planned late 2026	Reduces Nigeria's refined product import dependence
Angola — Quiluma gas field	Production started 2026; ramping to plateau	First non-associated gas project in Angola's history
Algeria — Sonatrach partnerships	New deals with Saudi Arabia, talks with ExxonMobil/Chevron	Reform-led investment resurgence
Libya — 2025 licensing round	Results pending through 2026	Holds Africa's largest proven reserves (48bn bbl)

3.3 Structural Themes Shaping the African Energy Sector

Resource Nationalism and NOC Expansion

African National Oil Companies now account for roughly 53% of the continent's total oil and gas production, compared to around 30% for international oil companies — a marked shift toward state-driven operational control as governments seek greater strategic autonomy over resource development.

The Infrastructure Gap

Industry consensus, reflected clearly in the AEC/S&P Global 2026 Outlook, is that Africa's principal constraint is no longer subsurface potential but the ability to deliver infrastructure, regulatory clarity, and coordinated financing at scale. As one S&P Global director put it, the sector is shifting from a phase of resource discovery to one of capital-intensive execution — directly favoring midstream and downstream infrastructure plays such as storage terminals, processing capacity, and export logistics.

Import Exposure to the Hormuz Crisis

Africa's energy security is asymmetric: the continent is both a growing hydrocarbon producer and, for many of its economies, heavily import-dependent for refined products. UNCTAD data cited in industry reporting suggests a 50% oil price spike could cost fragile African economies on the order of $20 billion, with South Africa among the countries already adjusting import patterns and accelerating supply diversification in response to Gulf-related disruption. This exposure is precisely the strategic risk that regional bulk storage capacity — positioned to buffer against future supply shocks and enable opportunistic trading — is designed to mitigate.

Financing Constraints

Western financial institutions continue to retreat from fossil-fuel financing even as African capital needs grow, creating a financing gap that NOCs alone cannot fill. The African Energy Bank, co-

owned by Afreximbank and African petroleum-producing states, is expected to provide partial relief as it becomes operational, but the AEC's own outlook stresses that reform-minded jurisdictions — citing Algeria, Angola, Nigeria, and Ghana as examples of improved licensing transparency and governance — are the ones best positioned to attract the scale of capital required.

4. Strategic Implications for Royal Essence Petroleum

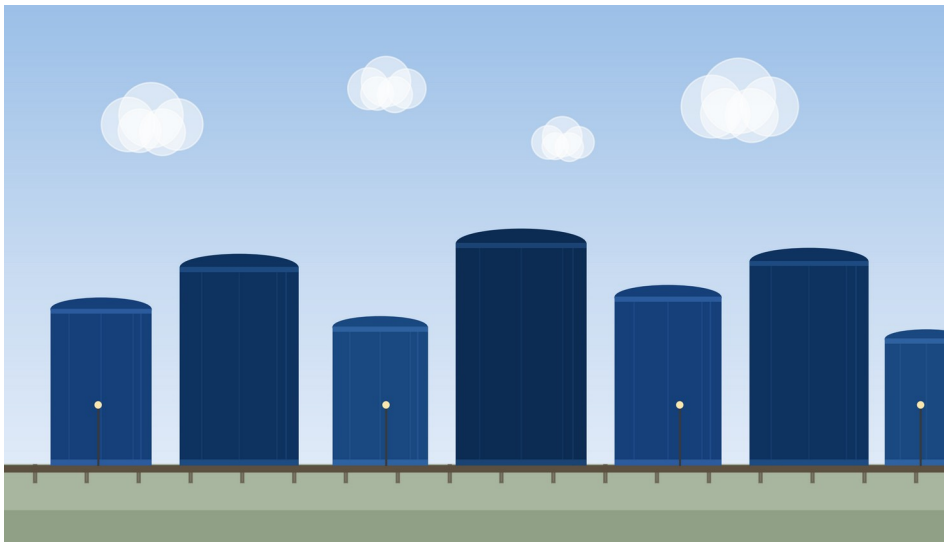

Figure 4.1 — Editorial illustration of a coastal bulk storage tank terminal, representative of the midstream infrastructure model underpinning the Tema Tank Farm strategy.

4.1 The Case for Midstream Storage Infrastructure

The current market environment — defined by acute supply-route disruption, elevated and volatile pricing, and accelerating buyer diversification away from Gulf dependency — strengthens the underlying commercial logic for coastal bulk storage infrastructure of the kind contemplated for the Tema Tank Farm. Storage capacity captures value in three distinct ways during periods like the present: arbitrage between volatile spot pricing and forward positions, fee income from third-party storage demand as regional buyers seek supply security, and blending/trading margin as flows realign toward more diversified, less Gulf-dependent sourcing patterns.

4.2 Ghana and West African Positioning

Ghana's continued emphasis on licensing transparency and sector governance — explicitly cited alongside Nigeria in the AEC's 2026 Outlook as a model for investor confidence-building — supports a favorable jurisdictional narrative for REP's Tema-based ambitions. The Tema Industrial Zone's existing port and logistics infrastructure, combined with West Africa's position along the Atlantic margin where exploration activity is concentrated, gives REP a geographically and strategically credible basis for institutional fundraising conversations with the AfDB, IFC, and IOC-aligned capital.

4.3 Risk Factors to Monitor

- Hormuz resolution timeline: A faster-than-expected resolution could compress the price premium and reduce near-term urgency among buyers for diversification, though the AEC's structural infrastructure-gap thesis for Africa would remain intact regardless.

- Global oversupply reassertion: Once Gulf flows normalize, the pre-crisis oversupply dynamic (non-OPEC growth outpacing demand) may reassert itself, pressuring prices back toward the $55–65/bbl range several forecasters expected pre-crisis.
- Financing environment: Continued Western institutional retreat from fossil-fuel financing means REP's capital-raising strategy should continue prioritizing sovereign wealth funds, regional development finance institutions, and strategic IOC/NOC partners over traditional Western project finance.
- Currency and inflation pass-through: Elevated global diesel and jet fuel pricing has disproportionate inflationary effects on import-dependent African economies, a dynamic relevant to REP's pricing and contracting strategy.

Bottom Line

2026 is, on balance, a favorable environment in which to advance the Tema Tank Farm narrative: global supply volatility is real and structural diversification away from Gulf dependency is underway, while Africa's own upstream investment cycle continues to build the case for regional midstream capacity independent of the Middle East crisis.

5. Sources and References

This report draws on publicly available reporting and data current as of mid-June 2026 from the following primary sources:

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