

AFRICA OIL CORP.

BUSINESS ACQUISITION REPORT

ITEM 1 – IDENTITY OF COMPANY

1.1 Name and Address of Company

Africa Oil Corp. (“AOC” or the “Company”)
Suite 2000 – 885 West Georgia Street
Vancouver, BC
Canada V6C 3E8

1.2 Executive Officer

Ian Gibbs
Chief Financial Officer
Africa Oil Corp.
(604) 806 3584

ITEM 2 – DETAILS OF ACQUISITION

2.1 Nature of Business Acquired

Impact Oil and Gas Limited (“Impact”) is an oil and gas exploration company with a strategic focus on large scale, mid to deep water plays.

Impact acquired its first asset, the Tugela South Exploration Right, offshore South Africa in 2011 and has subsequently expanded its asset base across the offshore margins of South and West Africa. It has since partnered with ExxonMobil and Statoil (South Africa), CNOOC (AGC - between Senegal and Guinea Bissau) and Total (Namibia and South Africa). It is currently seeking a partner in its Gabonese assets. The company's current portfolio covers a combined area of over 90,000 km² (gross).

Impact is a private UK company.

2.2 Acquisition Date

The acquisition closed on March 7, 2018.

2.3 Consideration

The Company issued 13,946,545 common shares in the capital of the Company to Helios Natural Resources 2 Limited and invested US\$15.0 million in shares (“Shares”) and warrants (“Warrants”) of Impact. The Subscription Agreement also provides that during the nine (9) month period after closing of the transactions contemplated by the Subscription Agreement, AOC may acquire, at the election of either AOC or Impact, an additional 9,946,923 Shares and 4,973,461 Warrants for an aggregate subscription price of approximately US\$2.5 million.

2.4 Effect on Financial Position

AOC acquired an approximate 25.2% equity interest in Impact and will be accounting for the investment as an equity investment. Under the equity method, the investment in Impact is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of Impact after the date of acquisition. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in Impact arising from changes in Impact's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Company's share of those changes is recognized in the Company's other comprehensive income.

The financial statements of Impact are prepared using the same accounting policies, other than oil and gas assets in which the Company applies the full costing method and Impact applies the successful efforts method. The Company will adjust the statements of Impact in order to properly recognize its share of profit and loss at the end of each quarter. The financial statements of Impact are prepared using the same reporting periods as the Company. At each reporting date, the Company determines whether there is objective evidence that the investment in Impact is impaired. If there is such evidence, the Company calculates the amount of impairment—the difference between the recoverable amount of the investment and its carrying value—then recognizes the loss in the consolidated statements of loss and comprehensive loss.

There are no plans or proposals for any material changes in the Company's business affairs, or the affairs of the business of Impact, which may have a significant effect on the financial performance and financial position of the Company, including any proposal to liquidate the business of the Company or Impact, to sell, lease or exchange all or a substantial part of its assets, to amalgamate the business or to make any other material changes to the business of the Company or Impact.

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

Helios Natural Resources 2 Limited is an informed person in respect of the Company by virtue of being an insider (within the meaning of applicable security law) of the Company.

2.7 Date of Report

May 18, 2018.

ITEM 3 – FINANCIAL STATEMENTS

The following financial information required by Part 8 of National Instrument 51-102 - Continuous Disclosure Obligations is included in this report:

The Company accounts its interest in Impact using the equity method. The financial disclosure in this Item 3 is derived from the audited Impact financial statements for the year ended December 31, 2017 which have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Deloitte, auditors of the Financial Statements, has expressed an unmodified opinion with respect to the Financial Statements.

Statement of financial position (in US Dollar)	December 31, 2017	December 31, 2016
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ASSETS

Total current assets	453,502	464,486
Total long-term assets	567,137	542,456
Total assets	\$ 1,020,639	\$ 1,006,942

LIABILITIES AND EQUITY

Total current liabilities	32,210	29,501
Total long-term liabilities	648	-
Total equity	987,781	977,441
Total liabilities and equity	\$ 1,020,639	\$ 1,006,942

Statement of comprehensive loss for the years ended (in US Dollar)	December 31, 2017	December 31, 2016
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Net comprehensive loss	\$ 4,531	\$ 17,762
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Taking the acquisition into account, the Company has a 25.2% interest in Impact. To the best of its knowledge, the Company is not aware of any contingent issuance of securities by Impact that might significantly affect the Company's share of Impact's profit or loss, other than as set forth in Section 2.3 above and the right of another shareholder of Impact to acquire, at the election of such shareholder or Impact, an additional 29,840,769 Shares and 14,920,384 Warrants for an aggregate subscription price of approximately US \$7.5 million.