



Suite 2000
885 West Georgia Street
Vancouver, B.C. Canada V6C 3E8
Ph. 604-689-7842
info@africaoilcorp.com
africaoilcorp.com

NEWS RELEASE

AFRICA OIL ANNOUNCES FIRST QUARTER 2023 RESULTS

May 12, 2023 (AOI-TSX, AOI-Nasdaq-Stockholm) – Africa Oil Corp. (“Africa Oil”, “AOC” or the “Company”) is pleased to announce its operating and interim consolidated financial results for the three months ended March 31, 2023.

Highlights

- The high impact Venus appraisal campaign commenced with the spud of Venus-1A well, located 13km to the north of the discovery well Venus-1X, on March 4, 2023. A second drilling rig is expected to join the campaign soon.
- On April 27, 2023, the Company subscribed for 39,455,741 shares in Impact for \$31.4 million, payable in two tranches, and following the transaction the Company will ultimately hold 31.1% of the enlarged share capital in Impact.
- The OML 130 drilling campaign commenced on February 22, 2023, with the spud of the first infill well on the Egina oil field. This is the first well in a multi-well program that is planned for up to 9 wells on Egina and Akpo in the license area during 2023 and 2024.
- Cash position of Prime* net to the Company's 50% shareholding of \$198.5 million and debt balance of \$360.2 million at March 31, 2023, resulting in a Prime net debt position of \$161.7 million, which is a further deleveraging of Prime since Q4 2022.
- AOC's cash and cash equivalents at March 31, 2023, of \$158.2 million.
- The Company declared and paid a semi-annual dividend of \$0.025 per share (approximately \$11.5 million) at the end of March 2023. Since end of March 2022, the Company has returned more than \$80.0 million to its shareholders through the share buyback program and the dividend policy.

Africa Oil President and CEO Keith Hill commented: “The Venus appraisal program is progressing per our expectation with a second rig, DeepSea Mira, expected to arrive in Namibia shortly to join the campaign. As already reported, we stood our corner in Impact’s Open Offer and will ultimately increase our shareholding in Impact to 31.1%. The interest in Impact provides our shareholders with material exposure to, possibly the most exciting appraisal and exploration work program globally during 2023. We remain the only publicly-listed Independent E&P company with exposure to Venus and its possible westerly extension that will be explored later this year. I am pleased that first quarter 2023 was another robust quarterly period for Prime as demonstrated by its EBITDAX and cash from operations metrics. We have high quality production assets in Nigeria, held through our shareholding in Prime and, these are complemented by our exciting and potentially high impact exploration assets. These include attractive infrastructure-led exploration opportunities in Equatorial Guinea, together with our Block 3B/4B exploration inventory in the Orange Basin, that lie on trend with the recent oil discoveries offshore Namibia.”

* Important information: Africa Oil's interest in Prime is accounted for as an investment in joint venture. Refer to Note 1 on page 4 for further details. Please also refer to other notes on page 4 for important information on the material presented.

2023 First Quarter Results Summary

(Millions United States Dollars, except Per Share and Share Amounts)

	Unit	Three Months Ended		Year Ended
		March 31, 2023	March 31, 2022	December 31, 2022
AOC highlights				
Net income/ (loss)	\$'m	21.9	45.6	(60.3)
Net income/ (loss) per share - basic	\$/ share	0.05	0.10	(0.13)
Cash position	\$'m	158.2	140.6	199.7
Prime highlights, net to AOC's 50% shareholding^{1,2}				
WI production ³	boepd	20,900	25,400	23,500
Economic entitlement production ⁴	boepd	23,200	27,400	25,600
Cash flow from operations ⁵	\$'m	59.5	56.1	250.5
EBITDAX	\$'m	113.6	122.2	600.5
Free Cash Flow	\$'m	75.0	119.8	299.8
Net debt	\$'m	161.7	235.3	225.3

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended March 31, 2023 and the Company's audited consolidated financial statements for the year ended December 31, 2022. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2023 and 2022 and the 2022 Report to Shareholders and Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.africaoilcorp.com).

In Q1 2023, the Company recognized net income amounting to \$21.9 million (Q1 2022: \$45.6 million).

In Q1 2023, included in the Company's share of income from equity investments is income from its 50% investment in Prime of \$37.5 million (Q1 2022: \$51.0 million).

The figures used in the explanations for movements period on period below are based on Prime's gross balances per the interim condensed consolidated financial statements.

Prime recorded lower revenues of \$134.1 million in Q1 2023 compared to Q1 2022, mainly from lower volumes sold compared to Q1 2022 despite a higher realized price of \$81.5/bbl in Q1 2023 compared with \$68.8/bbl in Q1 2022. Prime also recorded a decrease in cost of sales of \$146.3 million, mainly driven by an underlift movement during Q1 2023 of \$7.6 million compared to a overlift movement in Q1 2022 of \$154.7 million. This resulted in a slightly higher gross profit in Q1 2023 compared to Q1 2022. In addition, there was a decrease of \$51.5 million in other operating income, primarily consisting of investment tax credits which can be offset against petroleum profit tax ("PPT"), and an increase in finance costs of \$33.1 million, partly offset by lower tax charges of \$45.2 million. These factors explain the lower profit in the period of \$26.9 million in Q1 2023 compared to Q1 2022.

Prime's Q1 2023 production was in the upper end of management guidance for both WI production (18,500 – 21,500 boepd net to Africa Oil) and economic entitlement production (20,500 – 23,500 boepd net to Africa Oil). Q1 2023 gross field production was lower than Q1 2022, primarily as a result of expected natural reservoir decline. OML 130 gas export was also briefly impacted by a process disruption at Nigeria Liquefied Natural Gas facility during January 2023.

2023 Management Guidance

The 2023 Management Guidance is unchanged, please refer to Q1 2023 MD&A for the details.

Namibia Orange Basin – Venus Oil Discovery

The multi-well appraisal and exploration campaign in Namibia's Orange Basin commenced on March 4, 2023. This program is targeting up to four wells (including the re-entry of Venus-1X discovery well, in Block 2913B), to appraise the Venus light oil discovery and to investigate a potential westerly extension of Venus, the Nara prospect on Block 2912.

Africa Oil has an interest in this program through its shareholding in Impact Oil and Gas Ltd. ("Impact"), which in turn has a 20.0% WI in Block 2913B and a 18.9% WI in Block 2912, giving Africa Oil effective interests of 6.2% and 5.9% in these blocks respectively. Africa Oil is the only publicly-listed Independent E&P company with an effective economic interest in Venus, understood to be the world's largest oil discovery in 2022.

Impact closed an Open Offer to its shareholders on April 27, 2023, to raise \$95.0 million. The proceeds from the Open Offer, together with Impact's existing cash reserves will be used to fund Impact's share of the 2023 drilling and DST campaign.

Shareholder Capital Returns

The Company declared and paid a semi-annual dividend of \$0.025 per share (approximately \$11.5 million) at the end of March 2023. The Board of Directors view the 2023 annual distribution to be prudent with due consideration for the acquisition-led business strategy and the priority of maintaining a strong balance sheet in a range of market scenarios.

During Q1 2023, the Company repurchased 3.1 million shares through its Normal Course Issuer Bid share buyback plan on the facilities of Toronto Stock Exchange and Nasdaq OMX, at all-in-cost of \$6.7 million of which 3.1 million shares were cancelled during Q1 2023.

Since end of March 2022, the Company has returned more than \$80.0 million to its shareholders through the share buyback program and the dividend policy.

Other Exploration

In the three months ended March 31, 2023, expenditure of \$7.7 million was incurred following the signing of the PSCs for Blocks EG-18 and EG-31 and mainly related to the acquisition of seismic data.

South Africa

On March 8, 2023, the Company published an independent review of prospective resources in Block 3B/4B by RISC Advisory (UK) Limited ("RISC"). This was prepared in accordance with Canadian National Instrument 51-101 – Standards for Oil and Gas Activities ("NI51-101"), the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and the Petroleum Resources Management System 2018 ("PRMS").

RISC reviewed the prospective resources and probability of geological success of an inventory of exploration prospects within Block 3B/4B and reported total unrisks gross P50 prospective resources of approximately 4 billion barrels of oil equivalent. Please refer to the Company's press release of March 8th, 2023, announcing the publication of this report for more details. The independent review can also be found on the Company's website: <https://africaoilcorp.com/operations/block-3b-4b/>.

The Company and its JV partners are progressing plans to conduct a two-well campaign on Block 3B/4B and are in discussions with various potential partners to farm out up to a 55% gross working interest in the Block. The JV Partners have selected a leading South African environmental consulting firm to conduct a comprehensive Environmental and Social Impact Assessment ("ESIA") process in preparation for permitting and drilling activity on the Block.

Equatorial Guinea

On February 20, 2023, the Company announced that it had signed two Production Sharing Contracts ("PSCs") with the Republic of Equatorial Guinea for offshore Blocks EG-18 and EG-31, which were subsequently ratified on March 1, 2023. The Company holds an 80% operated interest, subject to back in rights by GEPetrol in both blocks. Work programs on both blocks include re-processing of existing 3D seismic surveys and identification of prospects within the first 2-year period. The initial period provides a low-cost opportunity in two highly prospective blocks.

NOTES

1. The 50% shareholding in Prime is accounted for using the equity method and presented as an investment in joint venture in the Interim Consolidated Balance Sheet. Africa Oil's 50% share of Prime's net profit or loss will be shown in the Consolidated Statements of Net Income and Comprehensive Income. Any dividends received by Africa Oil from Prime are recorded as Cash flow from Investing Activities.
2. The table includes non-GAAP measures. Definitions and reconciliations to these non-GAAP measures are provided in First Quarter 2023 MD&A.
3. Aggregate oil equivalent production data comprised of light and medium crude oil and conventional natural gas production net to Prime's W.I. in Agbami, Akpo and Egina fields. These production rates only include sold gas volumes and not those volumes used for fuel, reinjected or flared.
4. Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil and is different from working interest production that is calculated based on project volumes multiplied by Prime's effective working interest in each license.
5. Cash flow from operations before working capital adjustments.
6. Approximately, 82% expected to be light and medium crude oil and 18% conventional natural gas.
7. Net entitlement production estimate is based on a 2023 average Brent price of \$80.9/bbl being the average of the Brent forward curves between November 15, 2022, and January 15, 2023.

All dollar amounts are in United States dollars unless otherwise indicated.

Management Conference Call

Senior management will hold a conference call to discuss the results on Monday, May 15, 2023 at 09:00 (ET) / 14:00 (BST) / 15:00 (CET). Participants should use the following link to register for the live webcast:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=6BAFAE51-46E4-4FF6-AD56-1F6A83924944>

Participants can also join via telephone with the instructions available on the following link:

<https://register.vevent.com/register/Ble5dbe998466d4d0385a878529ba32953>

Please join the event conference 5-10 minutes prior to the start time. A recording of the webcast will be available on the Company's website after the event.

About Africa Oil

Africa Oil Corp. is a Canadian oil and gas company with producing and development assets in deepwater Nigeria; development assets in Kenya; and an exploration/appraisal portfolio in west and south of Africa, as well as Guyana. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

For further information, please contact:

Shahin Amini
IR and Commercial Manager
shahin.amini@africaoilcorp.com
T: +44 (0)20 8017 1511

Additional Information

This information is information that Africa Oil is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Financial Instruments Trading Act. The information was submitted for publication, through the agency of the contact persons set out above, at 5:00 p.m. ET on May 12, 2023.

Advisory Regarding Oil and Gas Information

The terms boe (barrel of oil equivalent) is used throughout this press release. Such terms may be misleading, particularly if used in isolation. Production data are based on a conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1bb). This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1,

utilizing a conversion on a 6:1 basis may be misleading as an indication of value. Petroleum references in this press release are to light and medium gravity crude oil and conventional natural gas.

Forward-Looking Information

Certain statements and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward-looking statements") relate to future events or the Company's future performance, business prospects or opportunities.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, ongoing uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including statements pertaining to the 2023 Management Guidance including production, cashflow from operation and capital investment estimates, performance of commodity hedges, the results, schedules and costs of exploratory drilling activity including those offshore Namibia and Nigeria, uninsured risks, regulatory and fiscal changes, outlook for the renewal of OML 130 license in Nigeria, availability of materials and equipment, unanticipated environmental impacts on operations, duration of the drilling program, availability of third party service providers and defects in title. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in macro-economic conditions and their impact on operations, changes in oil prices, reservoir and production facility performance, hedging counterparty contractual performance, results of exploration and development activities, cost overruns, uninsured risks, regulatory and fiscal changes including uncertainties around applicable corporate income tax in Nigeria, defects in title, claims and legal proceedings, availability of materials and equipment, availability of skilled personnel, timeliness of government or other regulatory approvals, actual performance of facilities, joint venture partner underperformance, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental, health and safety impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.