VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov. 14, 2016) - Africa Oil Corp. (TSX:AOI)(OMX:AOI) ("Africa Oil" or the "Company") is pleased to announce its financial and operating results for the three and nine months ended September 30, 2016.

At September 30, 2016, the Company had cash of $490.1 million and working capital of $455.5 million. The Company's liquidity and capital resource position improved dramatically during 2016 with the receipt of $439.4 million (inclusive of deposit received prior to 2015 year-end) upon completion of the farmout transaction with Maersk Olie og Gas A/S ("Maersk") whereby Maersk acquired 50% of the Company's interests in Blocks 10BB, 13T and 10BA in Kenya and the Rift Basin and South Omo Blocks in Ethiopia. Proceeds received from Maersk include $350.0 million as reimbursement of past costs incurred by the Company prior to the agreed March 31, 2015 effective date and $89.4 million representing Maersk's share of costs incurred between the effective date and closing, including a carry reimbursement of $15.0 million related to exploration expenditures. An additional $75.0 million development carry may be available to the Company upon confirmation of existing resources. Upon Final Investment Decision ("FID"), Maersk will be obligated to carry Africa Oil for an additional amount of up to $405.0 million depending on meeting certain thresholds of resource growth and timing of first oil.

Tullow Oil, Maersk, and Africa Oil (the "Joint Venture Partners") plan to recommence drilling activities in the South Lokichar oil basin located in Blocks 10BB and 13T in Kenya in the fourth quarter of 2016 with an initial programme of four wells and the potential to extend this by a further four wells. The first two wells are expected to be the Etete and Erut prospects in the north of South Lokichar basin. Other potential prospects in the programme include further appraisal of the Ngamia and Amosing fields to target un-drilled flanks, with an aim of extending the size of these existing discoveries. In addition, the Joint Venture is planning an extensive water injection test programme in the fourth quarter of 2016 to collect data to optimise the field development plans. Africa Oil holds a 25% interest in Blocks 10BB and 13T.

In addition to progressing the full field development work in Kenya, an Early Oil Pilot Scheme (EOPS) transporting oil from South Lokichar to Mombasa, utilising road, has been approved by the Joint Venture Partners. This will provide technical and non-technical information that will assist in full field development planning. The EOPS would utilise existing upstream wells and oil storage tanks to initially produce 2,000 bopd around mid-2017, subject to agreement with National and County governments.

The Company has completed the following significant operational activities during the third quarter and to date in 2016:

- The Government of Kenya announced that it intends to run a crude oil pipeline from South Lokichar to the port of Lamu. The Joint Venture Partners have signed a Memorandum of Understanding with the Government of Kenya which confirms the intent of the parties to jointly progress the development of a Kenya crude oil pipeline. The pipeline Joint Development Agreement is currently being finalized and is expected to be signed in the fourth quarter of 2016. The Joint Venture Partners continue to progress the technical, environmental and social studies and tenders required to proceed to FEED for both the upstream and pipeline projects. Both FEED studies are expected to start in early 2017. It is expected that any Kenya standalone pipeline plan will take into consideration the potential to accommodate the transportation of additional oil resource from bordering East Africa countries.
- On May 10, 2016, the Company announced details of an updated independent assessment of the Company's contingent resources in the South Lokichar Basin in Blocks 10BB and 13T (Kenya). The estimated gross 2C unrisked resources in the South Lokichar Basin, Kenya have increased by 150 million barrels (or 24%) since they were previously assessed during 2014 to 766 million barrels of oil (Development Pending: 754 million barrels and Development Unclarified: 12 million barrels).
- Preparation for water injection testing commenced towards the end of the third quarter of 2016 on the Amosing-3 well. The first results of the testing are expected during the fourth quarter of 2016.
- The Joint Venture Partners received a three-year extension to the Second Additional Exploration Period (expiring 18 September 2020) on Blocks 10BB and 13T.
- The Cheptuket-1 well (Block 12A) completed drilling to a depth of 3,083 meters. The well encountered oil shows, seen in cuttings and rotary sidewall cores, across a large interval of over 700 meters and post-well analysis is still in progress. A FTG survey over Block 12A has been completed to gain further data on this prospective area. Further exploration activities in Block 12A and Africa Oil's other remaining unexplored acreage, continue to be evaluated. Africa Oil holds a 20% interest in Block 12A.
- The Joint Venture Partners in the South Lokichar Basin continue to progress work aimed at sanctioning development, including: continuing studies to support reservoir modelling, additional core analysis, petrophysical analysis, and advancement of commercial work related to the development plans.

2016 Third Quarter Financial Results

Results of Operations
(Thousands United States Dollars)
(unaudited)

(thousands)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015

Salaries and benefits	$ 435	$ 515	$ 1,264	$ 1,318
Equity-based compensation	774	1,243	2,250	6,366
Travel	259	345	685	876
Office and general	64	275	143	595
Donation	350	500	1,000	1,285
Depreciation	5	3	8	17
Professional fees	82	127	1,471	446
Stock exchange and filing fees	202	253	602	717
Share of loss from equity investment	334	323	1,068	622
Gain on loss of control	-	-	-	(4,155)
Operating expenses	$ 2,505	$ 3,584	$ 8,491	$ 8,087

Operating expenses decreased $1.1 million during the third quarter of 2016 compared to the third quarter in 2015. Equity-based compensation decreased $0.5 million due to a decrease in stock -based compensation of $1.0 million which was offset by the Company recognizing $0.2 million related to PSUs and $0.3 million related to RSUs during the third quarter of 2016. The decrease in stock-based compensation is due to the issuance of 5,194,000 stock options of AOC to directors, officers and employees in the first quarter of 2015. One-third of the fair value of the stock options is expensed immediately upon grant, the remaining expense is expected to decrease over the remaining vesting period. There were no options granted during the third quarter of 2016. PSUs and RSUs were issued as part of the Long Term Incentive Plan which commenced during the first quarter of 2016. The Company made a $0.4 million donation to the Lundin Foundation during the third quarter of 2016 compared to $0.5 million during the same period in 2015.

Operating expenses increased $0.4 million during the nine months ended September 30, 2016 compared to the same period in 2015. Equity-based compensation decreased by $4.1 million during 2016 primarily due to the issuance of 5,194,000 stock options of AOC to directors, officers and employees during 2015. One-third of the fair value of the stock options is expensed immediately upon grant; the remaining expense is expected to decrease over the remaining vesting period. There were no options granted during 2016. The $1.0 million increase in professional fees relates to the completion of the farmout transaction with Maersk. A non-cash gain of $4.2 million was recognized during the first half of 2015 due to the Company's investment in Africa Energy changing from a position of control to a position of significant influence. The Company made donations to the Lundin Foundation of $1.0 million during 2016 compared to $1.3 million during the same period in 2015.

Financial income and expense is made up of the following items:

(Thousands of United States Dollars)
(unaudited)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Interest and other income	$ 925	$ 99	2,136	309
Bank charges	(10)	(12)	(27)	(22)
Foreign exchange loss	(3)	(184)	(58)	(316)
Finance income	$ 925	$ 99	$ 2,136	$ 309
Finance expense	$ (13)	$ (196)	$ (85)	$ (338)

Interest income fluctuates in accordance with cash balances, the currency that the cash is held in, and prevailing market interest rates. Foreign exchange gains and losses are primarily related to changes in the value of the Canadian dollar in comparison to the US dollar. The Company holds a very limited amount of cash in currencies other than USD, the Company's functional and reporting currency. I nterest income is considerably higher in 2016 as a result of the proceeds received upon completion of the Maersk farmout.

Consolidated Balance Sheets
(Thousands United States Dollars)
(unaudited)

	September 30, 2016	December 31, 2015

ASSETS		
Current assets		
Cash and cash equivalents	$ 490,120	$ 104,205
Accounts receivable	3,746	393
Due from related party	74	87
Prepaid expenses	1,255	1,145
	495,195	105,830
Long-term assets		
Restricted cash	524	54,274
Equity investment	5,194	6,262
Property and equipment	51	32
Intangible exploration assets	526,453	934,293
	532,222	994,861
Total assets	$ 1,027,417	$ 1,100,691
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 39,728	$ 56,312
	39,728	56,312
Long-term liabilities		
Deposit for farmout	-	52,500
	-	52,500
Total liabilities	39,728	108,812
Equity attributable to common shareholders		
Share capital	1,290,389	1,290,389
Contributed surplus	48,603	46,353
Deficit	(351,303)	(344,863)
Total equity attributable to common shareholders	987,689	991,879
Total liabilities and equity attributable to common shareholders	$ 1,027,417	$ 1,100,691

Intangible exploration assets decreased during 2016 by $407.8 million as a result of the receipt of $439.4 million in proceeds relating to the completion of the farmout transaction with Maersk. This was offset by $31.6 million in intangible exploration expenditures incurred during nine months ended September 30, 2016. The Company is debt free.

Consolidated Statement of Cash Flows
(Thousands United States Dollars)
(unaudited)

	Three months ended September 30, 2016	Three months ended September 30, 2015
Cash flow s provided by (used in):		
Operations:		
Net loss and comprehensive loss for the period	$ (1,593)	$ (3,681
Items not affecting cash:		
Equity-based compensation	774	1,243
Depreciation	5	3
Gain on loss of control	-	-
Share of loss from equity investment	334	323
Due from related party	(22)	(39
Unrealized foreign exchange loss	3	199
Changes in non-cash operating working capital	193	(38
	(306)	(1,990
Investing:		

Property and equipment expenditures	(23)	-
Intangible exploration expenditures	(8,395)	(48,693
Farmout proceeds received on closing	-	-
Farmout proceeds released from restricted cash	-	-
Equity investment	-	-
Reduction of cash from change of control	-	-
Changes in non-cash investing working capital	(6,418)	(1,404
	(14,836)	(50,097
Financing:		
Common shares issued	-	49,880
Deposit of cash for bank guarantee	-	(524
Release of bank guarantee	-	-
	-	49,356
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(3)	(199
Increase (decrease) in cash and cash equivalents	(15,145)	(2,930
Cash and cash equivalents, beginning of the period	$ 505,265	$ 157,498
Cash and cash equivalents, end of the period	$ 490,120	$ 154,568
Supplementary information:		
Interest paid	Nil	Nil
Income taxes paid	Nil	Nil

Cash inflows during 2016 are primarily driven by the receipt of $439.4 million in proceeds relating to the completion of the farmout transaction with Maersk. The following table breaks down the material components of intangible exploration expenditures for the nine months ended September 30, 2016 and 2015:

For the nine months ended	September 30, 2016			September 30, 2015		
(thousands)	Kenya	Ethiopia	Total	Kenya	Ethiopia	Total
Drilling and completion	$ 14,646	$ 1	$ 14,647	$ 147,578	$ -	$ 147,578
Development studies	5,738	-	5,738	20,602	-	20,602
Exploration surveys and studies	3,211	469	3,680	6,723	2,234	8,957
PSA and G&A related	7,128	437	7,565	17,388	740	18,128
Total	$ 30,723	$ 907	$ 31,630	$ 192,291	$ 2,974	$195,265

The Company incurred $30.7 million of intangible exploration expenditures in Kenya for the nine months ended September 30, 2016. Drilling and completion expenditures primarily relate to the Cheptuket-1 exploration well in Block 12A and costs associated with demobilizing and remobilizing the PR Marriott 46 Rig and associated services. Drilling costs continue to be incurred in association with development planning and preparation for the upcoming drilling program in the South Lokichar Basin. Development study expenditures are associated with studies aimed at progressing towards project sanction for the South Lokichar Basin. Exploration studies costs continue to be incurred in Kenya as the joint venture is preparing an exploration and appraisal drilling campaign which will commence later this year.

The Company incurred $0.9 million of intangible exploration expenditures in Ethiopia for the nine months ended September 30, 2016, which consists of license fees and general and administrative costs.

Consolidated Statement of Equity
(Thousands United States Dollars)
(unaudited)

	September 30, 2016	September 30, 2015
Share capital:		
Balance, beginning of the period	$ 1,290,389	$ 1,014,772
Private placement, net	-	270,071
Exercise of options	-	5,546
Balance, end of the period	1,290,389	1,290,389
Contributed surplus:		
Balance, beginning of the period	$ 46,353	$ 39,947
Equity-based compensation	2,250	6,366

Exercise of options	-	(1,701)
Balance, end of the period	48,603	44,612
Deficit:		
Balance, beginning of the period	$ (344,863)	$ (257,673)
Net loss and comprehensive loss attributable to common shareholders	(6,440)	(7,867)
Balance, end of the period	(351,303)	(265,540)
Total equity attributable to common shareholders	987,689	1,069,461
Non-controlling interest:		
Balance, beginning of the period	$ -	$ -
Net loss and comprehensive loss attributable to non-controlling interest	-	(249)
Derecognition of non-controlling interest on loss of control	-	249
Balance, end of the period	-	-
Total equity	$ 987,689	$ 1,069,461

The Company's unaudited consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three and nine months ended September 30, 2016 and 2015, and the 2015 Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.africaoilcorp.com).

About Africa oil

Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya and Ethiopia. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

Additional Information

The information in this release is subject to the disclosure requirements of Africa Oil Corp. under the EU Market Abuse Regulation and/or the Swedish Securities Market Act. This information was publicly communicated on November 14, 2016 at 4:00 p.m. Pacific Time.

FORWARD LOOKING INFORMATION

Certain statements made 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. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but 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 oil prices, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government or other regulatory approvals, actual performance of facilities, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.

ON BEHALF OF THE BOARD

Keith C. Hill, President and CEO

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