

Africa Energy Reports 2020 Year End Results

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VANCOUVER, March 24, 2021 - [Africa Energy Corp.](#) (TSXV: AFE) (Nasdaq First North: AEC) ("Africa Energy" or the "Company"), an oil and gas company with exploration assets offshore South Africa and Namibia, announces financial and operating results for the year ended December 31, 2020. View PDF version

Garrett Soden, the Company's President and CEO, commented: "We have two world-class discoveries with significant follow-on potential in Block 11B/12B offshore South Africa. The Luiperd drilling results were better than expected, and we are very pleased with the positive test results that proved high condensate yield and excellent reservoir connectivity and productivity. South Africa is a large market looking to transition from coal to natural gas, and it now has an attractive domestic solution with the potential development at Block 11B/12B. We also believe there is substantial exploration upside across the block. In the meantime, we look forward to closing the farmouts on Block 2B where we plan to drill an exciting oil exploration well later this year."

OUTLOOK

In 2020, Africa Energy announced the successful drilling and testing results of its second consecutive discovery on Block 11B/12B. The discovery on the Luiperd Prospect reconfirms the Paddavissie Fairway as a world-class exploration play with substantial follow-on potential. Due to the success at Luiperd, the joint venture decided to proceed with development studies and engage with authorities on gas commercialization. We believe the fundamentals are strong for a gas condensate development on Block 11B/12B as South Africa is a large market looking to transition from coal to natural gas and is currently limited to expensive imports.

Management is focused on closing the Block 2B farmouts and procuring a rig for the next exploration well, Gazania-1, which is expected to spud in the third quarter of 2021. Block 2B has significant contingent and prospective resources in shallow water close to shore and includes the A-J1 discovery from 1988 that flowed light sweet crude oil to surface. The Gazania-1 well will target two prospects in a relatively low-risk rift basin oil play up-dip from the discovery. The Company expects to close the Block 2B farmouts in the second quarter of 2021 whereby the Company will retain a 27.5% interest and be carried through the Gazania-1 well. Closing of the two farmout agreements is subject to standard conditions for this type of transaction, including approval of the South African government.

HIGHLIGHTS

- At December 31, 2020, the Company had \$19.6 million in cash and no debt.
- In 2020, the Company executed two definitive agreements that will allow it to increase its effective interest in Block 11B/12B offshore South Africa from 4.9% to 10%, subject to certain consents and approvals.
- The Luiperd-1X exploration well was drilled in approximately 1,800 meters of water by the Odfjell Deepsea Stavanger semi-submersible rig to a total depth of about 3,400 meters. The well encountered 73 meters of net gas condensate pay over a mid-Cretaceous high-quality reservoir interval and did not encounter the water contact.
- The Luiperd-1X well was opened to flow and reached a maximum constrained flowrate through a 58/64" choke of 33 million cubic feet per day of natural gas and 4,320 barrels of condensate per day, an aggregate of approximately 9,820 barrels of oil equivalent per day.
- The Block 11B/12B joint venture received the fully-processed 2D seismic dataset (7,033 linear kilometers) from Shearwater in September 2020 and are currently in the process of finalizing a full prospect analysis for the eastern part of the block. The fast-track dataset received earlier in 2020 confirmed the Kloofpadda Play Trend, which consists of several large and encouraging leads.

- The Block 11B/12B joint venture also recently received the final fully-processed 3D data that integrates the PGS and Polarcus surveys over the Paddavissie Fairway (2,305 square kilometers from PGS and 570 square kilometers from Polarcus). The fully-processed 3D data has significantly improved resolution and will be integrated with the drilling and testing results to facilitate the development studies and to mature previously identified leads into prospects within the Paddavissie Fairway.

FINANCIAL INFORMATION

(Audited; thousands of US dollars, except per share amounts)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating expenses	4,411	4,622
Net loss	(4,263)	(4,518)
Net loss per share (basic and diluted)	(0.00)	(0.01)
Weighted average number of shares outstanding (basic and diluted)	873,814	683,878
Number of shares outstanding	1,395,333	684,217
Cash flows provided by (used in) operations	(3,353)	(2,753)
Cash flows provided by (used in) investing	(32,001)	2,044
Cash flows provided by (used in) financing	52,588	83
Total change in cash and cash equivalents	17,235	(601)
Change in share capital	205,256	168
Change in contributed surplus	(199)	1,572
Change in deficit	4,263	4,518
Total change in equity	200,800	(2,778)
	December 31, 2020	December 31, 2019
Cash and cash equivalents	19,643	2,408
Total assets	244,034	41,908
Total liabilities	1,796	464
Total equity attributable to common shareholders	242,238	41,444
Net working capital	18,193	2,111

The financial information in this table was selected from the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "Financial Statements"), which are available on SEDAR at www.sedar.com and the Company's website at www.africaenergycorp.com.

EARNINGS TREND AND FINANCIAL POSITION

(US dollars)

Operating expenses decreased by \$0.2 million for the year ended December 31, 2020, compared to the same period in 2019 due to efforts to reduce overall corporate costs and a reduction in stock-based compensation from a decrease in the fair value expense per option. This decrease was partially offset by an increase in professional fees, stock exchange and filing fees related to the transactions to increase the Company's effective interest in Block 11B/12B offshore South Africa.

At December 31, 2020, the Company had cash of \$19.6 million and working capital of \$18.2 million compared to cash of \$2.4 million and working capital of \$2.1 million at December 31, 2019. The Company completed two private placements in 2020; one in September 2020, issuing an aggregate of 81,667,000 common shares at a price of SEK 3.00 (approximately CAD 0.45) per share for gross proceeds of \$27.6 million, and another in February 2020, issuing an aggregate of 104,652,174 common shares at a price of SEK 2.30 (approximately CAD 0.32) per share for gross proceeds of \$25.0 million.

NEXT EARNINGS REPORT RELEASE

The Company plans to report results for the three months ended March 31, 2021 on May 10, 2021.

BOARD UPDATE

Adam Lundin will be stepping down from the Board of Directors at the Annual General Meeting ("AGM") in June 2021 in order to comply with industry corporate governance guidelines regarding the maximum number of non-executive director appointments per individual. William Lundin will replace Adam as Chairman. William is currently Chief Operating Officer of [International Petroleum Corp.](#), a Canadian oil and gas company with global operations, and serves as a director for [ShaMaran Petroleum Corp.](#)

John Bentley will step down from the Board at the AGM and will be replaced by Siraj Ahmed, the CEO of Impact Oil & Gas Limited. Impact is an exploration company with a focus on large scale, deep and ultra-deep water plays, in Southern and Western Africa. Siraj has worked with Impact since 2014 and has considerable experience advising on PSAs, upstream M&A, partnering and joint venture arrangements and dealing with Governments.

Garrett Soden commented, "On behalf of the Board, I would like to thank Adam for his invaluable leadership over the last few years. We appreciate the Lundin family's continued support for Africa Energy, and we look forward to working with Adam's brother, Will, following the AGM. I would also like to thank John for his contributions to the Board over the last six years. He led Energy Africa to great success and was key to forming Africa Energy with the same team in 2015. We welcome Siraj to the board from our major shareholder, Impact Oil & Gas, and we look forward to working with him to create value for all shareholders."

About Africa Energy Corp.

[Africa Energy Corp.](#) is a Canadian oil and gas company with exploration assets offshore South Africa and Namibia. The Company is listed in Toronto on TSX Venture Exchange (ticker "AFE") and in Stockholm on Nasdaq First North Growth Market (ticker "AEC"). Africa Energy is part of the Lundin Group of Companies.

Important information

This is information that Africa Energy is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact persons set out above on March 24, 2021 at 6:30 p.m. ET.

The Company's certified advisor on Nasdaq First North Growth Market is Pareto Securities AB, +46 8 402 5000, certifiedadviser.se@paretosec.com.

Forward looking statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or the Company's future performance, business prospects and opportunities, which are based on assumptions of management.

The use of any of the words "will", "expected", "planned" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of certain future events. These forward-looking statements involve risks and uncertainties relating to, among other things, the completion of farmout agreements, changes in oil prices, results of exploration and development activities, including results, timing and costs of seismic and drilling activity in the Company's area of operations and, uninsured risks, regulatory changes, defects in title, availability of funds required to participate in the exploration activities, or of financing on reasonable terms, availability of materials and equipment, timeliness of governmental or regulatory approvals, actual performance of facilities, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward looking information. These assumptions and factors are based on information currently available to the Company. The forward looking information contained in this release is made as of the date hereof and the Company is not obligated to update or revise any forward looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward looking information. The foregoing statements expressly qualify any forward-looking information.

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