

Africa Oil Announces First Quarter 2024 Results

15.05.2024 | [CNW](#)

VANCOUVER, May 15, 2024 - (TSX: AOI) (Nasdaq-Stockholm: AOI) - [Africa Oil Corp.](#) ("[Africa Oil](#)", "AOC" or the "Company") is pleased to announce its financial and operating results for the three months ended March 31, 2024. [View PDF](#)

Highlights

- During Q1 2024, the Company's disciplined capital allocation framework that prioritizes maintaining a strong balance sheet, consolidating its core assets, and shareholder capital returns was supported by two strategic farm down agreements on assets in the prolific Orange Basin. On completion, these agreements will de-risk the Company's balance sheet in connection with the Venus oil development project that is expected to underpin the Company's long-term production outlook.
- These agreements allowed the Company to increase the pace of its shareholder capital returns with a total share repurchase of \$25.4 million during Q1 2024 and \$37.5 million from start of the year to May 10, 2024.
- The Company ended Q1 2024 with a cash balance of \$195.5 million and no debt.
- In April 2024 the Company received a \$25.0 million dividend distribution from Prime, net to its 50% shareholding.
- TotalEnergies, the operator of Block 2913B, offshore Namibia, successfully completed the drilling and testing of V-Mangetti-1X wells, acquiring important technical data to incorporate into the Venus reservoir model.
- Selected Prime's highlights and results net to [Africa Oil](#)'s 50% shareholding*:
 - Recorded daily WI² production of approximately 17,100 barrels of oil equivalent per day ("boepd") and average entitlement³ production of approximately 20,100 boepd
 - The infill drilling program on Prime's Nigerian assets continued during Q1 2024 with two Akpo wells completed. The drilling rig contract for this campaign was extended to the end of October 2024.
 - Recorded cashflow from operations^{4,5} of \$77.1 million.
 - Prime's cash position of \$134.3 million and debt balance of \$375.0 million resulting in a Prime net debt position of \$240.7 million at March 31, 2024.

[Africa Oil](#) President and CEO, Roger Tucker commented: "First quarter 2024 was a significant period for [Africa Oil](#) with the completion of strategic farm down transactions in the highly sought-after Orange Basin. Through these transactions we will retain significant upside, including exposure to the world-class Venus development project, offshore Namibia, at no upfront cost. With the completion assured for our core Orange Basin assets, we were able to continue with our shareholder capital return program including the re-start of share repurchases, and distributing the first semi-annual dividend for 2024. [Africa Oil](#) is in a strong position to capitalize on a core asset opportunity set, and we can now look forward to progress on the Venus project, our first Orange Basin discovery, towards a final investment decision and first production. This asset is expected to add significant reserves and production to our portfolio from the late 2020s through the 2030s and beyond."

* 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 5 for important information on the material presented.

2024 First Quarter Results Summary

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

| Unit | Three Months Ended Year Ended | | |
|--|-------------------------------|----------------|-------------------|
| | March 31, 2024 | March 31, 2023 | December 31, 2023 |
| AOC highlights | | | |
| Net income/ (loss) | \$'m 3.5 | 21.9 | 87.1 |
| Net income/ (loss) per share - basic | \$/ share 0.01 | 0.05 | 0.19 |
| Cash position | \$'m 195.5 | 158.2 | 232.0 |
| Prime highlights, net to AOC's 50% shareholding ^{1,2} | | | |
| WI production ³ | boepd 17,100 | 20,900 | 19,800 |
| Economic entitlement production ⁴ | boepd 20,100 | 23,200 | 22,400 |
| Cash flow from operations ⁵ | \$'m 77.1 | 70.9 | 298.8 |
| EBITDAX | \$'m 93.6 | 113.6 | 458.7 |
| Free Cash Flow | \$'m 67.2 | 75.0 | 149.1 |
| Net debt | \$'m 240.7 | 161.7 | 298.9 |

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended March 31, 2024 and the Company's audited consolidated financial statements for the year ended December 31, 2023. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2024 and 2023 and the 2023 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 2024, the Company recorded a net income attributable to common shareholders of \$3.5 million (Q1 2023 net income - \$21.9 million).

This is primarily made up of share of profit from the Company's investment in Prime of \$21.5 million (Q1 2023 share of profit - \$37.5 million) offset against losses from the Company's investment in associates of \$14.3 million (Q1 2023 share of loss - \$5.0 million) and Company's operating expenses of \$5.1 million (Q1 2023 expense - \$11.6 million).

The figures below explaining the movements in the result of Prime are based on Prime's gross balances as per the financial statements.

Prime revenues decreased by \$98.1 million in Q1 2024 compared to Q1 2023, mainly driven by lower liftings with two cargo liftings during Q1 2024 compared to three cargo liftings during Q1 2023. Lower revenues were partly offset by a decrease in costs of sales of \$58.0 million, primarily driven by an underlift movement during Q1 2024 of \$76.2 million compared to an underlift movement in Q1 2023 of \$7.6 million. This resulted in a decrease in gross profit to \$99.8 million in Q1 2024 from \$139.9 million in Q1 2023. There was a tax charge in Q1 2024 of \$18.8 million compared to \$40.0 million in Q1 2023, driven by a lower Corporate Income tax rate of 30% under the PIA compared to the previous 50% PPT regime. This has resulted in Prime's profit decreasing from \$75.1 million in Q1 2023 to \$43.0 million in Q1 2024, a decrease of \$32.1 million.

General and administrative expenses, including share-based compensation charges relating to the LTIP and Stock Option Plan, amounted to \$5.1 million in Q1 2024 (Q1 2023 - \$11.6 million). Share-based compensation charges amounting to \$0.5 million (Q1 2023 - \$5.9 million) are impacted by movements in the share price of the Company.

General and administrative expenses excluding share-based compensation charges amounted to \$4.6 million in Q1 2024 compared to \$5.7 million in Q1 2023, a decrease of 19%. The decrease of \$1.1 million is primarily driven by lower expenditure in relation to corporate development activities, lower travel costs and higher time writing recharges to intangible exploration assets.

Outlook

2024 Priorities and Business Plan

The Company's focus for 2024 is to advance its main opportunity set comprised of its core assets in deepwater Nigeria, Orange Basin offshore Namibia and South Africa, and Equatorial Guinea. Management will also evaluate the options for consolidating the ownership of its core assets and streamlining the Company's business structure.

[Africa Oil](#) has made a strong start in the delivery of its 2024 business plan with two strategic farm down agreements for its Orange Basin assets. These are:

- Farm down agreement between its investee company, Impact, and TotalEnergies for the interests in Blocks 2912 and 2913B (PEL 56), offshore Namibia, which was announced on January 10, 2024. This transaction gives the Company the opportunity to continue its participation in the world-class Venus light oil development project, and the follow-on exploration and appraisal program on the Blocks at no upfront cost. This frees up the Company's balance sheet for the pursuit of growth opportunities and shareholder capital returns.
- Farm down agreement for its Block 3B/4B, offshore South Africa, with TotalEnergies and QatarEnergy, which was announced on March 6, 2024. On completion of this transaction, [Africa Oil](#) will retain a 17.0% interest in the Block and will remain the operatorship of the Block to TotalEnergies for a total consideration, including the carry, of up to \$46.8 million.

The Company, as part of its disciplined capital allocation focused on the organic growth opportunities in the existing portfolio, also announced on March 18, 2024, an offer to minority shareholders in Impact and expects to know the outcome of the offer in Q2 2024.

Namibia Orange Basin Appraisal and Exploration Campaign

The drilling and test results from Venus-1X, Venus-1A, Venus-2A and Mangetti-1X (Venus interval), completed in 2023 and April 2024, support the development of the Venus oilfield. The technical studies to be carried out during 2024 are expected to define the Venus development concept. Also, the Mangetti-1X exploration well, located approximately 35km to the Northwest of the Venus-1X well, intersected hydrocarbon bearing intervals in the Mangetti fan prospect, a separate fan system to the Venus oil discovery, which supports the case for appraisal of the Mangetti fan.

In addition to the Venus opportunity, the Company has retained upside exposure to the exploration opportunities that in case of success, could significantly increase the existing discovered resource base on Blocks 2912 and 2913B. Processing of data from the 3D seismic data survey that was completed during Q1 2024, could better define the prospectivity on Block 2913B to the south of the Venus discovery. It is possible that the JV could drill further high-impact exploration wells on separate fan structures on this Block in late 2024 or 2025 once the 3D seismic interpretation work is completed. Also, a 3D seismic survey was completed post period on the northern part of Block 2913B focused on the Mangetti complex to support the potential appraisal of the Mangetti discovery.

On January 10, 2024, the Company announced a strategic farmout agreement between its investee company Impact Oil and Gas Limited ("Impact"), and TotalEnergies, that allows the Company to continue its participation in the world class Venus oil development project, and the follow-on exploration and appraisal campaign on Blocks 2913B and 2912 with no upfront costs.

At the date of this report, AOC has an interest in this program through its 31.1% shareholding in Impact, which in turn has a 20.0% WI in Block 2913B (PEL 56) and 18.9% in Block 2912 (PEL 91). On closing of the farmout transaction with TotalEnergies, Impact will retain a carried 9.5% WI in each of the two Blocks.

Nigeria

The infill drilling campaign on PML 2 (Akpo field) and PML 3 (Egina field) that commenced on February 22, 2023, completed a total of 5 wells by the end of Q1 2024. The contract for the drilling rig used for this campaign has been extended to the end of October 2024 with the plan to drill a further 5 wells from February 2024 through to the end of October 2024. These wells will be primarily targeted at arresting production decline on Akpo and Egina oil fields.

Also, the acquisition of 4D monitor seismic survey on Akpo was completed during Q1 2024 and similar surveys are planned for Akpo, Egina and Agbami during 2024. The acquisition plan also includes a baseline 4D seismic survey of the Preowei field. The surveys will support future drilling decisions across both PML 2, 3 and 52.

Following the 20-year renewal of OML 130 (resulting in the issue of PMLs 2, 3, 4, and PPL 261) on May 28, 2023, the Preowei FEED study recommenced in 2023. This is expected to complete in Q3 2024 with the FID in Q4 2024, and first oil production expected in 2027.

South Africa Orange Basin, Block 3B/4B

On January 22, 2024, the Company announced completion of the transaction to acquire an additional 6.25% interest in Block 3B/4B. Also, the Company announced a farm down agreement for Block 3B/4B with TotalEnergies and QatarEnergy on March 6, 2024. On completion of this transaction, the Company will retain a 17.0% interest, and it will transfer the operatorship of the Block to TotalEnergies for a total consideration, including the carry, of up to \$46.8 million. The closing of this transaction is subject to government approval and is expected in 2024. The Company continues to progress its ESIA activities in South Africa ahead of the transfer of operatorship to TotalEnergies. It is expected that this exercise and the process to obtain a drilling permit will complete by the end of 2024. The Company expects that the first exploration well on Block 3B/4B could potentially be drilled during 2025.

Equatorial Guinea

The Company is continuing with the farm down process for Blocks EG-18 and EG-31 as well as continuing the subsurface studies to enhance the definition of multiple targets already identified.

The Company holds an operated WI of 80.0% in each of Blocks EG-18 and EG-31.

2024 Management Guidance

The 2024 Management Guidance is unchanged and a summary is presented below, including significant assumptions in the footnotes, for completeness:

| Prime, net to AOC's 50% shareholding: | Full-Year 2024 Guidance | Q1 2024 Actuals |
|--|----------------------------|--------------------|
| WI production (boepd) ^(6, 7) | 16,500 - 19,500 | 17,100 |
| Economic entitlement production (boepd) ^(6, 7, 8) | 18,000 - 21,000 | 20,100 |
| Cash flow from operations (million) ⁽⁵⁾ | \$230.0 - \$320.0 | \$77.1 |
| Capital investment (million) | \$100.0 - \$130.0 | \$15.6 |

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 Condensed 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. Aggregate oil equivalent production data comprised of light and medium crude oil and conventional natural gas production net to Prime's WI in Agbami, Akpo and Egina fields. These production rates only include sold gas volumes and not those volumes used for fuel, reinjected or flared.
3. 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.
4. Includes non-GAAP measures. Definitions and reconciliations to these non-GAAP measures are provided in Fourth Quarter 2023 MD&A.
5. Cash flow from operations before working capital adjustments and interest payments.
6. The Company's 2024 production will be contributed solely by its 50% shareholding in Prime.
7. Approximately, 78% expected to be light and medium crude oil and 22% conventional natural gas.
8. Net entitlement production estimate is based on a 2024 average Brent price of \$82.0/bbl being the average of the Brent forward curves between September 27, 2023, and November 23, 2023. Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil and is different from WI production that is calculated based on project volumes multiplied by Prime's effective WI.

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 Thursday, May 16, 2024 at 09:00 (EDT) / 14:00 (BST) / 15:00 (CEST). The conference call may be accessed by dial in or via webcast.

Participants should use the following link to register for the live webcast:

<https://edge.media-server.com/mmc/p/2vjwubo5>

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

<https://register.vevent.com/register/BI0fd530d12c0d4c4d8be2d49571b38dbf>

1. Click on the call link and complete the online registration form.
2. Upon registering you will receive the dial-in info and a unique PIN to join the call as well as an email confirmation with the details.
3. Select a method for joining the call;
 - i. Dial-In: A dial in number and unique PIN are displayed to connect directly from your phone.
 - ii. Call Me: Enter your phone number and click "Call Me" for an immediate callback from the system. The call will come from a US number.

About [Africa Oil](#)

[Africa Oil Corp.](#) is a Canadian oil and gas company with producing and development assets in deepwater Nigeria, an interest in the Venus light oil and associated gas discovery, offshore Namibia, 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".

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. EDT on May 15, 2024.

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: 1bbl). 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 in accordance with NI 51-101 and the COGE Handbook.

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 2024 Management Guidance including production, cashflow from operation and capital investment estimates, performance of commodity hedges, the results, schedules and costs of drilling activity including those offshore Namibia and Nigeria, the outcome of exploration and appraisal activities including those offshore Namibia, the development of the Venus discovery, uninsured risks, regulatory and fiscal changes, 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 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.

SOURCE [Africa Oil Corp.](#)

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