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NEWS RELEASE

AFRICA OIL ANNOUNCES 2020 SECOND QUARTER FINANCIAL AND OPERATING RESULTS

August 13, 2020 (AOI–TSX, AOI–Nasdaq-Stockholm) – Africa Oil Corp. ("Africa Oil", "AOC" or the "Company") is pleased to announce its financial and operating results for the three months ended June 30, 2020. All dollar amounts are in United States dollars unless otherwise indicated.

Highlights*

Operational

- Production from Prime Oil & Gas B.V.'s ("Prime") Nigerian assets remained strong in the first half of 2020 despite curtailments at Egina in May and June due to OPEC quota limitations. Second quarter average daily Working Interest ("W.I.") production[2] was 28,313 barrels of oil equivalent per day ("boepd") and economic entitlement production[3] was 35,010 boepd (86% oil), net to Africa Oil's 50% shareholding in Prime. First half average daily W.I. production was 30,812 boepd and economic entitlement production was 38,980 boepd (87% oil) net to Africa Oil's 50% shareholding in Prime.
- Second quarter average operating cost of $5.1 per boe represents a 12% decrease over first quarter operating cost of $5.8 per boe. No leasing costs are payable for Prime's Floating Production, Storage and Offloading ("FPSO") platforms because they are owned by the joint venture partners and are not leased.
- Crude sales have been unaffected in this difficult environment with all 5 planned sales completed in the second quarter. In the first half of 2020, Prime lifted and sold 10 cargos representing a sales volume of 9.50 million barrels or 4.75 million barrels net to Africa Oil's shareholding in Prime at an average price of $68.95 per barrel.
- Prime has also sold forward all 10 planned cargos in the second half of 2020 with four of these cargoes already lifted and sold in July and August 2020. Prime has also sold forward or hedged 7 cargoes out of a planned 10 cargoes in the first half of 2021. This results in 17 out of the next 20 cargoes planned for second half of 2020 and first half of 2021 being hedged at an average price of $60.06 per barrel.
- Prime's total 2020 capital expenditure is expected to be $54 million or 41% lower than the initial budget of $91 million. The reduction includes deferral of infill drilling and activities related to the Preowei field development project due to COVID-19 and the oil price crash. These activities are expected to resume in 2021 as economic conditions improve.

Financial

- Africa Oil posted a second quarter net operating income of $27.0 million and a net income of $19.2 million, driven by an operating income of $31.7 million related to its investment in Prime. No impairments were required in the second quarter of 2020 at Africa Oil level.
- First half 2020 net income of $97.0 million, excluding a $215.6 million non-cash impairment of exploration assets in Kenya already posted in the first quarter of 2020.
- These results were underpinned by Prime's strong sales revenues of $159.3 million in the second quarter (first half 2020 total of $338.8 million), Adjusted EBITDA[4] of $193.0 million (first half total of $391.3 million) and cash flow from operations of $134.5 million (first half total of $330.5 million), in each case net to Africa Oil's 50% shareholding in Prime.

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* 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 notes 1-5 on pages 4 and 5 for important information on the material presented on pages 1 and 2.

- Africa Oil received an additional $25.0 million of dividends[5] from Prime in the second quarter bringing the year to date dividends to $112.5 million. Africa Oil applied these dividends in part to repay its acquisition loan from $250.0 million down to $194.6 million, including a $10.2 million repayment in the second quarter. Africa Oil will continue to apply any future dividends in priority towards the repayment of its acquisition facility to accelerate the repayment of the loan principal amount.
- In the second quarter, Prime started to repay its Reserve Based Lending ("RBL") facility by $149 million and repaid and canceled another $76 million on 31 July, reducing the total outstanding from $1,825 million down to $1,600 million. The next redetermination of borrowing base of the Prime RBL facility is due by 30 September 2020.
- Africa Oil ended the period with $39.4 million in cash and net debt of $155.2 million.

Business Continuity

- Subsequent to end of the second quarter, the operator of Prime's OML 130 assets (Akpo and Egina) identified a number of workers who tested positive for COVID-19 onboard the offshore facilities (i.e. FPSOs); however, with the prompt execution of the contingency plans by the operator these were managed proactively with no impact on these facilities or production operations.
- The operating partner on Blocks 10BB and 13T in Kenya submitted notices of Force Majeure to the Kenyan Ministry of Petroleum and Mining on behalf of the joint venture partners in these blocks. These declarations are the result of impact of the COVID-19 on the operations, including Kenyan government's restrictions on domestic and international travel, and recently introduced tax changes that adversely impact the project economics. Discussions are ongoing between the joint venture partners and the Government of Kenya on the best path forward to resume operations.

Africa Oil President and CEO Keith Hill commented: "Despite the immense challenges faced during the second quarter, I am pleased to report that our Prime investment continues to perform very well, with crude sales, revenues and debt reduction well on track. Based on Prime's income contribution, Africa Oil was able to post a quarterly profit of $19.2 million. With our strong cash flows underpinned by our admirable hedging position, we believe we are well positioned to take advantage of the recovery in oil demand and price once the COVID-19 situation stabilizes. The outlook for remainder of 2020 is promising with number of potentially high-impact exploration wells offshore South Africa and Namibia and we continue to look for value accretive acquisitions, with a focus on West Africa producing properties. On behalf of the board I thank our shareholders for their continuing support in these difficult times."

2020 Second Quarter Financial Results

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

	June 30, 2020	December 31, 2019
Cash and cash equivalents	39,428	329,464
Total assets	873,668	812,305
Long-term debt	194,592	-
Total liabilities	218,975	45,602
Total equity attributable to common shareholders	654,693	766,703
Working capital	20,191	290,749

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2019	Six months ended June 30, 2019
Share of profit from investment in joint venture	31,731	-	117,316	-
Share of profit/(loss) from investments in associates	(1,413)	(9,198)	57	(10,359)
Total operating income	30,318	(9,198)	117,373	(10,359)
Net operating income/(expense)	27,004	(11,755)	(103,983)	(14,630)
Net income/(loss)	19,234	(9,463)	(118,648)	(9,974)
Net loss per share - basic and diluted	0.04	(0.02)	(0.25)	(0.02)
Weighted average number of shares outstanding - basic ('000s)	471,950	471,214	471,631	470,936
Weighted average number of shares outstanding - diluted ('000s)	475,150	471,214	471,631	470,936
Number of shares outstanding ('000s)	471,950	471,214	471,950	471,214
Cash flows provided by (used in) operations	(1,525)	240	(754)	1,067
Cash flows used in investing	(13,629)	(14,107)	(467,634)	(29,339)
Cash flows provided by (used in) financing	(17,923)	(39)	178,429	(734)
Total change in cash and cash equivalents	(33,097)	(13,899)	(290,036)	(29,006)
Total change in equity	17,598	(9,091)	(112,010)	(9,278)

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended June 30, 2020. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended June 30, 2020 and 2019, and the 2019 Annual Information have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.africaoilcorp.com).

FINANCIAL POSITION AND EARNINGS

The Company recognized a total operating income of $30.3 million and net income of $19.2 million during the second quarter of 2020. The operating income primarily relates to the Company's share of profit from its investment in Prime amounting to $31.7 million. For the first half of 2020, the Company recognized a net loss of $118.6 million with a total operating income of $117.4 million being offset by $221.4 million in operating expenses, that primarily relates to the recognition of a $215.6 million non-cash impairment of intangible exploration assets, relating to the valuation of the Kenyan development project and Kenyan Block 10BA.

The Company ended 2020 second quarter with cash of $39.4 million and working capital of $20.2 million in comparison to cash of $329.5 million and working capital of $290.7 million at the end of 2019. The reduction in the Company's cash position of $290.0 million is primarily attributed to its acquisition of a 50% shareholding in Prime, as described below.

In January 2020, the Company announced the closing of the acquisition of a 50% interest in Prime. The total payment by Africa Oil to close the acquisition, including the Nigerian Government's consent fee, amounted to $519.5 million. This includes a deferred payment of $24.8 million paid in June 2020. The payment of $519.5 million was funded through a loan facility of $250.0 million with BTG Pactual ("Term Loan") and a cash payment of $269.5 million. A deferred payment of $118.0 million, subject to update, may be due to the seller depending on the date and ultimate OML 127 tract participation in the Agbami field.

During 2020 second quarter, Prime paid one dividend for a total of $50.0 million with net payment to Africa Oil of $25.0 million related to its 50% shareholding interest. The Company applied $10.2 million of the amount received to reduce its BTG loan facility, which at the period end stood at $194.6 million. Africa Oil will apply any future dividends in priority towards the repayment of its BTG loan facility to accelerate the repayment of the loan principal amount, although the BTG loan is not due for repayment until January 2022. For the first half of 2020, Africa Oil has received three dividend payments from Prime for aggregate amount of $112.5 million net to its 50% shareholding.

For the second quarter period, the Company recognized an operating income of $31.7 million related to its investment in Prime, despite a post-tax non-cash impairment of $72.4 million (net to Africa Oil's 50% shareholding) by Prime due to changes in oil price assumptions and impact of OPEC+ quotas. As Africa Oil expects to recover the value of its investment in Prime through dividend payments, it has been determined that there is no impact on the carrying value of the investment at Africa Oil level.

To finance its future acquisition, exploration, development and operating costs, including the Kenya development project, Africa Oil may require financing from external sources, including issuance of new shares, issuance of debt or executing working interest farmout or disposition arrangements. There can be no assurance that such financing arrangements will be available to the Company or, if available, that it will be offered on terms acceptable to Africa Oil.

OPEC+ PRODUCTION QUOTAS

During the second quarter, total production was impacted by the imposition of a production quota on the Egina field, because of compliance requirements brought into effect by the OPEC+ agreement. These quotas limited production from Egina in May and June from the planned capacity of 200,000 bopd to an average of 138,000 bopd for the second quarter. It is hoped that the OPEC quota curtailments will be eliminated or reduced in the second half of 2020, but if they are continued, the net effect will be the delay of up to two cargos in scheduled liftings into the first quarter of next year.

SUBSEQUENT EVENTS

COVID-19 Update

Operators (Total and Chevron) of Prime's Nigerian assets have implemented strict mitigation strategies to minimize the risk of COVID-19 impacting both onshore (land office) and offshore platforms (i.e. FPSOs) operations and introduced contingency plans to respond to infection cases. In addition to standard social distancing and hygiene measures, the operators mandate a 14-day quarantine of all personnel prior to travelling offshore, including tanker agents and cargo surveyors involved with crude liftings.

Also, whenever feasible, crew changes/shifts on the FPSOs have been expanded from 14 to 28 days to reduce personnel turnover. Business contingency plans developed by the operators in the event of an outbreak on the FPSOs include isolating the affected personnel in special units with separate air/ventilation systems; the use of Personal Protective Equipment ("PPE") in dealing with suspected cases as well as handling sanitary laundry and medical waste; and evacuation of infected personnel to onshore medical facilities using helicopters or boat as appropriate. A number of COVID-19 cases were detected on Egina and Akpo FPSOs during July; however, with the prompt execution of the contingency plans by the operator these were managed proactively with no operational impact on facilities or deferment in production.

NOTES

1. The 50% shareholding in Prime is accounted for using the equity method and presented as an investment in joint venture in the 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/Loss and Comprehensive Income/Loss. Any dividends received by Africa Oil from Prime are recorded as Cash flow from Investing Activities. The guidance presented here is for information only.
2. Aggregate liquids and gas production net to Prime's W.I. in Agbami, Akpo and Egina fields. This production rate only includes 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. Adjusted Earnings Before Interest, Tax, Impairment, Depreciation and Amortization ("Adjusted EBITDA") is not a generally accepted accounting measure under International Financial Reporting Standards ("IFRS") and does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with definitions of Adjusted EBITDA that may be used by other public companies. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

5. Prime does not pay dividends to its shareholders, including Africa Oil, on a fixed pre-determined schedule. Previous number of dividends and their amounts should not be taken as a guide for future dividends to be received by Africa Oil. Any dividends received by Africa Oil from Prime's operating cash flows will be subject to Prime's capital investment and financing cashflows, including payments of Prime's Reserve Based Lending ("RBL") principal amortization, which are subject to semi-annual RBL redeterminations.

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 Africa and Guyana. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

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Additional Information

This information is information that Africa Oil 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, at 5:30 p.m. ET on August 13, 2020.

Advisory Regarding Oil and Gas Information

The terms boe (barrel of oil equivalent) and MMboe (millions of barrels of oil equivalent) are used throughout this press release. Such terms may be misleading, particularly if used in isolation. Year-end 2019 reserves estimates are based on a conversion ratio of five thousand and eight hundred cubic feet per barrel (5.85 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 5.85:1, utilizing a conversion on a 5.85:1 basis may be misleading as an indication of value.

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 2020 Management Guidance including production, cashflow from operation and capital investment estimates, performance of commodity hedges, the results and costs of exploratory drilling activity, 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, OPEC+ quota impact on production, availability of oil tankers, results of exploration and development activities, cost overruns, uninsured risks, regulatory and fiscal changes, 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.