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

NEWS RELEASE

AFRICA OIL ANNOUNCES STRONG FIRST QUARTER 2021 FINANCIAL RESULTS AND THE SIGNING OF A NEW FACILITY TO REFINANCE ITS EXISTING TERM LOAN

May 13, 2021 (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 March 31, 2021. The Company is also pleased to announce that it has achieved one of its primary objectives for 2021 with the signing of a new term loan agreement ("Corporate Facility"), to refinance its existing term facility ("Term Loan") that is due to mature in January 2022. This achieves significant reduction in borrowing costs, strengthens the balance sheet and improves the Company's liquidity position.

Highlights

- First quarter net income of $38.9 million and end of quarter cash balance of $29.4 million.
- Selected Prime's first quarter 2021 results net to Africa Oil's 50% shareholding*:
  - average daily working interest ("W.I") production of 27,700 barrels of oil equivalent per day ("boepd) and economic entitlement production of 30,300 boepd (84% light and medium crude oil and 16% conventional natural gas)[2,3];
  - EBITDA of $143.1 million[4] and cash flow from operations of $85.9 million for the quarter; and
  - end of quarter cash position of $165.3 million.
- Africa Oil published its 2020 year-end reserves report (NI 51-101) confirming working interest 2P reserves replacement ratio of 117%. Strong reservoir performances with positive technical revisions and resource transfers of 12.2 MMboe, compared to a production of 10.5 MMboe net to Africa Oil's 50% shareholding in Prime, reiterating the quality of AOC's producing assets.
- The Corporate Facility is for an amount of up to $150 million, out of which $130 million is committed at signing, with an uncommitted accordion option for an additional $20 million and has a three-year term.
- Interest is payable at a rate of LIBOR plus a margin of 6.5% in the first year increasing to 7.0% in the second year and 7.5% in the third year.
- Subject to the satisfaction of customary conditions precedent, the Corporate Facility will be available by end of July 2021 and the proceeds will be used to repay the Term Loan and for general corporate purposes.

Africa Oil President and CEO Keith Hill commented: "I am delighted with the strong support from our banking syndicate, a clear endorsement of our investment case and high-quality assets. As well as the immediate benefits of lower borrowing costs and improved liquidity, this refinancing strengthens our banking relationships, a strategic advantage as we seek to acquire additional producing assets in this attractive market and progress our South Lokichar project in Kenya. We also look forward to the results from our high impact Venus and Gazania exploration wells as we progress Brulpadda and Luiperd discoveries towards development."

* 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.

CORPORATE LOAN REFINANCE

On May 13, 2021 the Company signed the new Corporate Facility, for an amount up to $150 million and a three-year term, which can be drawn from end of July 2021 until 12 May 2022. $130 million has been committed at signing and an uncommitted accordion feature allows for an additional $20 million to be drawn. Completion is subject to customary conditions precedent and is expected to occur by end of July 2021.

The purpose of the Corporate Facility is to refinance the existing Term Loan, and general corporate purposes. It will be repaid from the proceeds of dividends received from Prime, while ensuring the Company preserves sufficient minimum cash balances to conduct operations. This loan has an interest rate of LIBOR plus a margin of 6.5% in the first year, 7.0% in the second year and 7.5% in the third year.

The initial $130 million of the commitments received, together with the existing cash balances will be used to repay the existing Term Loan in full, which is expected to occur by the end of July 2021. Any amounts of the Corporate Facility available after the repayment of the existing Term Loan and the potential exercise of the uncommitted accordion would be used for general corporate purposes.

If the Company makes a repayment under the Corporate Facility prior to May 12, 2022, unless the repayment is made from a dividend received from Prime, a make whole provision is payable at LIBOR+6.5%. The security provided on the loan is similar to the existing Term Loan. The loan will be subject to financial and liquidity covenants for facilities of this nature.

The banking syndicate currently includes Rand Merchant Bank, Mauritius Commercial Bank, Natixis, and Standard Bank.

2021 First Quarter Financial Results

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

	31 March, 2021	**31 December, 2020**
Cash and cash equivalents	29,435	40,474
Total assets	935,368	910,499
Short-term debt	141,000	-
Long-term debt	-	141,000
Total liabilities	153,158	156,212
Total equity attributable to common shareholders	782,210	754,287
	Three months ended 31 March, 2021	**Three months ended 31 March, 2020**
Share of profit from investment in joint venture	48,814	85,585
Share of (loss)/profit from investment in associates	(885)	1,470
Total operating income	47,929	87,055
Net operating income/(expense)	44,206	(130,987)
Net income/(loss)	38,920	(137,882)
Net income/(loss) per share - basic and diluted	0.08	(0.29)
Weighted average number of share outstanding - basic ('000s)	472,147	471,311
Weighted average number of share outstanding - diluted ('000s)	475,011	471,311
Number of shares outstanding ('000s)	473,252	471,950
Cash flows (used in)/ provided by operations	(3,320)	771
Cash flows used in investing	(2,338)	(454,005)
Cash flows (used in)/provided by financing	(5,369)	196,352
Total change in cash and cash equivalents	(11,039)	(256,939)
Total change in equity	27,923	(129,608)

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended March 31, 2021. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2021 and 2020, and the 2020 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).

FINANCIAL POSITION AND EARNINGS

The Company recognized net operating income amounting to $44.2 million during the three months ended March 31, 2021 compared with a loss of $131.0 million during the same period in 2020. Included in the Company's net operating income is profit from its 50% investment in Prime of $48.8 million in the first quarter of 2021 compared with $85.6 million during the first quarter of 2020. Prime's profit has reduced due to a lower realized oil price of $58.14/bbl in the first quarter of 2021 compared with $72.28/bbl during the first quarter of 2020, and the timing of liftings, moving from a net underlift position as at March 31, 2020, to a net overlift position as at March 31, 2021.

In the three months ended March 31, 2021, profit from equity investments was offset by operating expenses relating to corporate overheads. In the three months ended March 31, 2020, the operating expense was primarily due to the recognition of a $215.6 million impairment of intangible exploration assets relating to the valuation of Block 10BB/13T and Block 10BA, both in Kenya.

As at March 31, 2021, the Company had cash of $29.4 million, compared with cash of $40.5 million at December 31, 2020.

Prime did not distribute a dividend to its shareholders in the first quarter of 2021. During the year ended December 31, 2020, Prime distributed six dividend payments totaling of $400.0 million to its shareholders, with a net payment to Africa Oil of $200.0 million related to its 50% interest. The dividends earned during 2020 were applied partly to the repayment of its loan facility, reducing the balance from $250.0 million to $141.0 million at December 31, 2020.

Going forward, the company will continue to apply dividends in priority to debt repayment and continuing to maintain a minimum cash balance.

PRIME'S FIRST QUARTER 2021 PERFORMANCE

Prime's first quarter 2021 average daily W.I. production was 27,700 boepd and economic entitlement production was 30,300 boepd (84% light and medium crude oil and 16% conventional natural gas), net to Africa Oil's 50% shareholding in Prime.

Production of the Egina field continued to be affected in the first quarter of 2021 by the imposition of Opec+ quotas. These quotas limited production from Egina in the first quarter of 2021 to an average of approximately 152,000 bopd. In April 2021 Opec+ members agreed to gradually increase the crude production quotas and production from Egina is now expected to exceed 160,000 bopd in the second quarter 2021.

During the first quarter of 2021, Prime was allocated five oil liftings with total sales volume of approximately 4.9 million barrels or 2.4 million barrels net to Africa Oil's 50% shareholding.

Prime continues its hedging program in 2021 and has sold forward or hedged 95% of its 2021 cargoes at an average price of $56/bbl. These contracts are with counterparties including oil supermajors and commodity trading houses. The counterparties are part of groups with investment grade credit ratings.

First quarter 2021 average operating cost of $6.4 per boe compares to fourth quarter 2020 average operating cost of $5.9 per boe. The increase is primarily attributed to non-recurring well intervention costs for Akpo and Egina fields. No leasing costs are payable for Prime's Floating Production, Storage and Offloading ("FPSO") platforms because they are fully owned by the joint venture partners.

Prime achieved first quarter 2021 sales revenue of $153.3 million; EBITDA of $143.1 million and cash flow generated from operating activities of $85.9 million, in each case net to Africa Oil's 50% shareholding.

Capital expenditure during the quarter, net to the Company's shareholding was $2.6 million.

SUSTAINABILITY

Africa Oil is committed to be a full-cycle E&P company that integrates sustainability consideration throughout the decision-making and operational management. The Company presented its vision, sustainability goals and ESG performance metrics in its inaugural ESG Review that was published on March 29, 2021. As part of this commitment, Africa Oil is working closely with its partners in studying alternative options for reducing greenhouse gas ("GHG") emissions from its producing and development assets. In Kenya, the scope includes the possible use of renewable sources of energy to meet the South Lokichar project's power requirements and minimize GHG emissions.

2021 OPERATIONAL OUTLOOK

Through its 30.9% shareholding in Impact Oil & Gas ("Impact"), the Company has exposure to the Venus-1 exploration well in Block 2913B, offshore Namibia which is expected to spud by the end 2021. Venus-1 will target a large basin floor fan system with significant undiscovered petroleum initially in place that has been identified using 3D seismic data.

Africa Oil has interests in Block 11B/12B and Block 2B, offshore South Africa through its shareholding in Africa Energy Corp. ("Africa Energy") and Impact.

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. Africa Energy management believe the fundamentals are strong for a gas condensate development on Block 11B/12B, as South Africa is a large energy market looking to transition from coal to natural gas and is currently limited to expensive imports.

The Block 2B joint venture partners are focused on procuring a rig for the Gazania-1 oil exploration well offshore South Africa in order 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. Gazania-1 will target two prospects in a relatively low-risk rift basin oil play up-dip from the discovery. In Kenya, the JV partners are designing a field development plan for the South Lokichar development in collaboration with the government of Kenya in order to optimize the economics of the project, enhance its sustainability performance and secure a long term extension of the licenses, while minimizing expenditures in the short term.

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 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.
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. Earnings Before Interest, Tax, Impairment, Depreciation and Amortization ("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 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. All dollar amounts are in United States dollars unless otherwise indicated.

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".

For further information, please contact:

Shahin Amini
IR and Commercial Manager
shahin.amini@africaoilcorp.com
T: +44 (0)203 982 6800

Sophia Shane
Corporate Development
sophias@namdo.com
T: +1 (604) 806-3575

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 May 13, 2021.

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 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 refinance of the existing Term Loan, utilization and drawdown under the new Corporate Loan facility, performance of commodity hedges, the results, schedules 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, 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.