

# Africa Focused Independent E&P



## Fourth Quarter 2021 Results

1<sup>st</sup> March 2022

# EXCELLENT YEAR OF DELIVERY



## RECORD FINANCIAL RESULTS & ROBUST BALANCE SHEETS

Record full-year net income of \$190.7 million (\$0.40/share)

◆  
Debt free and YE'2021 cash balance of \$58.9 million

◆  
Prime's Net Debt/EBITDAX<sup>1</sup> of 0.4x in 2021

◆  
Base annual dividend of \$0.05/share



## COMPETITIVE DEBT FINANCING & LIQUIDITY

Debt refinanced at a much lower cost and extended term

◆  
\$100m standby credit facility bolsters liquidity headroom

◆  
Core strategic relationships with banks and traders



## SIGNIFICANT EXPLORATION SUCCESS

Venus light oil discovery exceeds pre-drill expectations

◆  
84 meters of net oil pay in a good quality Lower Cretaceous reservoir

◆  
New petroleum province with substantial upside potential for the Company



## STRONG PRODUCTION PERFORMANCE

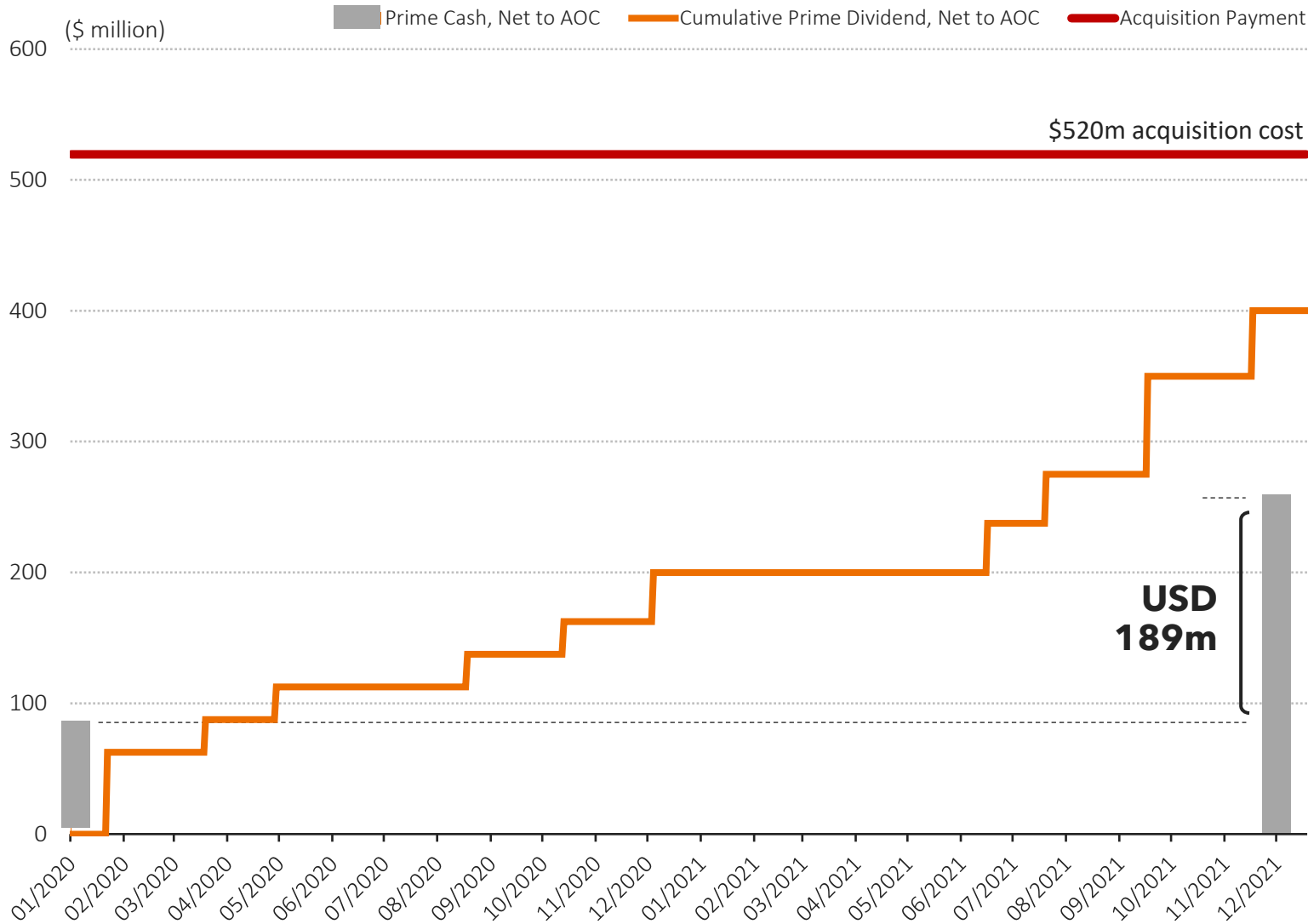
Full-year W.I. production of 27,300 boepd and economic entitlement of 29,700 boepd

◆  
At the top end of 2021 Management Guidance

◆  
2021 reserves replacement ratio (2P) of 102%<sup>2</sup>

Notes: 1 EBITDAX is not a generally accepted IFRS term. Refer to Reader Advisory Section of this document for important information on non-IFRS measures. 2 Based on RISC's NI 51-101 Report for YE'2021.

# STRONG PRIME DIVIDEND STREAM



**\$400m**  
received since the acquisition in January 2020

**77%**  
of the acquisition cost paid back in less than two years

**\$189m**  
increase in Prime's cash balance net to Africa Oil

# SHAREHOLDER RETURNS **INSTITUTING BASE DIVIDEND**



Sustainable dividend policy underpinned by Prime's cash flows

Base annual dividend of \$0.05/share  
(approximately \$25 million)

1<sup>st</sup> distribution March 31, 2022, to shareholders of record at the COB on March 17, 2022

*1<sup>st</sup> step in our capital return aspirations*

The Board will regularly review the policy and depending on the acquisition opportunities and the market outlook, the Company may increase its dividend distributions and/or undertake share buybacks, subject to customary approvals

Prudent capital allocation between shareholder returns, acquisitions and maintaining a strong balance sheet

# 2021 STATED GOALS FOR THE USE OF FREE CASH FLOWS



## DELEVERAGING

Fully repaid AOC's corporate debt  
Reduced Prime's RBL debt from \$1.8bn to \$435m



## NEW ACQUISITION OPPORTUNITIES

Disciplined search for new accretive acquisition opportunities  
◆  
Focused on West Africa producing assets



## SHAREHOLDER RETURNS

Instituted base annual dividend policy of \$0.05/share  
◆  
May look to increase and/or execute share buy-backs

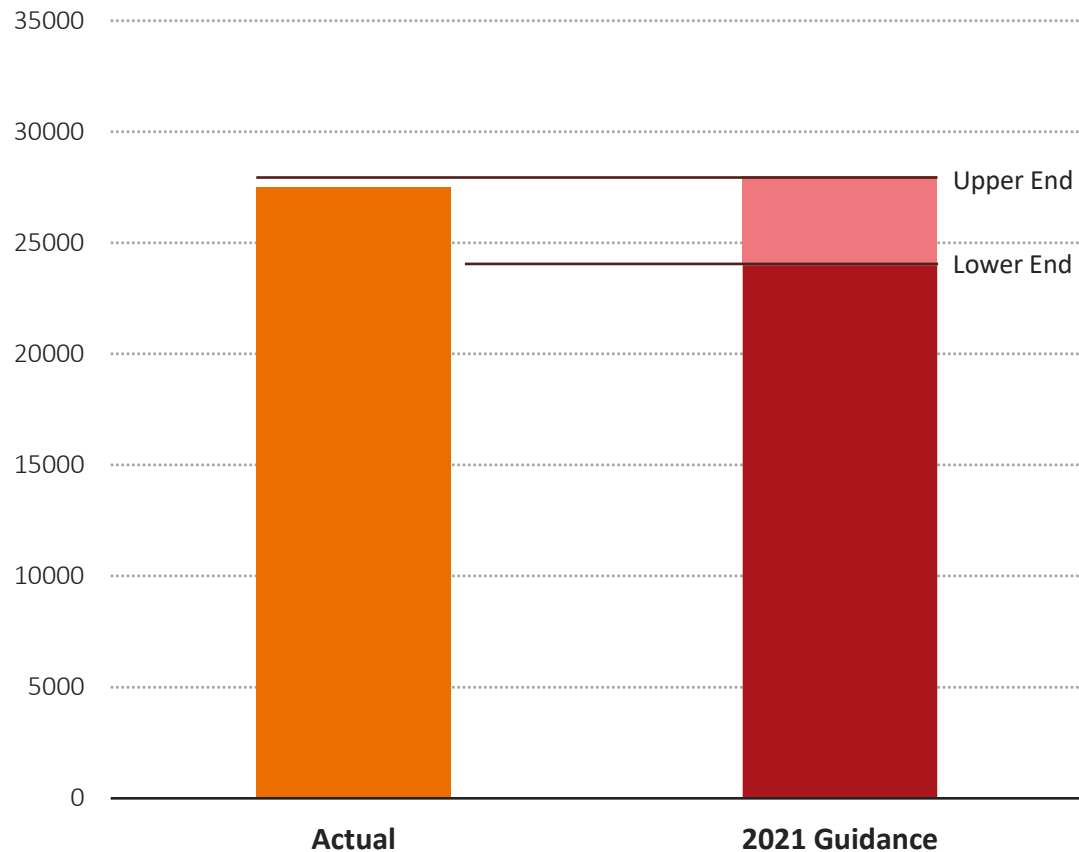


# STRONG PRODUCTION PERFORMANCE

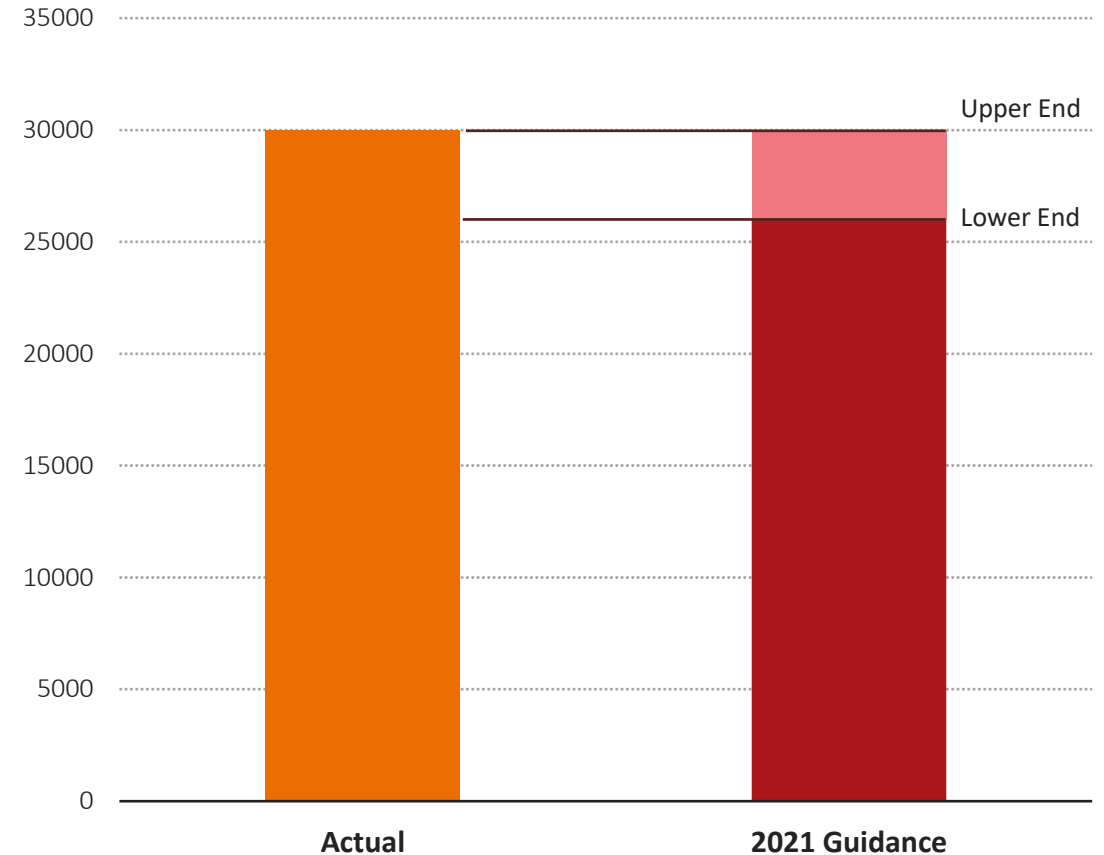
Production at Higher End of 2021 Management Guidance Range



## W.I. Production (BOE/d)

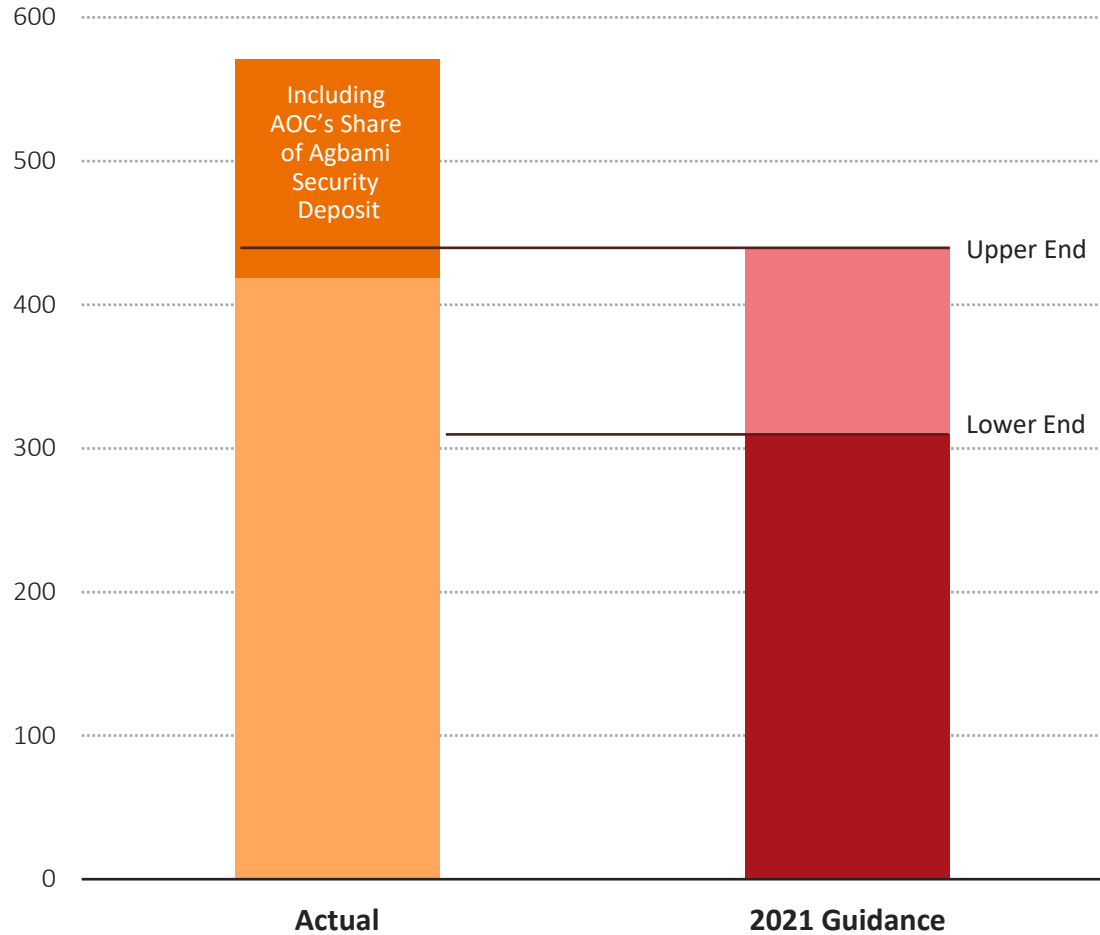


## Entitlement Production (BOE/d)

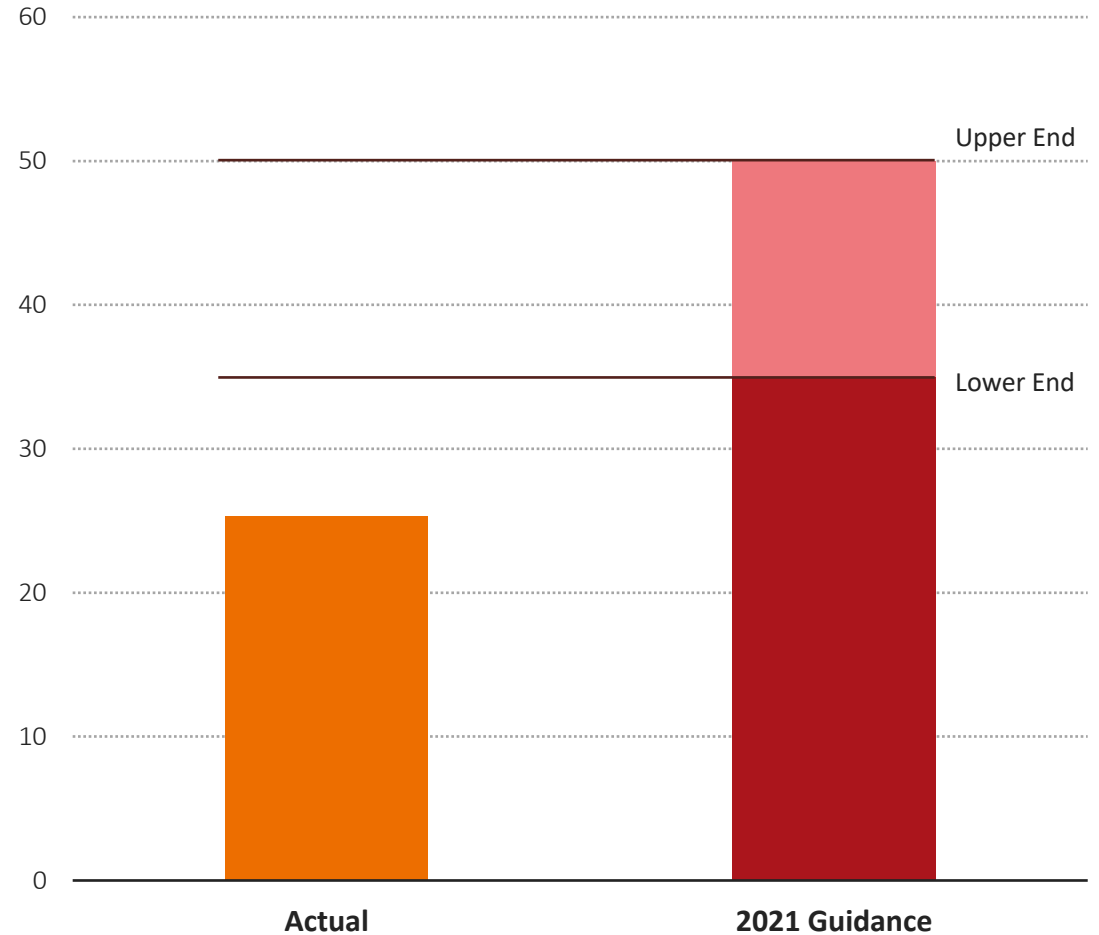


# PRIME'S CASH FLOW HIGHLIGHTS

**CFFO (\$ million, net to AOC's 50% Interest)**



**CAPEX (\$ million, net to AOC's 50% Interest)**



# 2022 MANAGEMENT GUIDANCE



## AOC's net 50% in Prime Metrics <sup>1,2</sup>

	2022E	2021
Working Interest (W.I.) production (boe/d) <sup>3</sup>	22,500-25,500	27,300
Economic entitlement production (boe/d) <sup>3</sup>	23,000-27,000	29,700
Cashflow from Operations before working capital (\$ m)	300-400	536 <sup>4</sup>
Expenditure on oil and gas properties (\$ m)	40-70	25
Net Debt repayment (\$ m)	200-230	218

## Africa Oil Corporate Budget

	2022E	2021
G&A, Exploration Costs, Capital Investments, Equity Investments (\$ m)	23-25	18

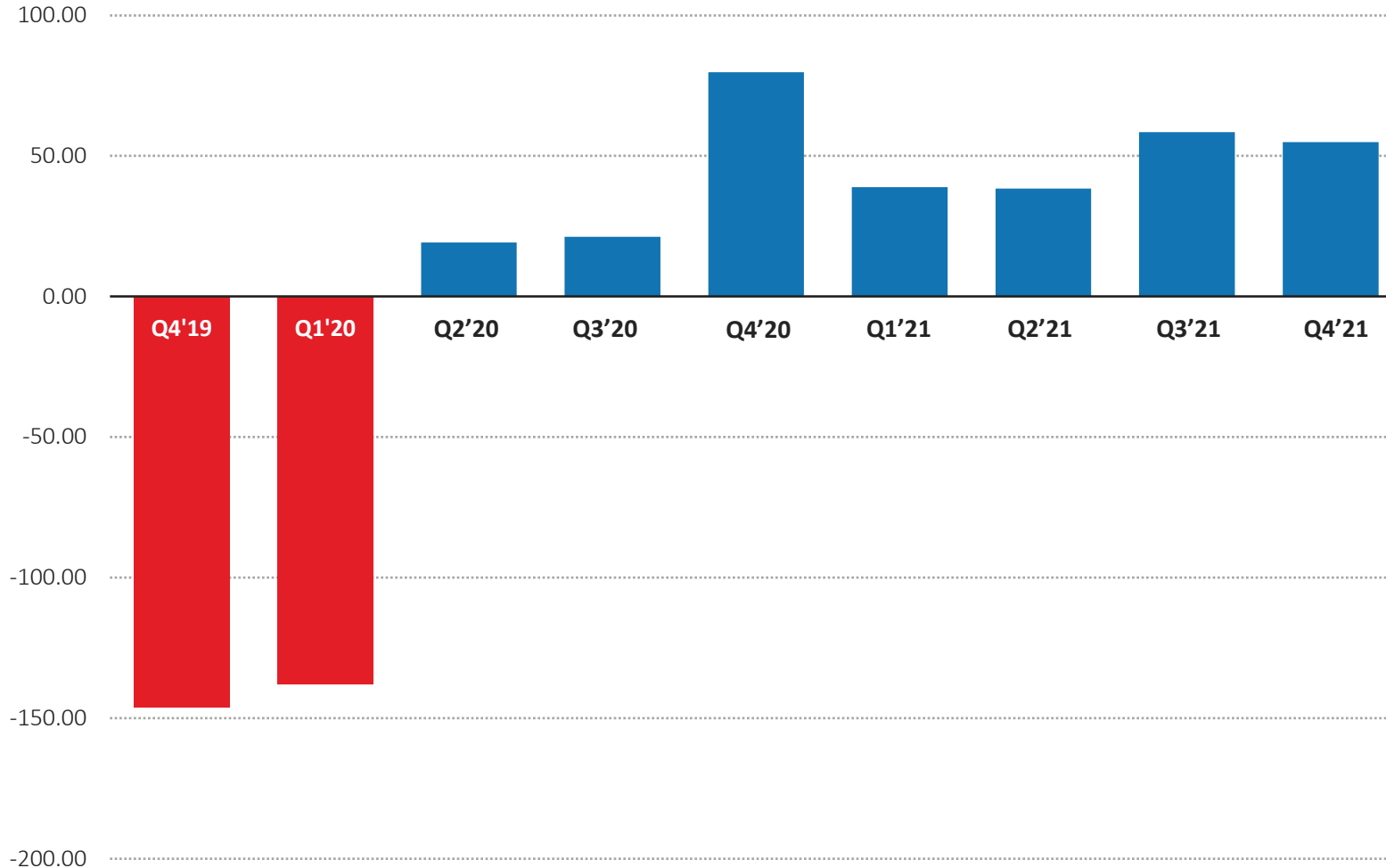
### Important Notes:

- <sup>1</sup> The 50% shareholding in Prime will be accounted for using the equity method and it will be presented as an investment 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 Loss and Comprehensive Loss. Any dividends received by Africa Oil from Prime will be recorded as a Cash flow from Investing Activities. The guidance presented here is for information only.
- <sup>2</sup> 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.
- <sup>3</sup> Net entitlement production is calculated using the economic interest methodology and include cost recovery oil, tax oil and profit oil. This is different from working interest production that is calculated based on project volumes multiplied by half of Prime's effective indirect working interest in the Nigerian licenses (OML 127 and OML 130).
- <sup>4</sup> Includes \$152.5 of Agbami Security Deposit received by Prime (net to Africa Oil's 50% shareholding). CFFO excluding this item would have been \$383.5 million.



# AFRICA OIL FINANCIAL HIGHLIGHTS

## Net Income (\$ million)



**Q4'21 net income of**  
**\$54.9m**  
(12M: \$190.7m)

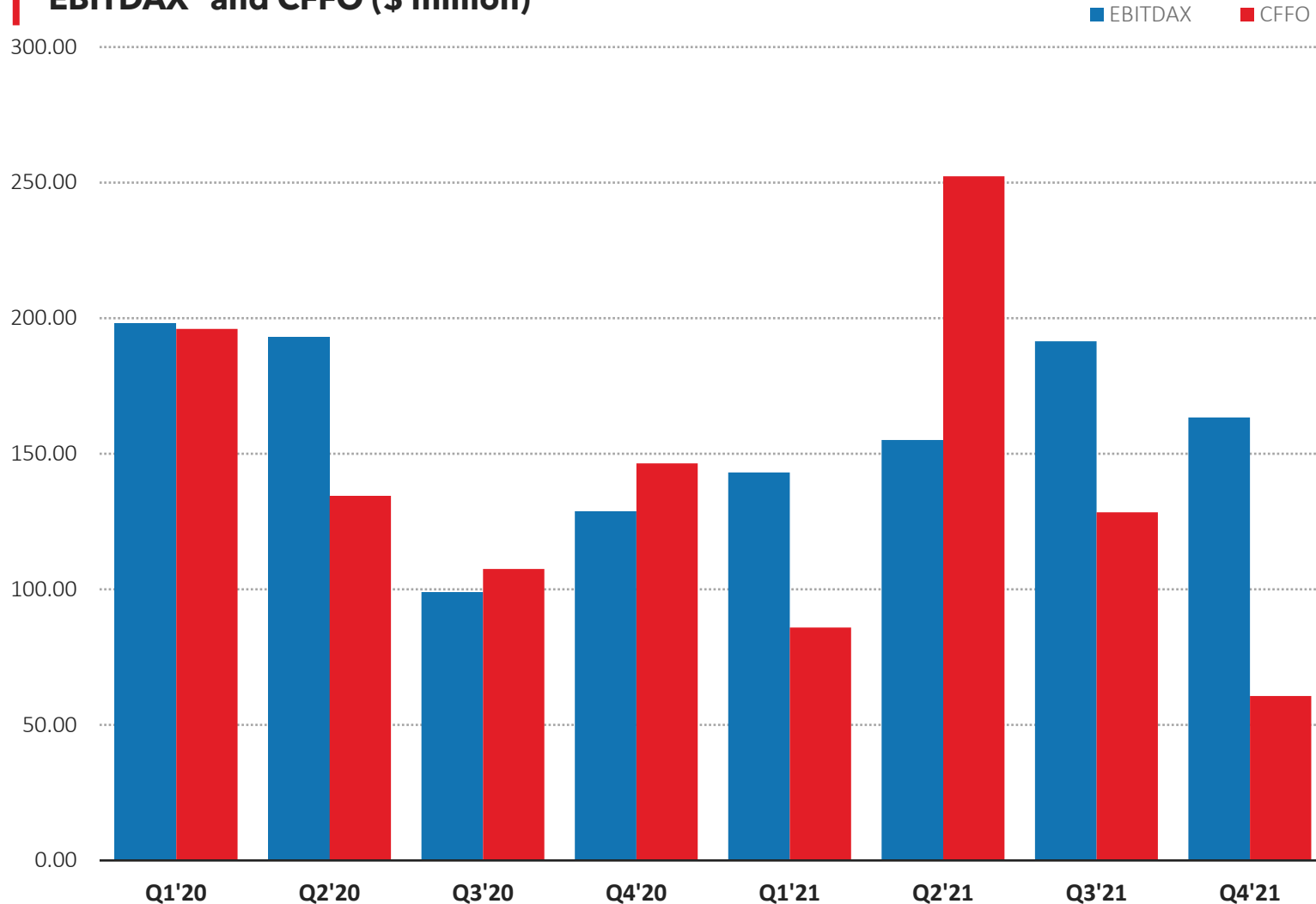
**Repaid outstanding**  
**corporate debt balance of**  
**\$141.0m**

**End 2021 cash balance of**  
**\$58.9m**

**Q4'21 share of profit from**  
**investment in JV**  
**\$56.1m**  
(12M: \$224.4m)

# PRIME FINANCIAL HIGHLIGHTS (NET TO AOC'S 50%)

## EBITDAX<sup>1</sup> and CFFO (\$ million)



### Q4'21 EBITDAX<sup>1</sup>

**\$163.4m**  
(12M: \$654.5m)

### Q4'21 CFFO

**\$60.6m**  
(12M: \$526.7m\*)

### End 2021 cash balance of

**\$258.9m**

### End 2021 debt balance of

**\$508.4m**

Notes: 1 EBITDAX is not a generally accepted IFRS term. Refer to Reader Advisory Section of this document for important information on non-IFRS measures.

\* Includes 50% share of Agbami Security Deposit for \$152.5m received in Q2'21.

# STANDBY FACILITY AT COMPETITIVE TERMS

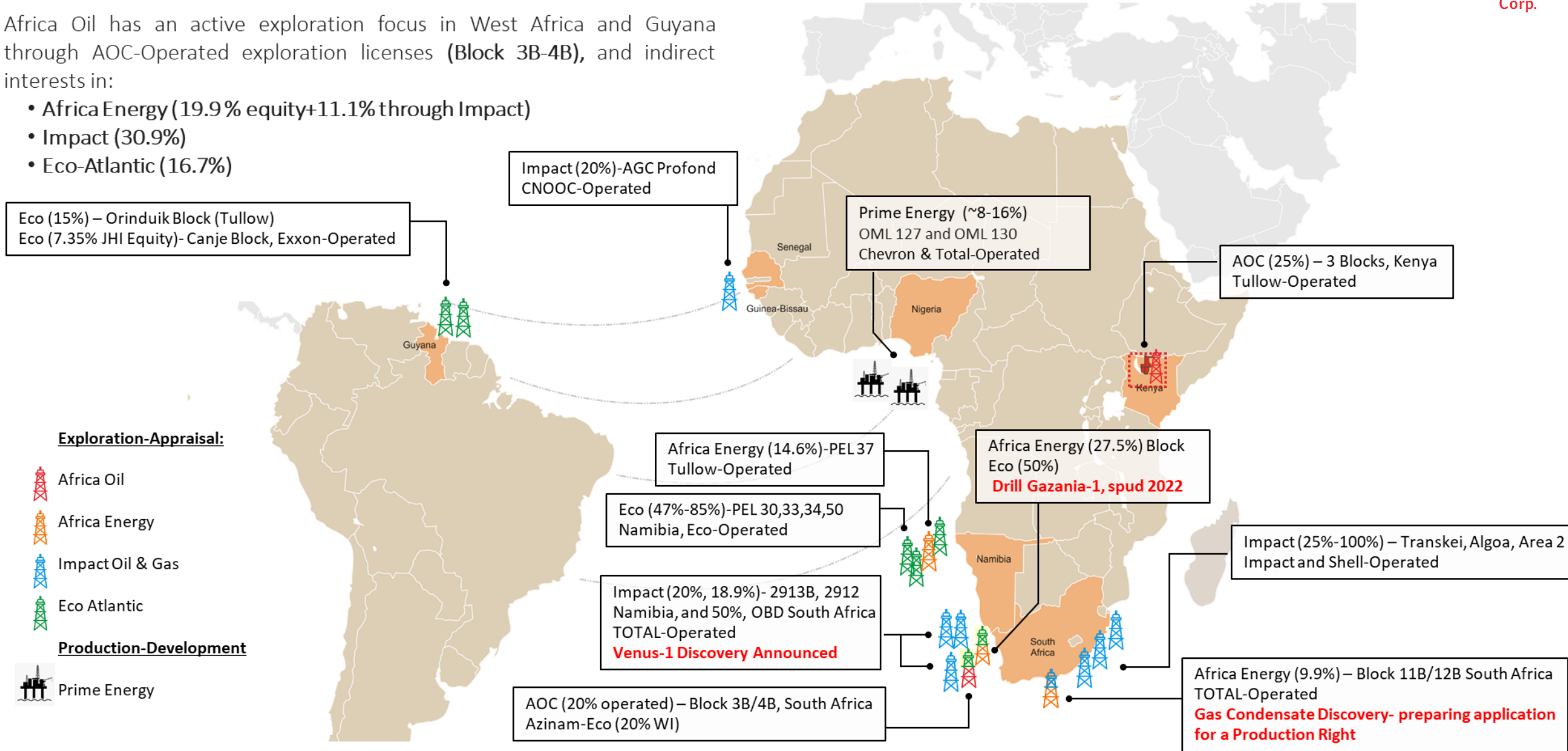


- Lenders approved increasing the available amount to \$100 million from the unutilised amount of \$62 million
- Extended the availability period to December 31, 2022, from May 13, 2022
- The Corporate Facility maturity date of May 13, 2024, and interest margins are unchanged
- Interest charges are LIBOR plus a margin of:
  - 6.5% until May 2022
  - 7.0% from May 2022 to May 2023
  - 7.5% from May 2023 until maturity
- The Corporate Facility can be utilised for general corporate purposes, subject to customary covenants
- Provides significant liquidity headroom at competitive terms and builds on strong strategic relationships with our core banking group





# AFRICA OIL EXPLORATION INVENTORY

Africa Oil has an active exploration focus in West Africa and Guyana through AOC-Operated exploration licenses (Block 3B-4B), and indirect interests in:

- Africa Energy (19.9% equity+11.1% through Impact)
- Impact (30.9%)
- Eco-Atlantic (16.7%)



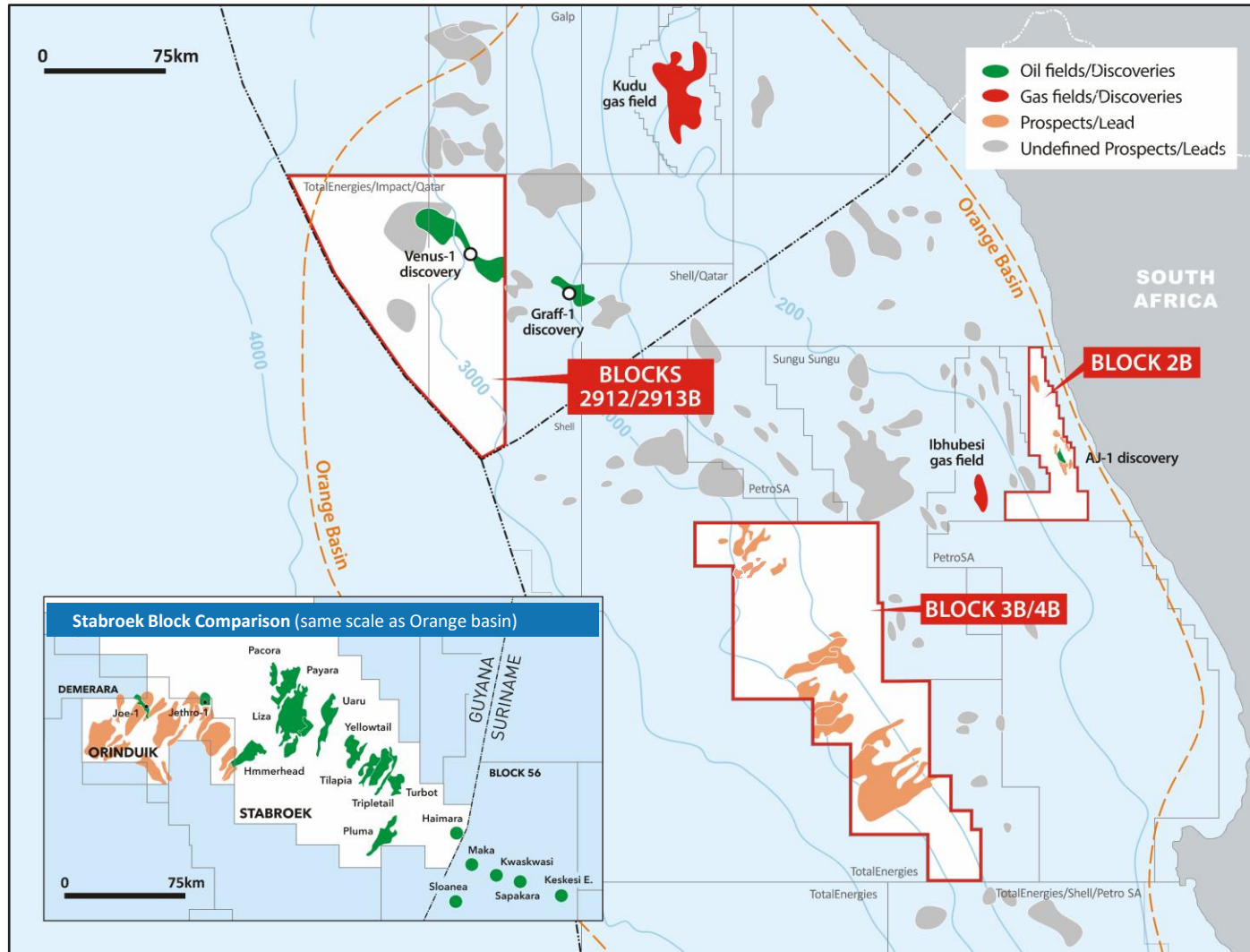
## Exploration-Appraisal:

-  Africa Oil
-  Africa Energy
-  Impact Oil & Gas
-  Eco Atlantic

## Production-Development

-  Prime Energy

# ORANGE BASIN OPPORTUNITIES

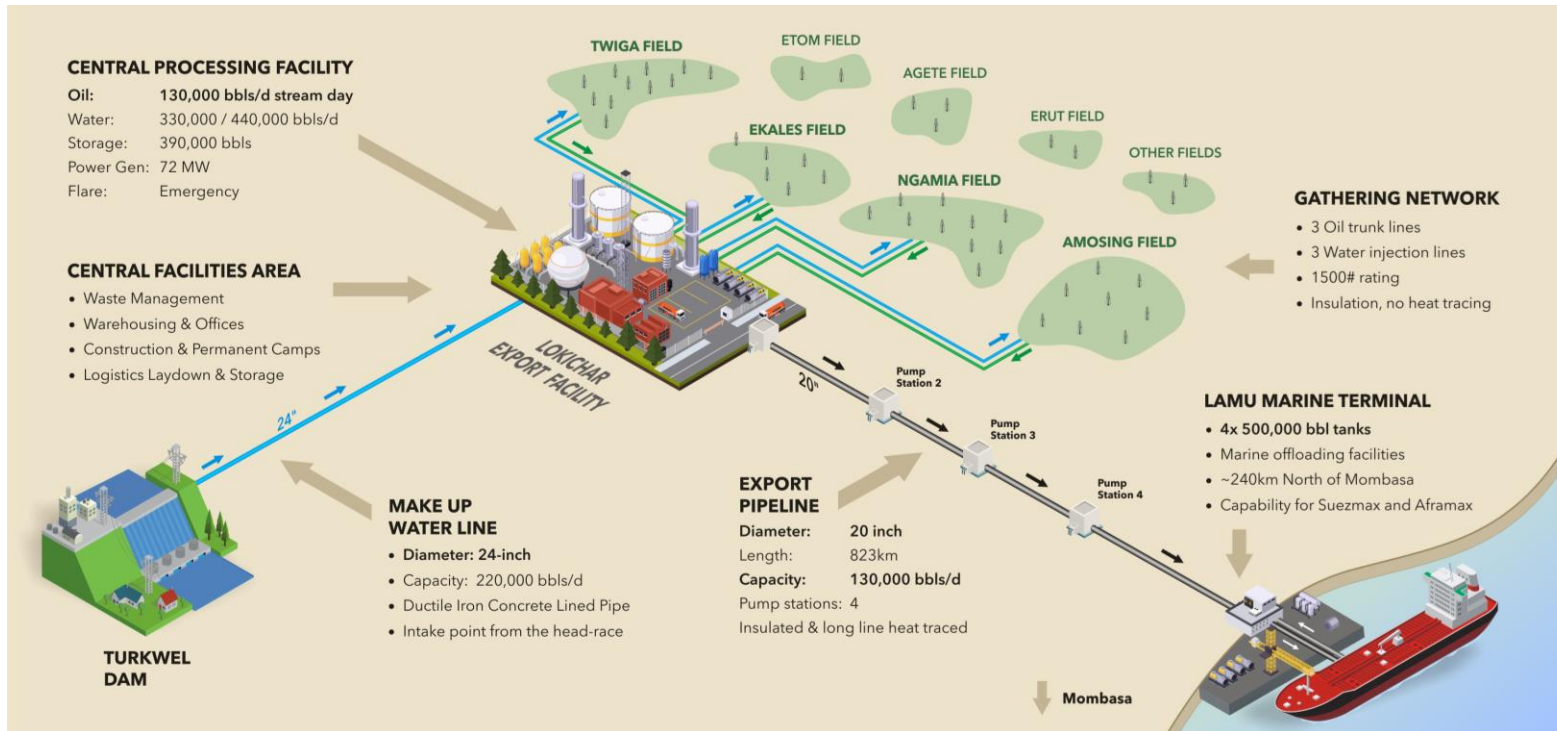


- Venus structure: +600km<sup>2</sup>
- Light oil and associated gas discovery
- 84 meters of net oil pay in a good quality Lower Cretaceous reservoir
- Venus discovery has exceeded the pre-drill expectations
- Indirect interest of 6.2% in Block 2913B
- Orange Basin opportunities –
  - 20%<sup>1</sup> operated interest in Block 3B/4B
  - Indirect interest of about 13%<sup>2</sup> in Block 2B – Gazania well spud in 2022

Notes: 1 Africa Oil could also gain an indirect interest of about 3% in Block 3B/4B through its shareholding in Eco (Atlantic), contingent on Eco (Atlantic) completing the transaction to acquire 100% of Azinam, which holds a 20% W.I. in Block 3B/4B.

2 This shareholding is contingent on Eco (Atlantic) completing the transaction to acquire 100% of Azinam, which holds a 50% operated interest in Block 2B.

# KENYA DEVELOPMENT REDESIGNED AND OPTIMIZED



**Progressing the Project**



**JV and the Government Are Fully Aligned**



**Improved Economics**

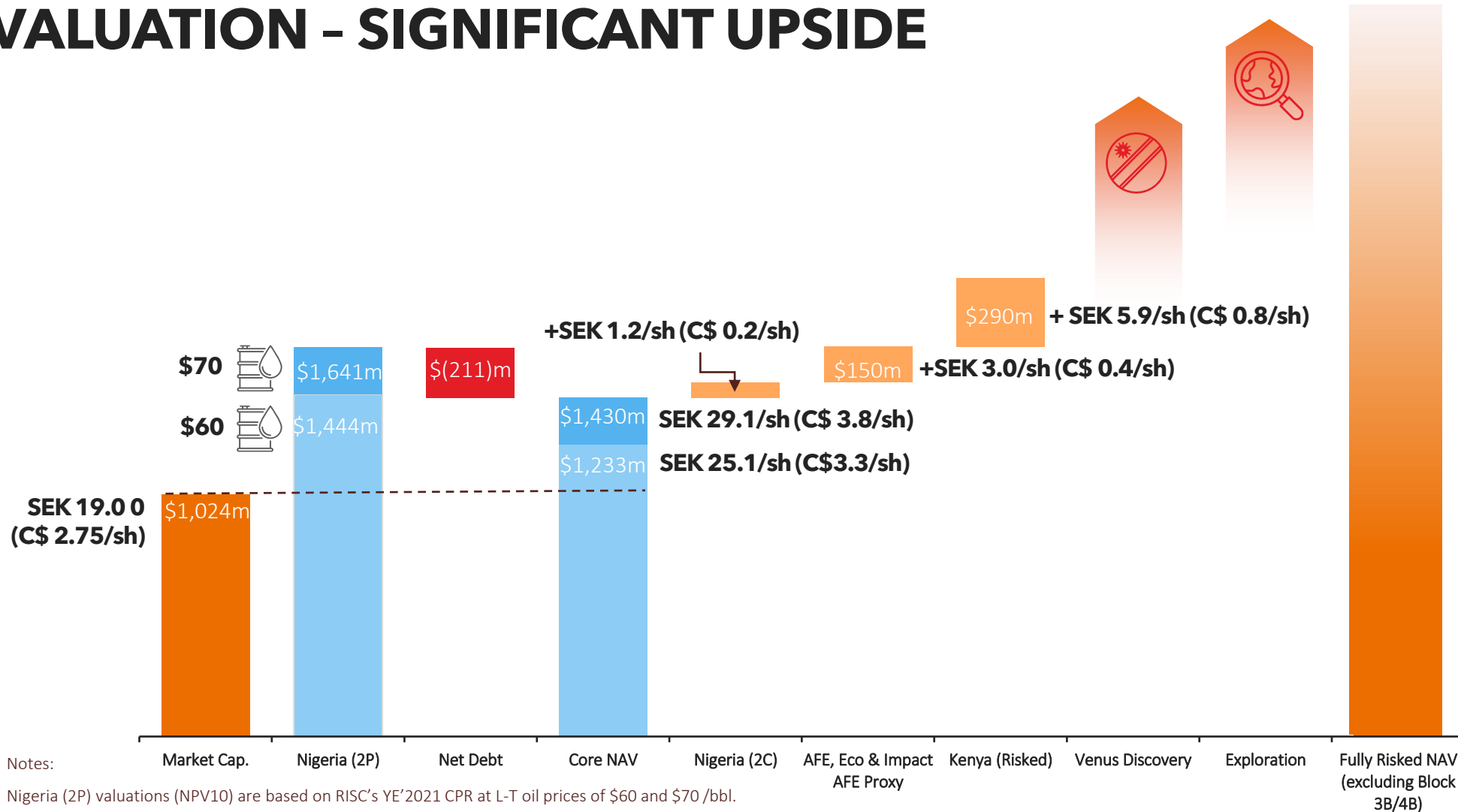
› Draft Field Development Plan (FDP) submitted to the Government of Kenya

› On track to meet licence extension commitments

› Actively seeking strategic partners

› Work ongoing to finalise environmental, commercial and fiscal agreements

# VALUATION - SIGNIFICANT UPSIDE



Notes:

Nigeria (2P) valuations (NPV10) are based on RISC's YE'2021 CPR at L-T oil prices of \$60 and \$70 /bbl.

Net Debt is consolidated Prime's Net Debt and AOC cash at YE'2021 and also accounts for Africa Oil's 2-year total G&A of \$20 m.

Nigeria 2C valuation is based on RISC's YE'2021 RISC report.

Kenya is based on 50% of AOC's reported 2C development pending valuation of \$577m – please see press release September 15, 2021, for more details

Africa Oil market cap., AFE, Eco and Impact AFE Proxy are based on mark-to-market valuations based on 25-Feb-2022 closing prices and Impact's 36.4% shareholding in AFE.

NAV per share based on share count of 474.7 million and USDSEK FX rate of 9.65 and USDCAD FX rate of 1.27.

# 2022 OUTLOOK AND CATALYSTS

- Venus appraisal program
- Gazania exploration well
- Prime – OML 130 voluntary conversion to PIA and license renewal
- Prime – RBL refinancing contingent on OML 130 renewal
- Strategic acquisition of producing assets
- Finalise strategic partner for Project Oil Kenya



# READER ADVISORY



## Accounting for Africa Oil's (Africa Oil, AOC or the Company) Interest in Prime

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

## Non-IFRS Measures

References are made to "Earnings Before Interest, Tax, Depreciation and Amortization" ("EBITDA"), free cash flow to firm ("FCFF") and free cash flow to equity ("FCFE"). These are not a generally accepted accounting measures 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, and FCFE 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. Management believes that non-IFRS measures are useful supplemental measures that may assist shareholders and investors in assessing the cash generated by and the financial performance and position of the Company. Management also uses non-IFRS measures internally in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its future capital expenditure and working capital requirements. EBITDA and FCFE presented in this document represent Prime's metrics net to Africa Oil's 50% shareholding in Prime:

- FCFF - calculated as operating cash flow less capital expenditures less general, administration and depreciation expenses before depreciation. FCFF represents the amount of cash that is generated and is available for interest payments and repaying debt.
- FCFE – calculated as FCFF less interest costs and debt principal repayments and represents the amount of cash that is available for distribution to shareholders.
- "EBITDAX" is calculated as net result before financial items, taxes, depletion of oil and gas properties, exploration costs, impairment costs and depreciation and adjusted for non-recurring profit/loss on sale of assets and other income.

## Oil and Gas Information

The reserves estimates presented have been evaluated by RISC in accordance with NI 51-101 and the COGE Handbook, are effective December 31, 2020. The reserves presented herein have been categorized accordance with the reserves and resource definitions as set out in the COGE Handbook. The estimates of reserves in this press release may not reflect the same confidence level as estimates of reserves for all properties, due to the effects of aggregation. The production forecast are based on the RISC report prepared for the Company dated 31 March 2021, effective as of December 31, 2020.

Aggregate oil equivalent production data are comprised of light and medium crude oil and conventional natural gas. These production rates only include sold gas volumes and not those volumes used for fuel, reinjected or flared. 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.

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.

## Slide 2

1. Refer to "Non-IFRS Measures" note, above.

**All dollar amounts are in United States dollars unless otherwise indicated.**

# FORWARD LOOKING STATEMENTS



This document has been prepared and issued by and is the sole responsibility of Africa Oil Corp. (the “Company”) and its subsidiaries. It comprises the written materials for a presentation to investors and/or industry professionals concerning the Company’s business activities. By attending this presentation and/or reviewing a copy of this document, you agree to be bound by the following conditions and will be taken to have represented, warranted and undertaken that you have agreed to the following conditions.

This presentation may not be copied, published, distributed or transmitted. It is not an offer or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. This presentation does not constitute or form part of any offer or invitation to whatsoever, sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Company in any jurisdiction nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract commitment or investment decision in relation thereto nor does it constitute a recommendation regarding the securities of the Company. The information contained in this presentation may not be used for any other purposes.

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. This update contains certain forward looking information that reflect the current views and/ or expectations of management of the Company with respect to its performance, business and future events including statements with respect to financings and the Company’s plans for growth and expansion. Such information is subject to a number of risks, uncertainties and assumptions, which may cause actual results to be materially different from those expressed or implied including the risk that the Company is unable to obtain required financing and risks and uncertainties inherent in oil exploration and development activities. Readers are cautioned that the assumptions used in the preparation of

such information, such as market prices for oil and gas and chemical products, the Company’s ability to explore, develop, produce and transport crude oil and natural gas to markets and the results of exploration and development drilling and related activities, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking information. The Company assumes no future obligation to update these forward looking information except as required by applicable securities laws.

Certain data in this presentation was obtained from various external data sources, and the Company has not verified such data with independent sources. Accordingly, no representation or warranty, express or implied, is made and no reliance should be placed, on the fairness, accuracy, correctness, completeness or reliability of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness. The Company and its members, directors, officers and employees are under no obligation to update or keep current information contained in this presentation, to correct any inaccuracies which may become apparent, or to publicly announce the result of any revision to the statements made herein except where they would be required to do so under applicable law, and any opinions expressed in them are subject to change without notice, whether as a result of new information or future events. No representation or warranty, express or implied, is given by the Company or any of its subsidiaries undertakings or affiliates or directors, officers or any other person as to the fairness, accuracy, correctness, completeness or reliability of the information or opinions contained in this presentation, nor have they independently verified such information, and any reliance you place thereon will be at your sole risk. Without prejudice to the foregoing, no liability whatsoever (in negligence or otherwise) for any loss howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection therewith is accepted by any such person in relation to such information.

# Thank You

**For further information, please contact:**

**SHAHIN AMINI**

IR and Commercial Manager  
[shahin.amini@africaoilcorp.com](mailto:shahin.amini@africaoilcorp.com)  
+44 (0) 20 8017 1511

**SOPHIA SHANE**

Corporate Development  
[sophias@namdo.com](mailto:sophias@namdo.com)  
T: +1 (604) 806-3575

