Suite 2000
885 West Georgia Street
Vancouver, B.C. Canada V6C 3E8
Ph. 604-689-7842 Fx. 604-689-4250
africaoilcorp@namdo.com
africaoilcorp.com

NEWS RELEASE

AFRICA OIL 2018 SECOND QUARTER FINANCIAL AND OPERATING RESULTS

August 14, 2018 (AOI–TSX, AOI–Nasdaq-Stockholm) … Africa Oil Corp. ("Africa Oil" or the "Company") is pleased to announce its financial and operating results for the three and six months ended June 30, 2018.

As at June 30, 2018, the Company had cash of $369.6 million and working capital of $380.2 million as compared to cash of $392.3 million and working capital of $436.3 million at December 31, 2017. During the second quarter of 2017, the Company and Maersk (who has subsequently been acquired by TOTAL) agreed to payment terms related to the $75.0 million advance development carry. Africa Oil is due to receive equal quarterly payments of $18.75 million at the end of each calendar quarter during 2018. The first two quarterly payments were received during the first half of 2018. These proceeds were initially recognized in accounts receivable and intangible exploration assets during 2017.

During the second quarter of 2018, Africa Energy (AFE:TSXV) completed a private placement, in which the Company invested $18.0 million, increasing the Company's ownership interest in Africa Energy from 28.5% to 34.6%.

Blocks 10BB and 13T (Kenya)

Operational activity is focused in the South Lokichar basin. Work has continued in both the Amosing and Ngamia fields, with water injection testing ongoing at Ngamia-11 and continued oil production from the Ngamia-8 well. The Ngamia-3 well also successfully started production in June 2018. The produced oil from testing has been stored in the field. A comprehensive set of results from this program is expected in the third quarter of 2018. To date, the results are positive.

Following the agreement of the terms of The Petroleum Bill, the transfer of stored crude oil from Turkana to Mombasa by road commenced on 3 June 2018. This milestone was marked by a ceremony attended by President H.E. Uhuru Kenyatta, Deputy President H.E. William Ruto, the Turkana County Governor, Turkana MPs as well as many other Government Ministers and officials. The first truck arrived at the KPRL Refinery in Mombasa on 7 June 2018, where the oil will be stored for future export. Initially, the trucks have transported approximately 600 bopd and this is expected to steadily increase to 2,000 bopd once the Early Oil Production System is fully operational and production testing commences from the Amosing production facility. A first lifting of low sulphur Kenyan crude oil from Mombasa is expected in the first quarter of 2019.

At the end of June, trucking and operations were temporarily suspended due to protests by the local community. These issues lead to effective consultations between the local and National Government, and operations safely recommenced in mid-August.

Since January 2018, work to deliver on the agreed development plan has been underway with strong alignment between the Government of Kenya and the Joint Venture Partners. The project remains on track for an FID in 2019. The initial development is planned to include a 60,000 to 80,000 barrels of oil per day (bopd) Central Processing Facility (CPF) and an export pipeline to Lamu, some 750 kilometers from the South Lokichar basin on the Kenyan coast. This approach is expected to bring significant benefits as it enables an early Final Investment Decision (FID) of the Amosing and Ngamia fields, taking full advantage of the current low-cost environment for both the field and infrastructure development, as well as providing the best opportunity to deliver first oil in a timeline that meets the Government of Kenya expectations. The installed infrastructure can then be utilized for the optimization of the remaining and yet to be discovered South Lokichar oil fields, allowing the incremental development of these fields to be completed in an efficient and low cost manner post first oil.

The initial stage is planned to include 210 wells through 18 well pads at Ngamia and 70 wells through seven well pads at Amosing, with a planned plateau rate of 60,000 to 80,000 bopd. Additional stages of development are expected to increase plateau production to 100,000 bopd or greater. Total gross capex associated with the Foundation Stage is expected to be $2.9 billion, of which $1.8 billion is investment in the upstream and $1.1 billion is for the pipeline.

Front End Engineering and Design (“FEED”) and Environmental and Social Impact Assessment (“ESIA”) work on the upstream are now underway, following the award of the upstream FEED and Integrated Project Management contracts to WorleyParsons in May 2018.

A Joint Development Agreement (“JDA”), setting out a structure for the Government of Kenya and the Kenya Joint Venture Partners to progress the development of the export pipeline, was signed on 25 October, 2017. The associated FEED and ESIA have commenced, with the pipeline FEED contract awarded to Wood Group, as well as studies on pipeline financing and ownership, which are expected to continue throughout 2018.

Africa Oil Corp. has a 25% working interest in Blocks 10BB and 13T with Tullow Oil plc (50% and Operator) and TOTAL S.A. (25%) holding the remaining interests.

During the second quarter of 2018, the Company submitted a notice to the Government of Kenya relinquishing its interest in Block 9 (Kenya) resulting in a $44.7 million impairment of previously capitalized intangible exploration assets.

2018 Second Quarter Financial Results

Results of Operations
(Thousands United States Dollars)
(unaudited)

(thousands)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Salaries and benefits	$ 419	$ 320	$ 849	$ 570
Equity-based compensation	504	676	737	1,131
Travel	356	117	693	314
Office and general	76	32	432	89
Project evaluation	502	-	682	-
Donation	-	-	-	850
Depreciation	27	27	54	52
Professional fees	197	269	265	379
Stock exchange and filing fees	120	119	302	306
Fair market value adjustment of warrants	585	-	640	-
Share of loss from equity investment	941	332	1,649	612
Impairment of intangible exploration assets	44,689	-	44,689	-
Operating expenses	$ 48,416	$ 1,892	$ 50,992	$ 4,303

Operating expenses increased $46.5 million during the second quarter of 2018 compared to the same period in 2017. The Company recognized a $44.7 million impairment of intangible exploration assets during the three months ended June 30, 2018 relating to the relinquishment of Block 9 in Kenya. Salaries and benefits increased $0.1 million during the second quarter of 2018 compared to the same period in 2017 due to the addition of an employee during the quarter. Equity-based compensation decreased $0.2 million which can be mainly attributed to the decrease in the number and fair value of stock options granted at the end of 2017. Travel increased $0.2 million due to an increase in activities relating to business development and current operations. Project evaluation increased $0.5 million during the second quarter of 2018 due to costs associated with assessing potential Africa-related investment opportunities. The Company recognized $0.6 million in losses relating to the revaluation of Impact warrants acquired during the first quarter of 2018. The share of loss from equity investment increased $0.6 million during the three months ended June 30, 2018 compared to the same period in 2017. This is due to the Company recognizing losses from its investments in Africa Energy, Eco and Impact. The Eco investment was completed during November 2017 and the Impact investment was completed in March 2018.

Operating expenses increased $46.7 million during the six months ended June 30, 2018 compared to the same period in 2017. The Company recognized a $44.7 million impairment of intangible exploration assets during the six months ended June 30, 2018 relating to the relinquishment of Block 9 in Kenya. Salaries and benefits increased $0.3 million during the six months ended June 30, 2018 compared to the same period in 2017 due to the recovery of costs relating to the secondment of an employee during 2017 as well as the addition of an employee during the second quarter of 2018. Equity-based compensation decreased $0.4 million which can be mainly attributed to the decrease in the number and fair value of stock options granted at the end of 2017. Travel increased $0.4 million due to an increase in activities relating to business development and current operations. Office and general increased $0.3 million during the first half of 2018 compared to the same period in 2017 which is primarily due to increased activity related to current operations. Project evaluation increased $0.7 million during the first half of 2018 due to costs associated with assessing potential Africa-related investment opportunities. Donations decreased as the Company made a donation of $0.9 million during the first half of 2017 compared $ nil during the first half of 2018. The Company recognized $0.6 million in losses relating to the revaluation of Impact warrants acquired during the first quarter of 2018. The share of loss from equity investment increased $1.0 million during the six months ended June 30, 2018 compared to the same period in 2017. This is due to the Company recognizing losses from its investments in Africa Energy, Eco and Impact. The Eco investment was completed during November 2017 and the Impact investment was completed in March 2018.

Financial income and expense is made up of the following items:
(Thousands of United States Dollars)
(unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Interest and other income	$ 1,592	$ 802	$ 2,879	$ 1,571
Bank charges	(4)	(10)	(41)	(21)
Foreign exchange loss	(15)	(50)	(16)	(38)
Finance income	$ 1,592	$ 802	$ 2,879	$ 1,571
Finance expense	$ (19)	$ (60)	$ (57)	$ (59)

The Company holds the vast majority of its cash on hand in US dollars, the Company's functional currency. Interest Income fluctuates in accordance with cash balances, the currency that the cash is held in, and prevailing market interest rates. Interest rates on short-term U.S. dollar deposits have been increasing during the second half of 2017 and first half of 2018.

Consolidated Balance Sheets
(Thousands United States Dollars)
(unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 369,577	$ 392,290
Accounts receivable	37,561	75,052
Prepaid expenses	1,308	1,160
	408,446	468,502
Long-term assets		
Equity investments	59,166	17,053
Derivative financial instruments	3,704	-
Property and equipment	56	105
Intangible exploration assets	497,309	520,652
	560,235	537,810
Total assets	$ 968,681	$ 1,006,312
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 27,701	$ 31,658
Equity-based compensation liability	595	552
	28,296	32,210
Long-term liabilities		
Equity-based compensation liability	286	648
	286	648
Total liabilities	28,582	32,858
Equity attributable to common shareholders		
Share capital	1,305,129	1,290,796
Contributed surplus	50,296	49,814
Deficit	(415,326)	(367,156)
Total equity attributable to common shareholders	940,099	973,454
Total liabilities and equity attributable to common shareholders	$ 968,681	$ 1,006,312

Expenditures on intangible exploration assets of $21.3 million were incurred during the period ended June 30, 2018, which was offset by an impairment charge of $44.7 million relating to Block 9 in Kenya. These expenditures related primarily to costs associated with appraisal activities and development studies associated with the South Lokichar Basin (Blocks 10BB and 13T Kenya). The Company is debt free.

Contingent Liability – Kenya Revenue Authority

The Company's Kenyan Branch, of its wholly owned subsidiary, Africa Oil Kenya B.V., has been assessed corporate income tax and value added tax by the Kenya Revenue Authority ("KRA") relating to farmout transactions completed during the period 2012 to 2017.

The Company has objected to the assessment and is prepared to appeal any further claims made by the KRA in regard to this matter. Management has determined that based on the facts and Kenya tax law that the probability of paying the assessed tax is low. The KRA assessed tax is $51.5 million

Consolidated Statement of Cash Flows
(Thousands United States Dollars)
(unaudited)

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows provided by (used in):				
Operations:				
Net loss and comprehensive loss for the period	$ (46,843)	$ (1,150)	$ (48,170)	$ (2,791)
Items not affecting cash:				
Equity-based compensation	504	676	737	1,131
Depreciation	27	27	54	52
Impairment of intangible exploration assets	44,689	-	44,689	-
Share of loss from equity investments	941	332	1,649	612
Fair value adjustment - warrants	586	-	640	-
Unrealized foreign exchange loss	15	50	16	38
Changes in non-cash operating working capital	(86)	28	(141)	183
	(167)	(37)	(526)	(775)
Investing:				
Property and equipment expenditures	(1)	(10)	(5)	(12)
Intangible exploration expenditures	(10,360)	(16,201)	(21,346)	(31,072)
Advance carry relating to farmout	18,750	-	37,500	-
Equity investment	(18,000)	-	(30,922)	-
Warrants acquired in equity investment	-	-	(2,857)	-
Changes in non-cash investing working capital	465	3,075	(3,973)	5,942
	(9,146)	(13,136)	(21,603)	(25,142)
Financing:				
Common shares issued	-	-	5	304
Settlement of Restricted Share Units	-	-	(573)	(553)
	-	-	(568)	(249)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency	(15)	(50)	(16)	(38)
Increase (decrease) in cash and cash equivalents	(9,328)	(13,223)	(22,713)	(26,204)
Cash and cash equivalents, beginning of the period	$ 378,906	$ 450,080	$ 392,290	$ 463,061
Cash and cash equivalents, end of the period	$ 369,577	$ 436,857	$ 369,577	$ 436,857
Supplementary information:				
Interest paid	Nil	Nil	Nil	Nil
Income taxes paid	Nil	Nil	Nil	Nil

The following table breaks down the material components of intangible exploration expenditures for the six months ended June 30, 2018 and 2017:

For the six months ended	June 30, 2018			June 30, 2017		
(thousands)	Kenya	Ethiopia	Total	Kenya	Ethiopia	Total
Drilling and completion	$ 7,657	$ 9	**$ 7,666**	$ 15,383	$ 165	**$ 15,548**
Development studies	6,448	-	**6,448**	7,148	-	**7,148**
Exploration surveys and studies	76	61	**137**	697	32	**729**
PSA and G&A related	6,465	630	**7,095**	7,012	635	**7,647**
Total	$ 20,646	$ 700	**$ 21,346**	$ 30,240	$ 832	**$ 31,072**

Africa Oil incurred $20.6 million of intangible exploration expenditures in Kenya for the six months ended June 30, 2018. Drilling and completion expenditures primarily relate to the waterflood pilot test being performed on the Ngamia-11 appraisal well as well as extended well testing on the Ngamia field. Development study expenditures are associated with studies aimed at progressing towards project sanction for the South Lokichar Basin.

The Company incurred $0.7 million of intangible exploration expenditures in Ethiopia for the six months ended June 30, 2018, which consists of license fees and general and administrative costs.

Consolidated Statement of Equity
(Thousands United States Dollars)
(unaudited)

	June 30, 2018	June 30, 2017
Share capital:		
Balance, beginning of the period	$ 1,290,796	$ 1,290,389
Share issuance	14,327	-
Exercise of options	6	407
Balance, end of the period	1,305,129	1,290,796
Contributed surplus:		
Balance, beginning of the period	$ 49,814	$ 49,677
Equity-based compensation	483	1,131
Settlement of Restricted Share Units	-	(553)
Exercise of options	(1)	(103)
Balance, end of the period	50,296	50,152
Deficit:		
Balance, beginning of the period	$ (367,156)	$ (362,625)
Net loss and comprehensive loss attributable to common shareholders	(48,170)	(2,791)
Balance, end of the period	(415,326)	(365,416)
Total equity attributable to common shareholders	$ 940,099	$ 975,532

The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three and six months ended June 30, 2018 and 2017, and the 2017 Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.africaoilcorp.com).

About Africa Oil

Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya and Ethiopia. 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 Corp. is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below at 6:30 p.m. Toronto Time on August 14, 2018.

FORWARD LOOKING INFORMATION

Certain statements made 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. Forward-looking statements include, but are not limited to, statements with respect to estimates of reserves and or resources, future production levels, future capital expenditures and their allocation to exploration and development activities, future drilling and other exploration and development activities, ultimate recovery of reserves or resources and dates by which certain areas will be explored, developed or reach expected operating capacity, that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

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.

ON BEHALF OF THE BOARD

“Keith C. Hill”
President and CEO

For further information, please contact: Sophia Shane, Corporate Development (604) 689-7842.