



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 FOURTH QUARTER AND FULL YEAR FINANCIAL AND OPERATING RESULTS

February 28, 2019 (AOI-TSX, AOI-Nasdaq-Stockholm) ... Africa Oil Corp. (“Africa Oil” or the “Company”) is pleased to announce its financial and operating results for three months and year ended December 31, 2018.

HIGHLIGHTS:

- The Company ended the year with cash of \$370.3 million and working capital of \$340.7 million;
- On February 6, 2019, a significant discovery was announced at the Brulpadda-1AX well on Block 11B/12B offshore South Africa. Africa Oil holds an indirect interest in the project as a result of its equity interests in Africa Energy Corp (34.5% ownership interest) and Impact (30.1% ownership interest);
- During the fourth quarter, the Company received the fourth and final \$18.75 million advance development carry payment from Total (total received during 2018: \$75 million);
- South Lokichar basin (Blocks 10BB and 13T – Kenya) appraisal and development planning activities continue. Work has concluded in both the Amosing and Ngamia fields, where water injection testing took place at Ngamia-11 with 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 review of results from this program commenced in the third quarter of 2018;
- The transfer of stored crude oil from Turkana to Mombasa by road continues, with trucks continuing to be dispatched, transporting approximately 600 bopd. To date, approximately 60,000 barrels of oil has been transported to Mombasa. The volume of oil transported by truck is expected to increase to 2,000 bopd once the Early Oil Production System is fully operational and production testing commences from the Amosing production facility. The first lifting of sweet Kenyan crude oil stored in Mombasa is expected in the second quarter of 2019;
- Front End Engineering and Design (FEED) and Environmental and Social Impact Assessment (ESIA) work associated with the upstream South Lokichar development project continues, following the award of the upstream FEED and Integrated Project Management contracts to WorleyParsons during the second quarter;
- Pipeline FEED and ESIA are nearing completion, with FEED awarded to Wood Group;
- The Joint Venture Partners (Blocks 10BB and 13T – Kenya) continue to negotiate key commercial Heads of Terms with the Government of Kenya, related to agreements expected to establish the commercial structure associated with field development;
- In October 2018, the Company announced it had entered into a share purchase agreement to acquire an effective 12.5% ownership interest in a company who holds interests in multiple producing and developing fields offshore Nigeria (please refer to press release dated 31st October 2018). Completion of the transaction is subject to customary conditions precedent, including Nigerian Government consent; and
- During the fourth quarter, following on from the initial investment in the first quarter, the Company increased its ownership interest in Impact Oil and Gas Limited by investing \$14.1 million. An additional \$6.3 million was invested subsequent to year end. Africa Oil currently owns approximately 30.1% of Impact.

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.

2018 Fourth Quarter and Year End Financial Results
(Thousands United States Dollars, except Per Share and Share Amounts)

| | December 31, 2018 | | December 31, 2017 | |
|---|--------------------------------------|--------------------------------------|------------------------------|------------------------------|
| Cash and cash equivalents | 370,337 | | 392,290 | |
| Total assets | 953,911 | | 1,006,312 | |
| Total liabilities | 31,831 | | 32,858 | |
| Total equity attributable to common shareholders | 922,080 | | 973,454 | |
| Working capital | 340,745 | | 436,292 | |
| | Three months ended December 31, 2018 | Three months ended December 31, 2017 | Year ended December 31, 2018 | Year ended December 31, 2017 |
| Operating expenses | 20,171 | 2,442 | 73,521 | 9,054 |
| Net loss | 18,221 | 796 | 66,714 | 4,531 |
| Net loss per share (basic and diluted) | 0.04 | 0.00 | 0.14 | 0.01 |
| Weighted average number of shares outstanding (basic and diluted) ('000s) | 470,568 | 456,617 | 468,046 | 456,604 |
| Number of shares outstanding ('000s) | 470,568 | 456,617 | 470,568 | 456,617 |
| Cash flows provide by (used in) operations | (1,939) | (107) | (1,949) | (864) |
| Cash flows provide by (used in) investing | (10,652) | (31,439) | (19,353) | (69,634) |
| Cash flows provide by (used in) financing | - | - | (568) | (249) |
| Total change in cash and cash equivalents | (12,664) | (31,615) | (21,953) | (70,771) |
| Change in share capital | - | - | 14,333 | 407 |
| Change in contributed surplus | 254 | (1,078) | 1,007 | 137 |
| Change in deficit | (18,221) | (796) | (66,714) | (4,531) |
| Total change in equity | (17,967) | (1,874) | (51,374) | (3,987) |

The financial information in this table was selected from the Company's audited consolidated financial statements for the year ended December 31, 2018. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the year ended December 31, 2018 and 2017, and the 2018 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 ended the year with cash of \$370.3 million and working capital of \$340.7 million in comparison to cash of \$392.3 million and working capital of \$436.3 million at the end of 2017. Africa Oil is debt free. Investments in intangible exploration expenditures of \$44.8 million were incurred during 2018 (Q4 - \$14.6 million). These expenditures relate primarily to costs associated with appraisal activities and developments studies related to the South Lokichar basin (Blocks 10BB and 13T Kenya). Additional investments were made in Africa Energy Corp. (\$18 million) and Impact (\$29.8 million) during 2018 (Q4 - \$14.0 million). Offsetting these expenditures, were \$75 million of advance development carry funds received from Total during the year (Q4 - \$18.75 million).

Operating expenses increased \$17.7 million during the fourth quarter of 2018 compared to the same period in 2017. The Company recognized an impairment relating to the Company's intangible exploration assets in Ethiopia of \$4.9 million during the fourth quarter of 2018. The share of loss from equity investment increased \$10.4 million during the three months ended December 31, 2018 compared to the same period in 2017. This is due to the Company recognizing greater losses from its investments in Africa Energy and Impact as well as Eco. The Eco investment was completed during November 2017 and the initial Impact investment was completed in March 2018. Salaries and benefits increased \$0.4 million during the three months ended December 31, 2018 which is primarily due to an increase in annual short-term incentive pay. Project evaluation increased \$1.5 million during the three months ended December 31, 2018 due to costs associated with assessing potential Africa-related investment opportunities. Donations increased as the Company made a donation of \$0.7 million during the fourth quarter of 2018 compared \$ nil during the fourth quarter of 2017.

Operating expenses increased \$64.5 million during the year ended December 31, 2018 compared to the year ended 2017. The Company recognized a \$49.6 million impairment of intangible exploration assets during the year ended December 31, 2018 relating to its interests in Block 9 (Kenya) and the Rift Basin Area (Ethiopia). The share of loss from equity investment increased \$10.7 million during the year ended December 31, 2018 compared to the year ended 2017. This is due to the Company recognizing greater losses from its investment in Africa Energy as well as losses from its investments in Africa Energy and Impact as well as Eco. Project evaluation costs increased \$2.5 million during the year ended December 31, 2018 due to costs associated with assessing potential Africa-related investment opportunities.

About Africa Oil

Africa Oil Corp. is a Canadian oil and gas company with assets in Kenya and Ethiopia and has recently signed an agreement to acquire an interest in a producing asset in deepwater Nigeria. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

Additional Information

The information in this release is subject to the disclosure requirements of Africa Oil Corp. under the EU Market Abuse Regulation and the Swedish Securities Market Act. This information was publicly communicated on February 28, 2019 at 7:30 p.m. Toronto Time.

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, ongoing uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the results of future exploratory activity in the Brulpadda-1AX well,

anticipated date, results and costs of the lifting of the sweet Kenyan crude oil stored in Mombasa, the Company's negotiations with its Joint Venture Partners and the Government of Kenya, and the completion of the Company's transaction(s) in Nigeria. 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.