



Suite 2000, 885 West Georgia Street, Vancouver BC, Canada V6C 3E8
Tel: (604) 689-7842, Fax: (604) 689-4250
info@africaenergycorp.com, africaenergycorp.com

Press release

Africa Energy Reports 2022 Year End Results

March 29, 2023 – Africa Energy Corp. (TSX Venture: AFE) (Nasdaq First North: AEC) (“Africa Energy” or the “Company”), an oil and gas exploration company, announces financial and operating results for the year ended December 31, 2022.

Garrett Soden, the Company’s President and CEO, commented: “The Block 11B/12B joint venture has applied for the Production Right and is advancing the proposed Luiperd gas condensate development to support South Africa’s energy transition. The Company expects the operator, TotalEnergies, to finalize the development concept and gas offtake terms this year before receiving the Production Right approval in early 2024.”

OUTLOOK

The Block 11B/12B joint venture has applied for the Production Right and is contemplating an early production system (“EPS”) for a phased development of the Paddavissie Fairway. The EPS would provide first gas and condensate production from the Luiperd discovery and would accelerate the Block 11B/12B development timeline by utilizing nearby infrastructure on the adjacent block in order to supply natural gas to customers in Mossel Bay. The EPS would significantly decrease the capital expenditures required to reach first production on Block 11B/12B. The Company expects that a full development of the Paddavissie Fairway would follow the EPS as the gas market expands in South Africa. We are encouraged by the 2D and 3D seismic data that has identified additional prospectivity in the Paddavissie Fairway and to the east, confirming the large exploration upside remaining across the block. The development of Block 11B/12B will have positive implications for the South African economy and will be critical in facilitating the country’s energy transition beyond coal with a domestic natural gas supply.

HIGHLIGHTS

- On September 7, 2022, the Company announced that the joint venture partners on Block 11B/12B¹ offshore South Africa submitted an application for a Production Right.
- On November 18, 2022, the Company announced that the Gazania-1 exploration well on Block 2B² offshore South Africa did not encounter commercial hydrocarbons. The well was logged, plugged and abandoned.
- On December 19, 2022, the Company secured a US\$5 million credit facility from its major shareholders.
- At December 31, 2022, the Company had US\$6.8 million in cash.

¹ Africa Energy owns 49% of the common shares and 100% of the Class B shares of Main Street 1549 Proprietary Limited, which has a 10% participating interest in the Exploration Right for Block 11B/12B offshore South Africa.

² Africa Energy holds a 27.5% interest in Block 2B.

FINANCIAL INFORMATION

(Audited; thousands of US dollars, except per share amounts)

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating income/(expenses)	(20,826)	21,576
Net income/(loss)	(20,772)	21,564
Net income/(loss) per share (basic and diluted)	(0.01)	0.02
Weighted average number of shares outstanding (basic)	1,402,128	1,396,025
Weighted average number of shares outstanding (diluted)	1,402,128	1,408,793
Number of shares outstanding	1,407,812	1,398,603
Cash flows provided by (used in) operations	(3,022)	(4,038)
Cash flows provided by (used in) investing	(7,217)	(5,001)
Cash flows provided by (used in) financing	6,216	287
Total change in cash and cash equivalents	(4,058)	(8,791)
Change in share capital	2,177	531
Change in contributed surplus	2,066	1,230
Change in deficit	20,772	(21,564)
Total change in equity	(16,529)	23,325
	December 31, 2022	December 31, 2021
Cash and cash equivalents	6,794	10,852
Total assets	257,424	267,240
Total liabilities	8,390	1,677
Total equity	249,034	265,563
Net working capital	3,863	9,473

The financial information in this table was selected from the Company's audited consolidated financial statements for the year ended December 31, 2022 (the "Financial Statements"), which are available on SEDAR at www.sedar.com and the Company's website at www.africaenergycorp.com.

EARNINGS TREND AND FINANCIAL POSITION

(Audited; US dollars)

The Company recorded \$20.8 million of operating expenses for the year ended December 31, 2022, compared to \$21.6 million of operating income for the same period in 2021. The Company impaired the full amount of its intangible exploration assets in Block 2B, resulting in a \$14.7 million write-down during the fourth quarter of 2022. During the fourth quarter of 2021, the Company recorded a \$27.1 million non-cash gain on revaluation of the financial asset. The non-cash gain on revaluation of the financial asset relates to the Company's investment in Block 11B/12B and is due to increases in the base assumptions for commodity prices.

At December 31, 2022, the Company had cash of \$6.8 million and working capital of \$3.9 million compared to cash of \$10.9 million and working capital of \$9.5 million at December 31, 2021. The reduction in cash and working capital since December 31, 2021, can be mainly attributed to cash-based operating expenditures and intangible exploration expenditures related to the drilling of the Gazania-1 exploration well on Block 2B.

On December 23, 2022, the Company entered into a promissory note agreement with Africa Oil Corp. for \$2.0 million, Deepkloof Limited for \$2.0 million and Lorito Holdings S.à.r.l. for \$1.0 million. The maturity date of the promissory note is January 31, 2024, at a 10% annual interest rate if repaid by October 31, 2023, or 15% annual interest rate if repaid after October 31, 2023. The promissory note has no security and is repayable pro rata any time before maturity without penalty.

NEXT EARNINGS REPORT RELEASE

The Company plans to report its results for the three months ended March 31, 2023, on May 10, 2023.

About Africa Energy Corp.

Africa Energy Corp. is a Canadian oil and gas exploration company focused on South Africa. The Company is listed in Toronto on TSX Venture Exchange (ticker "AFE") and in Stockholm on Nasdaq First North Growth Market (ticker "AEC"). Africa Energy is part of the Lundin Group of Companies.

For further information, please contact:

Jeromie Kufflick
Chief Financial Officer
+1 (604) 689-7842

Robert Eriksson
Investor Relations, Sweden
+46 701 112 615

info@africaenergycorp.com
www.africaenergycorp.com

Important information

This is information that Africa Energy 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 on March 29, 2023, at 5:30 p.m. ET.

The Company's certified advisor on Nasdaq First North Growth Market is Aktieinvest FK AB, +46 739 49 62 50, rutger.ahlerup@aktieinvest.se.

Forward looking statements

Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or the Company's future performance, business prospects and opportunities, which are based on assumptions of management.

The use of any of the words "will", "expected", "planned" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of certain future events. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in oil prices, results of exploration and development activities, including results, timing and costs of seismic, drilling and development related activity in the Company's area of operations and, uninsured risks, regulatory changes, defects in title, availability of funds required to participate in the exploration activities, or of financing on reasonable terms, availability of materials and equipment on satisfactory terms, outcome of commercial negotiations with government and other regulatory authorities, timeliness of government or other regulatory approvals, actual performance of facilities, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual future results may differ materially. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this release is made as of the date hereof and the Company is not obligated

to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.