



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 REITERATES 2020 AND 2021 OIL PRICE HEDGES AND ITS 2020 MANAGEMENT GUIDANCE

March 16, 2020 (AOI-TSX, AOI-Nasdaq-Stockholm) – Africa Oil Corp. (“Africa Oil” or the “Company”) wishes to reiterate the oil price hedges arranged by its investee company, Prime Oil & Gas B.V. (“Prime”). These will significantly mitigate the impact of recent drop in global oil prices on the cash flows from operating activities net to Africa Oil’s 50% shareholding in Prime, that were recently announced as part of the Company’s 2020 Management Guidance.

Prime’s hedging program has resulted in 95% of its 2020 production to have been hedged at an average price of US\$66.0 per barrel, and 28% of its 2021 production to have been hedged at an average price of US\$60.0 per barrel. The 2020 hedging program is comprised of physical forward sales and swaps of Prime’s oil cargoes to a group of buyers including major oil companies and commodity trading houses. These counter parties are part of groups with investment grade credit ratings.

As previously stated, Africa Oil’s 2020 Management Guidance includes estimates of average daily working interest (“W.I.”) production range of 30,000–33,000 barrels of oil equivalent per day (“boe/d”) and net entitlement production¹ range of 35,000–38,000 boe/d net to AOI’s 50% shareholding in Prime, with more than 85% expected to be medium and light oil.

Based on the above production guidance, Africa Oil management expect Prime to generate cash flows from operating activities of approximately \$630–\$680 million, net to the Company’s 50% shareholding in Prime². Any dividends received by Africa Oil from Prime’s operating cash flows will be subject to Prime’s capital investment (2020 estimate of \$55 million net to the 50% shareholding) and financing cashflows, including payments of Prime’s Reserve Based Lending (“RBL”) principal amortization and interest payments, estimated to be approximately \$315 million and US\$50 million respectively in 2020, net to Africa Oil’s 50% shareholding in Prime.

Africa Oil President and CEO Keith Hill commented: “To say there have been fairly dramatic events over the past few days would be a vast understatement, we are obviously in very difficult market conditions. Good news for Africa Oil and its shareholders is that we are in a strong position, as Prime’s forward sales and hedges this year and next year will keep us in a robust financial health. So, despite the dramatic drop in oil prices, I am confident that we can deliver our 2020 Management Guidance. We will also look at curbing any discretionary spend until the magnitude and duration of these events are understood.”

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”.

¹ Net entitlement production is calculated using the economic interest methodology and include cost recovery oil, tax oil and profit oil and is different from W.I. production that is calculated based on project volumes multiplied by Prime’s effective working interest.

² 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.

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 Corp. is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below on March 16, 2020 at 3:00 a.m. ET.

Advisory Regarding Oil and Gas Information

The terms boe (barrel of oil equivalent) and MMboe (millions of barrels of oil equivalent) are used throughout this press release. Such terms may be misleading, particularly if used in isolation. The conversion ratio of six thousand cubic feet per barrel (6 Mcf:1 Bbl) of natural gas to barrels of oil equivalent and the conversion ratio of 1 barrel per six thousand cubic feet (1 Bbl:6 Mcf) of barrels of oil to natural gas equivalent 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.

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 2020 Management Guidance, the results 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 oil prices, results of exploration and development activities, uninsured risks, regulatory and fiscal 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.