Africa Energy Corp.

Africa Energy Reports Third Quarter 2020 Results

VANCOUVER, BC, Nov. 10, 2020 /CNW/ - **Africa Energy Corp.** (TSXV: AFE) (Nasdaq First North: AEC) ("Africa Energy" or the "Company"), an oil and gas company with exploration assets offshore South Africa and Namibia, announces financial and operating results for the three and nine months ended September 30, 2020. View PDF version

Garrett Soden, the Company's President and CEO, commented: "We now have two world-class discoveries with significant follow-on potential on Block 11B/12B offshore South Africa. The Luiperd drilling results were better than expected, and we look forward to announcing flow rates of natural gas and condensate liquids later this month. We plan to work with Total and the other joint venture partners over the next several months to advance the Block 11B/12B development concept."

OUTLOOK

Africa Energy recently announced a significant gas condensate discovery on the Luiperd Prospect on Block 11B/12B. The discovery reconfirms this world-class exploration play with substantial follow-on potential and follows the adjacent play-opening Brulpadda discovery in 2019 that proved a significant new petroleum province in the region. The Block 11B/12B joint venture is testing the Luiperd-1X well to assess dynamic reservoir characteristics and deliverability. Due to the success at Luiperd, the joint venture has decided to proceed with development studies and engage with authorities on gas commercialization rather than drilling another exploration well in the current program. The Company expects the joint venture to drill additional wells before the Exploration Right expires in September 2022.

Management is focused on closing the Block 2B farmouts whereby the Company will retain a 27.5% interest and be carried through the next exploration well, Gazania-1, which is expected to spud in the second quarter of 2021. Closing of the two farmout agreements is subject to standard conditions for this type of transaction, including approval of the South African government. Block 2B has significant contingent and prospective resources in shallow water close to shore and includes the A-J1 discovery from 1988 that flowed light sweet crude oil to surface. The Gazania-1 well will target two prospects in a relatively low-risk rift basin oil play up-dip from the discovery.

HIGHLIGHTS

- At September 30, 2020, the Company had cash of $39.1 million and no debt.
- The Company announced the signing of definitive agreements to increase its effective interest in Block 11B/12B offshore South Africa from 4.9% to 10%, subject to certain consents and approvals.[1]
- The Luiperd-1X exploration well was drilled in approximately 1,800 meters of water by the Odfjell Deepsea Stavanger semi-submersible rig to a total depth of about 3,400 meters. The well encountered 73 meters of net gas condensate pay over a mid-Cretaceous high-quality reservoir interval and did not encounter the water contact. The joint venture is currently conducting a drill stem test.
- Africa Energy completed a private placement in September 2020 issuing an aggregate of 81,667,000 common shares at a price of SEK 3.00 (approximately CAD 0.45) per share for gross proceeds of $27.6 million.
- The Block 11B/12B joint venture recently received the fully processed 2D seismic dataset (7,033 linear kilometers) from Shearwater and has begun full prospect analysis for the eastern part of the block. The fast-track dataset received earlier in the year confirmed the Kloofpadda Play Trend, which consists of several large and encouraging leads.
- The Block 11B/12B joint venture also recently received the fully integrated fast-track 3D seismic dataset (2,305 square kilometer from PGS and 570 square kilometers from Polarcus). Initial interpretive work has identified a number of additional leads. The Company expects to receive the fully processed 3D seismic dataset in Q1 2021.

_____

1 See the Company's disclosure in the September 30, 2020 Management Discussion and Analysis for more details.

FINANCIAL INFORMATION

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

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three and nine months ended September 30, 2020 (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

(Unaudited; US dollars)

	Three Months Ended	Three Months Ended	Nine Months Ended	Nine Months Ended

	Sept. 30, 2020	Sept. 30, 2019	Sept. 30, 2020	Sept. 30, 2019
Operating expenses	1,138	686	3,553	4,063
Net loss	(1,098)	(700)	(3,558)	(4,003)
Net loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of shares outstanding (basic and diluted)	798,067	684,063	779,309	683,763
Number of shares outstanding	883,940	684,217	883,940	684,217
Cash flows provided by (used in) operations	(698)	(454)	(2,363)	(2,602)
Cash flows provided by (used in) investing	(14,455)	(4)	(13,106)	1,954
Cash flows provided by (used in) financing	27,811	31	52,295	91
Total change in cash and cash equivalents	12,679	(462)	36,698	(564)
Change in share capital	28,536	64	53,467	168
Change in contributed surplus	(526)	246	(144)	1,302
Change in deficit	1,098	700	3,558	4,003
Total change in equity	26,912	(390)	49,765	(2,533)

	Sept. 30, 2020	December 31, 2019
Cash and cash equivalents	39,106	2,408
Total assets	93,182	41,908
Total liabilities	1,973	464
Total equity attributable to common shareholders	91,209	41,444
Net working capital	37,366	2,091

Operating expenses increased by $0.5 million for the three months ended September 30, 2020, compared to the same period in 2019 due to an increase in professional fees, stock exchange and filing fees related to the transactions to increase the Company's effective interest in Block 11B/12B offshore South Africa. This increase was partially offset by efforts to reduce overall corporate costs.

Operating expenses decreased by $0.5 million for the nine months ended September 30, 2020, compared to the same period in 2019 due to efforts to reduce overall corporate costs and a reduction in stock-based compensation from a decrease in the fair value expense per option. This decrease was partially offset by an increase in professional fees, stock exchange and filing fees related to the transactions to increase the Company's effective interest in Block 11B/12B offshore South Africa.

At September 30, 2020, the Company had cash of $39.1 million and working capital of $37.4 million compared to cash of $2.4 million and working capital of $2.1 million at December 31, 2019. The Company completed two private placements; one in September 2020 issuing an aggregate of 81,667,000 common shares at a price of SEK 3.00 (approximately CAD 0.45) per share for gross proceeds of $27.6 million, and another in February 2020 issuing an aggregate of 104,652,174 common shares at a price of SEK 2.30 (approximately CAD 0.32) per share for gross proceeds of $25.0 million. In addition, Main Street 1549, an entity owned 49% by Africa Energy and not consolidated in the Company's financial results, held $0.5 million cash with negative working capital of $5.9 million at September 30, 2020.

NEXT EARNINGS REPORT RELEASE

The Company plans to report results for the year ended December 31, 2020 on March 24, 2021.

About Africa Energy Corp.

Africa Energy Corp. is a Canadian oil and gas company with exploration assets offshore South Africa and Namibia. 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.

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 November 10, 2020 at 6:30 p.m. Eastern Time.

The Company's certified advisor on Nasdaq First North Growth Market is Pareto Securities AB, +46 8 402 5000, certifiedadviser.se@paretosec.com.

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 and drilling 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, 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.

SOURCE Africa Energy Corp.

For further information: Jeromie Kufflick, Chief Financial Officer, +1 (604) 689-7842; Sophia Shane, Investor Relations, Canada, +1 (604) 689-7842; Robert Eriksson, Investor Relations, Sweden, +46 701 112 615, info@africaenergycorp.com, www.africaenergycorp.com

---

Additional assets available online: Documents (1)

https://africaenergycorp.mediaroom.com/2020-11-10-Africa-Energy-Reports-Third-Quarter-2020-Results