Africa Energy Corp.

Africa Energy Reports 2021 Year End Results

VANCOUVER, BC, March 24, 2022 /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 year ended December 31, 2021. View PDF version.

Garrett Soden, the Company's President and CEO, commented: "We have contracted a rig and are excited to drill the Gazania oil exploration well on Block 2B offshore South Africa later this year. Block 2B has the A-J1 oil discovery and is in the prolific Orange Basin near the recent Graff and Venus discoveries. On Block 11B/12B, the joint venture partners continue to pursue a phased development of the Paddavissie Fairway relying on nearby infrastructure and gas demand in Mossel Bay. The current geopolitical and commodity price environment clearly demonstrates the benefits of accelerating South Africa's energy transition with domestic natural gas from Block 11B/12B."

OUTLOOK

On Block 2B, a drilling rig has been contracted to spud the Gazania-1 well by October 2022. Block 2B is located in the Orange Basin where Total and Shell recently announced the large Venus and Graff oil and gas discoveries across the border offshore Namibia. The block 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. Gazania-1 will target two large prospects seven kilometers up-dip from A-J1.

The Block 11B/12B joint venture partnership is currently performing development studies and preparing a field development plan and an environmental application in order to submit an application for the Production Right by September 2022. The joint venture 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 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

- At December 31, 2021, the Company had $10.9 million in cash and no debt.
- On March 3, 2022, the Block 2B joint venture partners contracted the Island Innovator semi-submersible rig to drill the Gazania-1 oil exploration well. The rig is expected to mobilize in August 2022 in order to spud the well by October 2022.
- The Block 11B/12B[1] joint venture is conducting a full prospect analysis from the fully-processed 2D seismic dataset acquired by Shearwater over the eastern part of the block (7,033 linear kilometers). The initial technical analysis has identified multiple prospects and leads some of which have potential direct hydrocarbon indicators within the Kloofpadda Play Trend that is currently being matured for potential future exploration drilling.
- The Block 11B/12B joint venture received the final fully-processed merged 3D data that integrates the PGS and Polarcus surveys over the Paddavissie Fairway in the first quarter of 2021 (2,305 square kilometers from PGS and 570 square kilometers from Polarcus). The improved quality of the final fully-processed 3D volume, resulting in significantly higher resolution, is expected to further reduce exploration risk. The final 3D volume has been integrated with the drilling and testing results to facilitate development studies. The initial technical analysis has identified multiple additional prospects within the greater Paddavissie Fairway with amplitudes conforming to structure that can be incorporated into any future development scheme.

[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.

FINANCIAL INFORMATION

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Operating income/(expenses)	21,576	(4,411)
Net income/(loss)	21,564	(4,263)

Net income/(loss) per share (basic and diluted)	0.02	(0.00)
Weighted average number of shares outstanding (basic)	1,396,025	873,814
Weighted average number of shares outstanding (diluted)	1,408,793	873,814
Number of shares outstanding	1,398,603	1,395,333
Cash flows provided by (used in) operations	(4,038)	(3,353)
Cash flows provided by (used in) investing	(5,001)	(32,001)
Cash flows provided by (used in) financing	287	52,588
Total change in cash and cash equivalents	(8,791)	17,235
Change in share capital	531	205,256
Change in contributed surplus	1,230	(199)
Change in deficit	(21,564)	4,263
Total change in equity	23,325	200,794

	December 31, 2021	**December 31, 2020**
Cash and cash equivalents	10,852	19,643
Total assets	267,240	244,034
Total liabilities	1,677	1,796
Total equity attributable to common shareholders	265,563	242,244
Net working capital	9,473	18,193

The financial information in this table was selected from the Company's audited consolidated financial statements for the year ended December 31, 2021 (the "Financial Statements"), which are available on SEDAR atwww.sedar.com and the Company's website at www.africaenergycorp.com.

EARNINGS TREND AND FINANCIAL POSITION

(Audited; US dollars)

The Company recorded $21.6 million of operating income for the year ended December 31, 2021, compared to $4.4 million of operating expense for the same period in 2020 due to a $27.1 million non-cash gain on revaluation of the financial asset in the fourth quarter of 2021. 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, 2021, the Company had cash of $10.9 million and working capital of $9.5 million compared to cash of $19.6 million and working capital of $18.2 million at December 31, 2020. The decrease in cash and working capital can be attributed to cash-based operating expenditures and investments in Main Street 1549 required to fund Block 11B/12B expenditures.

NEXT EARNINGS REPORT RELEASE

The Company plans to report results for the three months ended March 31, 2022, on May 13, 2022.

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 March 24, 2022, at 7:00 p.m. ET.

The Company's certified advisor on Nasdaq First North Growth Market is Aktieinvest FK AB, +46 739 4962 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 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 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.

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Additional assets available online: Documents (1)

https://africaenergycorp.mediaroom.com/2022-03-24-Africa-Energy-Reports-2021-Year-End-Results