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## Press release

# Africa Energy Announces Corporate Update and First Quarter 2023 Results

**May 10, 2023 – Africa Energy Corp. (TSX Venture: AFE) (Nasdaq First North: AEC)** (“Africa Energy” or the “Company”), an oil and gas exploration company, announces a corporate update and reports financial and operating results for the three months ended March 31, 2023.

## CORPORATE UPDATE

Africa Energy’s Chairman of the Board, William Lundin, will step down from the board at the Annual General Meeting (“AGM”) on June 22, 2023, in order to comply with industry corporate governance guidelines regarding the maximum number of non-executive director appointments per individual. Garrett Soden will replace William as Interim Chairman and remain President and CEO. Jan Maier, the Company’s VP Exploration, will retire on June 30, 2023.

William Lundin commented, “On behalf of the Lundin family, the Board of Directors and Management, I would like to thank all of the Africa Energy shareholders for their patience and continued commitment to the Company. Africa Energy has exposure to a world-class asset in Block 11B/12B that will play an important role in South Africa’s energy transition. We firmly believe that this prolific hydrocarbons fairway will be developed within the decade, and it should be productive for multiple generations after coming onstream. Despite today’s announcement about my departure from the board, I want to reiterate the Lundin family’s support for Africa Energy and its future funding requirements as a shareholder of the Company. The Lundin family does not have any intention of exiting the energy industry, rather we remain extremely bullish on the petroleum sector going forward. The incoming Chair, Garrett Soden, knows the Company, industry and local politics well, and he will continue to represent the Board of Directors and our key stakeholders with a high degree of professionalism and integrity as we advance Block 11B/12B into the development phase.”

Garrett Soden commented, “On behalf of the Board, I would like to thank William and the Lundin family for their continued support of Africa Energy. I would also like to thank Jan for leading our technical team since helping start the Company in 2015. Jan played a key role in identifying and securing the Block 11B/12B opportunity, which resulted in the large Brulpadda and Luiperd discoveries, the first deepwater oil and gas discoveries in South Africa. We expect the operator, TotalEnergies, to finalize the development concept and gas offtake terms this year before receiving the Production Right approval in early 2024. Of course, when the development timeline and economics are confirmed, we will look to monetize our investment in the best way possible. In the meantime, we are reducing costs significantly in order to conserve cash.”

## OUTLOOK

The Block 11B/12B<sup>1</sup> 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

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<sup>1</sup> 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.

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 May 10, 2023, the Company notified the joint venture partners on Block 2B of its intention to withdraw from future Block 2B operations.
- At March 31, 2023, the Company had US\$2.7 million in cash.

## FINANCIAL INFORMATION

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

	<b>Three Months Ended March 31, 2023</b>	<b>Three Months Ended March 31, 2022</b>
Operating expenses	2,193	2,517
Net loss	(2,286)	(2,395)
Net loss per share (basic and diluted)	(0.00)	(0.00)
Weighted average number of shares outstanding (basic and diluted)	1,407,812	1,398,603
Number of shares outstanding	1,407,812	1,398,603
Cash flows provided by (used in) operations	(931)	(1,239)
Cash flows provided by (used in) investing	(3,192)	(275)
Cash flows provided by (used in) financing	-	-
Total change in cash and cash equivalents	(4,137)	(1,398)
Change in share capital	-	-
Change in contributed surplus	1,099	1,133
Change in deficit	2,286	2,395
Total change in equity	(1,187)	(1,262)
	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	2,657	6,794
Total assets	253,734	257,424
Total liabilities	5,887	8,390
Total equity attributable to common shareholders	247,847	249,034
Net working capital	(3,057)	3,863

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended March 31, 2023 (the "Financial Statements"), which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's website at [www.africaenergycorp.com](http://www.africaenergycorp.com).

## EARNINGS TREND AND FINANCIAL POSITION

*(Unaudited; US dollars)*

The Company recorded \$2.2 million of operating expenses for the three months ended March 31, 2023, compared to \$2.5 million for the same period in 2022. Salary and benefit costs decreased by \$0.5 million due to a reduction in annual bonuses paid compared to the same period in 2022. During the three months ended March 31, 2023, the Company incurred \$0.3 million of operating costs relating to Block 2B.

At March 31, 2023, the Company had cash of \$2.7 million and a working capital deficiency of \$3.1 million compared to cash of \$6.8 million and working capital of \$3.9 million at December 31, 2022. The reduction in

cash and working capital since December 31, 2022, can be mainly attributed to cash-based operating expenditures and investments in Main Street 1549 Proprietary Ltd., the company that holds the direct interest in Block 11B/12B. In addition, Africa Energy entered into a promissory note agreement on December 23, 2023, 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 six months ended June 30, 2023, on August 11, 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.

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#### 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 May 10, 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](mailto: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.*