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## Press release

# Africa Energy Announces Third Quarter 2023 Results

**November 15, 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 three and nine months ended September 30, 2023.

Rob Nicolella, Chief Executive Officer of Africa Energy, said, “We are encouraged by the focus within the government of South Africa to resolve the current energy crisis and the requirement for natural gas to play a critical role in the energy transition.”

On March 6, 2023, the President of South Africa created a new role, appointing Dr. Kgosientsho Ramokgopa as Minister of Electricity in an effort to deal with the electricity crisis in South Africa. On October 26, 2023, the National Assembly issued a draft of the Upstream Petroleum Resources Development Bill highlighting the importance of national energy security and the role of gas in the energy transition in its objectives. As part of South Africa’s commitment to the Paris Climate Agreement, it must diversify energy mix, reducing its reliance on ageing coal fired power plants. In an effort to fulfill this commitment, the Department of Mineral Resources and Energy announced that a new gas master plan is being designed to balance demand and supply of natural gas until 2050 as the country transitions its energy mix accordingly and provides the country with reliable base load generation capacity. It is expected that the gas master plan will be released by the end 2023. In addition, the government of South Africa has committed to the unbundling of the government-owned electricity supplier into separate entities; Transmission, Generation and Distribution, creating an entity focused on expansion of the electricity grid, which is critical to allow future tie-in of potential gas-to-power projects.

## 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 for the conversion of natural gas to power and/or liquid petroleum products. 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 November 7, 2023, the Company executed an amendment to its promissory note increasing the total amount available under the promissory note to US\$8.3 million from US\$5.0 million, with an extended maturity date of March 31, 2025.

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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.

- 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 September 30, 2023, the Company had US\$0.9 million in cash.

## FINANCIAL INFORMATION

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

	<b>Three Months Ended Sept. 30, 2023</b>	<b>Three Months Ended Sept. 30, 2022</b>	<b>Nine Months Ended Sept. 30, 2023</b>	<b>Nine Months Ended Sept. 30, 2022</b>
Operating expenses	740	1,192	4,105	4,962
Net loss	(867)	(1,232)	(4,425)	(4,985)
Net loss per share (basic and diluted)	(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding (basic and diluted)	1,407,812	1,402,564	1,407,812	1,400,289
Number of shares outstanding	1,407,812	1,404,817	1,407,812	1,404,817
Cash flows provided by (used in) operations	(344)	(498)	(1,911)	(2,500)
Cash flows provided by (used in) investing	(13)	(33)	(3,927)	(1,934)
Cash flows provided by (used in) financing	-	546	-	801
Total change in cash and cash equivalents	(361)	(56)	(5,855)	(3,703)
Change in share capital	-	1,094	-	1,497
Change in contributed surplus	474	87	2,121	1,701
Change in deficit	867	1,232	4,425	4,985
Total change in equity	(393)	(51)	(2,304)	(1,787)
		<b>Sept. 30, 2023</b>	<b>December 31, 2022</b>	
Cash and cash equivalents		939	6,794	
Total assets		252,251	257,424	
Total liabilities		5,521	8,390	
Total equity		246,730	249,034	
Net working capital		(4,428)	3,863	

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, 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 \$0.7 million of operating expenses for the three months ended September 30, 2023, compared to \$1.2 million for the same period in 2022. Costs decreased in substantially all categories due to cost-cutting measures undertaken in 2023.

The Company recorded \$4.1 million of operating expenses for the nine months ended September 30, 2023, compared to \$5.0 million for the same period in 2022. Costs decreased in substantially all categories due to cost-cutting measures undertaken in 2023.

At September 30, 2023, the Company had cash of \$0.9 million and a working capital deficiency of \$4.4 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 19, 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 was 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. On November 7, 2023, the Company executed amendments to the promissory note, increasing the total amount available under the promissory note to \$8.3 million from \$5.0 million, with an annual interest rate of 15% and a maturity date of March 31, 2025.

## **NEXT EARNINGS REPORT RELEASE**

The Company plans to report its results for the year ended December 31, 2023, on March 27, 2024.

### **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").

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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 November 15, 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.*