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Press release

Africa Energy Announces Second Quarter 2023 Results

August 11, 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 six months ended June 30, 2023.

OUTLOOK

The Block 11B/12B¹ 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 largie 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 June 30, 2023, the Company had US\$1.3 million in cash.

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

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Operating expenses	1,172	1,253	3,365	3,770
Net loss	(1,272)	(1,358)	(3,558)	(3,753)
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	1,399,658	1,407,812	1,399,134
Number of shares outstanding	1,407,812	1,400,310	1,407,812	1,400,310
Cash flows provided by (used in) operations	(636)	(763)	(1,567)	(2,002)
Cash flows provided by (used in) investing	(722)	(1,626)	(3,914)	(1,901)
Cash flows provided by (used in) financing	-	255	-	255
Total change in cash and cash equivalents	(1,357)	(2,249)	(5,494)	(3,647)
Change in share capital	-	403	-	403
Change in contributed surplus	548	481	1,647	1,614
Change in deficit	1,272	1,358	3,558	3,753
Total change in equity	(724)	(474)	(1,911)	(1,736)
		June 30, 2023	December 31, 2022	
Cash and cash equivalents		1,300	6,794	
Total assets		252,561	257,424	
Total liabilities		5,438	8,390	
Total equity attributable to common shareholders		247,123	249,034	
Net working capital		(4,025)	3,863	

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three and six months ended June 30, 2023 (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)

The Company recorded \$1.2 million of operating expenses for the three months ended June 30, 2023, compared to \$1.3 million for the same period in 2022. Costs were relatively consistent when compared to the prior period.

The Company recorded \$3.4 million of operating expenses for the six months ended June 30, 2023, compared to \$3.8 million for the same period in 2022. The decrease from the prior period can be mainly attributed to salary and benefit costs, which decreased by \$0.5 million due to a reduction in annual bonuses paid compared to the same period in 2022.

At June 30, 2023, the Company had cash of \$1.3 million and a working capital deficiency of \$4.0 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. The Company plans to enter into discussions with the holders of the promissory notes to increase the amount and extend the maturity of the promissory notes.

NEXT EARNINGS REPORT RELEASE

The Company plans to report its results for the nine months ended September 30, 2023, on November 15, 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").

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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 August 11, 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.

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.