



Suite 2000
885 West Georgia Street
Vancouver, B.C. Canada V6C 3E8
Ph. 604-689-7842
africaoilcorp@namdo.com
africaoilcorp.com

NEWS RELEASE

AFRICA OIL ANNOUNCES STRONG FIRST QUARTER 2022 WITH RECEIPT OF THE LARGEST PRIME DIVIDEND TO DATE AND THE MAJOR VENUS LIGHT OIL DISCOVERY

May 12, 2022 (AOI-TSX, AOI-Nasdaq-Stockholm) – Africa Oil Corp. (“Africa Oil”, “AOC” or the “Company”) is pleased to announce its financial and operating results for the three months ended March 31, 2022.

Highlights

- Venus-1X exploration well makes a significant light oil discovery on Block 2913B, offshore Namibia. AOC has a 6.2% interest through its investment in Impact Oil and Gas Limited.
- Q1 2022 net income of \$45.6 million (Q1 2021: \$38.9 million) and end of quarter cash balance of \$140.6 million (December 31, 2021: \$58.9 million).
- The Company paid its maiden semi-annual dividend of \$0.025 per share (approximately \$11.9 million) to its shareholders. This is the initial step in delivering on the Company’s commitment of returning capital to the shareholders.
- The Corporate Facility was amended to provide the Company with a stand-by line of liquidity of \$100.0 million, available for general corporate purposes, including acquisitions, until end 2022.
- Prime drew down a further \$150.0 million under its pre-export finance facility (“PXF Facility”), increasing the outstanding balance to \$300.0 million and further extending the duration of its debt profile.
- The Company received one dividend from its shareholding in Prime, totaling \$100.0 million¹.
- Selected Prime’s results net to Africa Oil’s 50% shareholding*:
 - Average daily W.I. production of 25,400 boepd and economic entitlement production of 27,400 boepd (83% light and medium crude oil and 17% conventional natural gas) in Q1 2022 (Q1 2021: 26,200 boepd and 30,100 boepd respectively)^{3,4,5};
 - Cash position of \$265.7 million and debt balance of \$501.0 million at March 31, 2022; Robust Net Debt to EBITDAX⁶ for the twelve months ended March 31, 2022, of 0.4x (twelve months ended December 31, 2021: 0.4x);
 - in Q1 2022, EBITDAX⁶ of \$122.2 million (Q1 2021: \$143.4 million); and
 - in Q1 2022, cash generated from operating activities of \$116.6 million (Q1 2021: \$78.8 million)⁷.

Africa Oil President and CEO Keith Hill commented: “I am pleased to report another strong quarter of operating and financial results. We received our largest dividend payment from Prime to date for \$100 million. This takes our total dividend receipts to \$500 million since our acquisition of a 50% interest in Prime in January 2020 for \$520 million. Also, our share of Prime’s cash at end of first quarter 2022 of approximately \$266 million, compares to about \$70 million at the time of the acquisition. Prime’s performance, that includes achieving positive reserves replacement ratios for the last two years, has exceeded all our expectations. However, I view the news of the Venus light oil discovery as the most important and exciting update in the first quarter of this year. Most immediately, we can look forward to the high-impact Venus appraisal drilling program and the Gazania exploration well, both of which are expected to commence later this year. We also have further prospectivity on Block 3B/4B, which we

* Important information: Africa Oil’s interest in Prime is accounted for as an investment in joint venture. Refer to Note 2 on page 4 for further details. Please also refer to other notes on page 5 for important information on the material presented.

operate with a 20% interest and on Impact's Orange Basin Deep Block, both are in Orange Basin and on trend with the Venus discovery."

2022 First Quarter Financial Results

(Thousands United States Dollars, except Per Share and Share Amounts)

	March 31, 2022	December 31, 2021
Cash and cash equivalents	140,607	58,885
Total assets	1,029,380	991,618
Short-term debt	-	-
Long-term debt	-	-
Total liabilities	43,832	43,560
Total equity attributable to common shareholders	985,548	948,058

	Three months ended March 31, 2022	Three months ended March 31, 2021
Share of profit from investment in joint venture	51,005	48,814
Share of profit/ (loss) from investment in associates	2,733	(885)
Total operating income	53,738	47,929
Net operating income	46,789	44,206
Net income	45,608	38,920
Net income per share - basic	0.10	0.08
Net income per share - diluted	0.09	0.08
Weighted average number of share outstanding - basic ('000s)	475,090	472,147
Weighted average number of share outstanding - diluted ('000s)	485,113	475,011
Number of shares outstanding ('000s)	477,141	473,252
Cash flows used in operations	(4,780)	(3,401)
Cash flows provided by/ (used in) investing	99,332	(2,338)
Cash flows used in financing	(12,812)	(5,288)
Total change in cash and cash equivalents	81,722	(11,039)
Total change in equity	37,490	27,923

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended March 31, 2022. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2022 and 2021, and the 2021 Report to Shareholders and Annual Information Form have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.africaoilcorp.com).

FINANCIAL POSITION AND EARNINGS

The Company recognized a total operating income of \$53.7 million and net income of \$45.6 million during the first quarter of 2022. The operating income primarily relates to the Company's share of profit from its investments in Prime amounting to \$51.0 million.

The Company ended first quarter 2022 with cash of \$140.6 million in comparison to cash of \$58.9 million at the end of 2021. The Company has no outstanding debt. During first quarter 2022, Prime paid one dividend for \$200.0 million with net payment to Africa Oil of \$100.0 million, related to its 50% shareholding interest. Since the acquisition of a 50% shareholding in Prime in January 2020 for \$519.5 million, the Company has received 11 dividends from Prime for a total amount of \$500.0 million, representing 96% of the closing purchase price has been returned in less than two years.

On January 31, 2022, the Company announced that all lenders to its Corporate Facility had approved increasing the available amount to \$100.0 million from the then unutilized amount of \$62.0 million, and extending the availability period to December 31, 2022, from May 13, 2022. The Corporate Facility maturity date of May 13, 2024, and interest margins were unchanged.

On February 28, 2022, the Company announced that its Board of Directors had declared an initial aggregate annual dividend of \$0.05 per share (approximately \$24.0 million) to be paid semi-annually, with the first payment payable on March 31, 2022, to shareholders of record at the close of business on March 17, 2022.

This initial annual dividend has been determined by the Board to strike a prudent balance between allocating capital for potential acquisitions, shareholder capital returns and maintaining a robust balance sheet in a range of oil market conditions. The Board will regularly review this policy and depending on the Company's progress in maturing acquisition opportunities and the market outlook, the Board may approve additional distributions and/or share buybacks, subject to the customary approvals. As always, the declaration of dividends is at the discretion of the Board.

PRIME'S FIRST QUARTER 2022 PERFORMANCE

Prime's first quarter 2022 average daily W.I. production was 25,400 boepd and economic entitlement production was 27,400 boepd (83% light and medium crude oil and 17% conventional natural gas), net to Africa Oil's 50% shareholding in Prime. These compare to first quarter 2021⁵ average working Interest production of 26,200 boepd and economic entitlement production of 30,100 boepd (83% light and medium crude oil and 17% conventional natural gas), net to Africa Oil's 50% shareholding in Prime.

During the first quarter 2022, Prime was allocated 5 oil liftings with total sales volume of approximately 5.0 million barrels or 2.5 million barrels net to Africa Oil's 50% shareholding. These volumes only represent Prime's share of cost and profit oil, with its share of tax oil lifted and sold on its behalf by the operators to settle its tax liabilities.

Prime achieved an average realized oil price of \$68.8/bbl in Q1 2022 (Q1 2021: \$58.1/bbl) including hedging.

Prime achieved first quarter 2022 sales revenue of \$204.4 million (Q1 2021: \$162.2 million⁸); EBITDAX of \$122.2 million (Q1 2021: \$143.4 million) and cash flow generated from operating activities of \$116.6 million (Q1 2021: \$78.8 million⁷), in each case net to Africa Oil's 50% shareholding.

During the first quarter 2022, Prime increased its PXF Facility on the back of the approval by the PXF lenders received last year and drew down a further \$150.0 million, increasing the PXF Facility amount and outstanding balance to \$300.0 million. The PXF Facility is arranged by Shell Western Supply and Trading Limited and Africa Finance Corporation and has a 7-year tenor, extending the duration of Prime's debt profile on very competitive cost terms that are comparable to Prime's reserves-based lending ("RBL") facility.

As at March 31, 2022, net to the Company's 50% shareholding, Prime had \$265.7 million of cash and debt of \$501.0 million (as at December 31, 2021 - \$258.9 million of cash and debt of \$508.4 million).

The debt outstanding has decreased slightly following gross repayments on the RBL Facility of \$164.8 million which net off a drawdown on the PXF Facility of \$150.0 million. Net to the Company's 50% shareholding, the overall debt has reduced by \$7.4 million during Q1 2022. The next repayment under the RBL facility will not occur until September 2022. The PXF repayments will also begin in September 2022.

As at March 31, 2022, Prime has a Net Debt of \$470.6 million (as at December 31, 2021 - Net Debt of \$498.9 million) and a Net Debt/EBITDAX of 0.4x for the twelve months ended March 31, 2022, (0.4x for the twelve months ended December 31, 2021) as Net Debt and EBITDAX remained similar. The strength of this ratio demonstrates the low leverage of Prime compared with industry peers. This strong Net Debt/EBITDAX ratio, combined with the full repayment of the Company's Corporate Facility in 2021 means the Company and Prime are well placed to raise more debt in the future if required. Net Debt/EBITDAX is a non-GAAP measure and a reconciliation is performed in Note 6 on page 5.

OUTLOOK

Performance of the Company's investment in Prime has continued to exceed expectations with strong cash flows, dividend distributions and very modest investments on the upstream assets, offshore Nigeria. Higher oil prices and a strengthening outlook for the oil markets support increasing capital investments to arrest production declines and monetize undeveloped assets, such as the Preowei field, a low-risk satellite tie-back project to the Egina Floating Production, Storage and Offloading platform ("FPSO").

The successful drilling and completion of Akpo-P4 infill well, that came onstream late last year and which was ramped up to 6,000 bopd, is very encouraging for the upcoming drilling program on OML 130. The operator is finalizing an extendable one-year rig contract with the plan to drill up to 9 development wells and up to 2 near field exploration/appraisal wells on the current rig schedule, with

the drilling expected to commence at end of Q3 2022. Processing of the 2021 Egina 4D seismic survey is ongoing and is helping to confirm the final well locations. Up to 3 development wells are expected to be completed on the asset by the end of this year, with further infill drilling or near field exploration/appraisal expected after the completion of the first 3 infill wells on Egina. The rig will move to Akpo upon completion of the Egina drilling campaign.

The Company will work to maximize Prime's dividends by distributing its excess cash, whilst maintaining a prudent treasury management policy at Prime. The near-term priority is to extend Prime's debt tenor with the primary objective over the next year of refinancing Prime's RBL facility, possibly facilitated by the voluntary early conversion of Prime's licenses in Nigeria to the new PIA terms. The Company's management will also work with Prime to assess other financing options that could extend Prime's debt maturity profile on competitive costs, such as the PXF facility that was arranged by Prime in 2021.

Through its 30.9% shareholding in Impact Oil & Gas, the Company has an indirect interest of 6.2% in Block 2913B, offshore Namibia. The Company announced the Venus light oil and associated gas discovery on this block on February 24, 2022. Venus' initial results have exceeded pre-drill estimates and along with the recently announced Graff discovery on a neighboring block, has opened a new petroleum province in the Orange Basin with significant upside potential. Venus and Graff discoveries support the exploration case for Block 3B/4B, which is operated by the Company with a 20% working interest and Impact's Orange Basin Deep Block, both located on trend in the Orange Basin, South Africa. The Company's management expect the Venus appraisal drilling program to commence later this year providing shareholders with potentially high impact catalysts.

Through its shareholdings in Africa Energy, the Company has exposure to the Gazania-1 exploration well that will be drilled in Block 2B offshore South Africa, with a target spud date by end of 2022. Gazania-1 will test a prospect in the A-J rift basin that is near but updip of the A-J1 oil discovery (1988) that flowed 36° API oil to surface. A success at Gazania-1 would de-risk a large inventory of prospects in the block that have been identified from 3D seismic data. Africa Oil has an indirect 5.5% economic interest in Block 2B through its 19.8% shareholding of Africa Energy. Africa Energy holds a carried 27.5% working interest in Block 2B with partners Eco Atlantic (Operator, 50% WI), Panoro Energy (12.5% W.I.) and Crown Energy (10% W.I.).

During 2021, the Company and its JV Partners (Tullow Oil and TotalEnergies) have completed the redesign of Project Oil Kenya to ensure it is technically, commercially and environmentally robust. The Company and its partners initiated a farm-out process for Project Oil Kenya in 2021. Advanced discussions are on-going with the interested parties. A successful farm-out is viewed by the Company as a critical step towards the FID for Project Oil Kenya being achieved over the course of next year. There is no guarantee that the Company can successfully conclude a farm-out to new strategic partner(s) on favorable terms. The Company will update the market on this process in due course.

The Company has been actively working on the acquisition of strategic producing assets that are accretive on per share valuation and cashflow metrics. The Company has maintained a very disciplined approach towards this goal with detailed technical, commercial and legal due diligence applied for each opportunity and the primary goal of not diluting or risking the current strong investment case. The Company's focus remains on buying producing assets offshore West Africa and the management will consider both operated and non-operated opportunities as well as oil and natural gas assets. The Board may also consider corporate merger and acquisition opportunities if there is strong strategic rationale for such a transaction with strong prospects to increase shareholder value. There is no guarantee that the Company can complete such transactions and it will update the market during the year on its efforts.

NOTES

1. Prime does not pay dividends to its shareholders, including Africa Oil, on a fixed pre-determined schedule. Previous number of dividends and their amounts should not be taken as a guide for future dividends to be received by Africa Oil. Any dividends received by Africa Oil from Prime's operating cash flows will be subject to Prime's capital investment and financing cashflows, including payments of Prime's RBL principal amortization, which are subject to semi-annual RBL redeterminations.
2. The 50% shareholding in Prime is accounted for using the equity method and presented as an investment in joint venture in the Consolidated Balance Sheet. Africa Oil's 50% share of Prime's net profit or loss will be shown in the Consolidated Statements of Net Income and Comprehensive Income. Any dividends received by Africa Oil from Prime are recorded as Cash flow from Investing Activities. The guidance presented here is for information only.

3. Aggregate oil equivalent production data comprised of light and medium crude oil and conventional natural gas production net to Prime's W.I. in Agbami, Akpo and Egina fields. These production rates only include sold gas volumes and not those volumes used for fuel, reinjected or flared.
4. Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil and is different from working interest production that is calculated based on project volumes multiplied by Prime's effective working interest in each license.
5. Q1 2021 comparative figures have been revised from those previously reported to ensure comparability and consistency of calculation as a result of a change in the conversion factor (to 6 Mcf:1bbl from 5.8:1bbl) used in converting gas production to barrels oil equivalent.
6. Earnings Before Interest, Tax, Impairment, Depreciation, Amortization and Exploration Expenses ("EBITDAX") is not a generally accepted accounting measure under International Financial Reporting Standards ("IFRS") and does not have any standardized meaning prescribed by IFRS and, therefore, may not be comparable with definitions of EBITDAX that may be used by other public companies. This is used by management as a performance measure to understand the financial performance from Prime's business operations without including the effects of the capital structure, tax rates, DD&A, impairment and exploration expenses. Non-IFRS measures should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS. A reconciliation from total profit (a GAAP measure) to EBITDAX (a non-GAAP measure) is shown below.

\$'m	Three months ended		Twelve months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	December 31, 2021
Per Prime's financial statements				
Total profit	102.0	97.6	446.0	441.6
<i>Add back:</i>				
Tax	85.2	91.5	453.7	460.0
Finance costs	(12.7)	18.0	69.7	100.4
Finance income	(0.1)	(0.1)	(0.4)	(0.4)
DD&A and Impairment	69.4	79.2	293.6	303.4
Exploration expenses	0.5	0.6	3.8	3.9
EBITDAX	244.3	286.8	1,266.4	1,308.9
Net to AOC's 50% shareholding:				
EBITDAX	122.2	143.4	633.2	654.5

7. Q1 2021 comparative figures have been revised to ensure compatibility and consistency of calculation as a result of a change in the classification of items between cash generated from operating activities, cash used in investing activities and cash used in financing activities.
8. Q1 2021 comparative figures have been revised to ensure compatibility and consistency of calculation. Royalties were previously recognized net in Prime's income statement and are now presented gross in both revenue and cost of sales.
9. All dollar amounts are in United States dollars unless otherwise indicated.

Management Conference Call

Senior management will hold a conference call to discuss the results on Friday, May 13, 2022 at 10:00 (ET) / 16:00 (CET). The conference call may be accessed by dial in or via webcast:

Canada	+1 647 484 0472
North America toll free	800-207-0148
Sweden	+46 (0)8 5664 2754
Sweden toll free	0200 898 697
UK	+44 (0)330 165 3641
Participant Passcode	858894
Webcast URL	https://event.webcasts.com/starthere.jsp?ei=1549259&tp_key=fea75ba35e

Please join the event conference 5-10 minutes prior to the start time. A recording of the webcast will be available on the Company's website after the event.

About Africa Oil

Africa Oil Corp. is a Canadian oil and gas company with producing and development assets in deepwater Nigeria; development assets in Kenya; and an exploration/appraisal portfolio in Africa and Guyana. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

For further information, please contact:

Shahin Amini
IR and Commercial Manager
shahin.amini@africaoilcorp.com
T: +44 (0)20 8017 1511

Sophia Shane
Corporate Development
sophias@namdo.com
T: +1 (604) 806-3575

Additional Information

This information is information that Africa Oil is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Financial Instruments Trading Act. The information was submitted for publication, through the agency of the contact persons set out above, at 5:30 p.m. ET on May 12, 2022.

Advisory Regarding Oil and Gas Information

The terms boe (barrel of oil equivalent) is used throughout this press release. Such terms may be misleading, particularly if used in isolation. Production data are based on a conversion ratio of six thousand cubic feet per barrel (6 Mcf: 1bbl). This conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Forward Looking Information

Certain statements and information contained herein constitute "forward-looking information" (within the meaning of applicable Canadian securities legislation). Such statements and information (together, "forward looking statements") relate to future events or the Company's future performance, business prospects or opportunities.

All statements other than statements of historical fact may be forward-looking statements. Statements concerning proven and probable reserves and resource estimates may also be deemed to constitute forward-looking statements and reflect conclusions that are based on certain assumptions that the reserves and resources can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions) are not statements of historical fact and may be "forward-looking statements". Forward-looking statements involve known and unknown risks, ongoing uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including statements pertaining to the 2022 Management Guidance including production, cashflow from operation and capital investment estimates, performance of commodity hedges, the results, schedules and costs of exploratory drilling activity, uninsured risks, regulatory and fiscal changes, availability of materials and equipment, unanticipated environmental impacts on operations, duration of the drilling program, availability of third party service providers and defects in title. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws. These forward-looking statements involve risks and uncertainties relating to, among other things, changes in macro-economic conditions and their impact on operations, changes in oil prices, reservoir and production facility performance, hedging counterparty contractual performance, results of exploration and development activities, cost overruns, uninsured risks, regulatory and fiscal changes, defects in title, claims and legal proceedings, availability of materials and equipment, availability of skilled personnel, timeliness of government or other regulatory approvals, actual performance of facilities, joint venture partner underperformance, availability of financing on reasonable terms, availability of third party service providers, equipment and processes relative to specifications and expectations and unanticipated environmental, health and safety impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements.



AFRICA OIL CORP.

REPORT TO SHAREHOLDERS

FOR THE PERIOD MARCH 31, 2022

GLOSSARY

A	"Africa Energy"	means Africa Energy Corp. an international oil and gas exploration company that holds a 27.5% participating interest in the offshore Exploration Right for Block 2B in South Africa, an effective 10% participating interest in offshore PEL 37, and an effective 10% participating interest in the Exploration Right for Block 11B/12B offshore South Africa.
	"Africa Oil", "AOC", or the "Company"	means Africa Oil Corp.
	"AGC"	means Senegal Guinea Bissau Joint Development Zone.
	"AGL"	means Azinam Group Ltd.
	"Applicable law"	means all laws and regulations issued by authorities that have appropriate jurisdiction over the Company.
	"Azinam"	means Azinam Ltd.
B	"boepd"	means barrels of oil equivalent per day.
C	"CGU"	means Cash Generating Unit. A Cash Generating Unit is defined as assets that are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.
	"Chevron"	means Chevron Corp.
	"CIT"	means Corporate Income Tax.
	"Concessions", "PSC" or "Production Sharing Contract"	means concessions, production sharing contracts and other similar agreements entered into with a host government providing for petroleum operations in a defined area and the division of petroleum production from the petroleum operations.
	"Corporate Facility"	means a \$150.0 million facility dated May 13, 2021, with a three-year term, amended to a \$160.0 million facility on July 16, 2021, and subsequently amended on January 28, 2022, to increase the available amount under the facility to \$100.0 million from the then unutilized amount of \$62.0 million, and an extension of the availability period to December 31, 2022, from May 13, 2022.
D	"DD&A"	means Depreciation, Depletion and Amortization.
	"DPR"	means Department of Petroleum Resources.
E	"E&A"	means Exploration and Appraisal.
	"EBITDA"	means Earnings Before Interest, Taxes, Depreciation & Impairment, and Amortization.
	"EBITDAX"	means Earnings Before Interest, Taxes, Depreciation & Impairment, Amortization and Exploration Expenses.
	"Eco"	means Eco (Atlantic) Oil & Gas Ltd. An international oil and gas exploration company that holds working interests in four exploration blocks offshore Namibia and one exploration block offshore Guyana.
	"Entitlement production"	means production that is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil.
	"Equinor"	means Equinor ASA.
	"ESG"	means Environmental, Social and Governance.
	"ESIA"	means Environmental and Social Impact Assessment.
F	"FCF"	means Free Cash Flow.
	"FDP"	means Field Development Plan.
	"FID"	means Final Investment Decision.
	"FPSO"	means Floating Production Storage and Offloading.
G	"GoK"	means Government of Kenya.
I	"IFRS"	means International Financial Reporting Standards.
	"Impact"	means Impact Oil and Gas Ltd, a privately owned exploration company with a strategic focus on large scale, mid to deep water plays of sufficient materiality to be of interest to major companies. Impact has an asset base across the offshore margins of Southern and West Africa.

J	"JHI"	means JHI Associates Inc.
	"JV"	means Joint Venture.
K	"KRA"	means Kenya Revenue Authority.
L	"LTIP"	means Long Term Incentive Plan.
	"Lokichar Development Project"	means the development of the oil resources contained in the South Lokichar Basin (Blocks 10BB and 13T (Kenya)), for export via a pipeline to the coast of Kenya.
M	"MD&A"	means Management's Discussion and Analysis.
	"MMbbl"	means one million barrels.
	"MMBoe"	means millions of barrels of oil equivalent.
N	"NI 51-101"	means National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities of the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.
	"NI 52-109"	means National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings and the companion policies and forms thereto, as amended from time to time.
O	"OML"	means Oil Mining Lease.
P	"Petrovida"	means Petrovida Holding B.V.
	"PIA"	means Petroleum Industry Act.
	"PPT"	means Profit Petroleum Tax.
	"Prime" or "Prime Oil & Gas Coöperatief U.A."	means Prime Oil & Gas Coöperatief U.A., previously known as Prime Oil & Gas B.V., a company that holds interests in deepwater Nigeria production and development assets.
	"Project Oil Kenya"	means the Company's Kenya development project incorporating Blocks 10BB and 13T.
	"PSA"	means Petroleum Sharing Agreement.
	"PXF Facility"	means Pre-Export Finance Facility.
R	"RBL"	means Reserves Based Lending.
S	"Spudded"	means the initial drilling for an oil well.
T	"TAT"	means Tax Appeals Tribunal.
	"Term Loan"	means a \$250.0 million facility dated January 11, 2020, provided by BTG Pactual S.A for the purpose of funding the acquisition of 50% of Petrobras Oil & Gas B.V. (now Prime Oil & Gas Coöperatief U.A.).
	"TotalEnergies"	means TotalEnergies SE and subsidiaries.
	"TSX"	means Toronto Stock Exchange.
	"Tullow"	means Tullow Oil plc.
U	"US"	means United States.
V	"VAT"	means Value-added tax.
W	"WI"	means Working Interest.
	"WI production"	means production based on the percentage of working interest owned.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis ("MD&A") focuses on significant factors that have affected the Company during the three months ended March 31, 2022, and such factors that may affect its future performance. To better understand the MD&A, it should be read in conjunction with the Company's unaudited consolidated financial statements for the three months ended March 31, 2022, and 2021, and also should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2021, and 2020, and related notes thereto.

The financial information in this MD&A is derived from the Company's unaudited consolidated financial statements which have been prepared in US dollars, in accordance with IFRS as issued by the International Accounting Standards Board.

The effective date of this MD&A is May 12, 2022.

Additional information about the Company and its business activities is available on the Company's website at www.africaoilcorp.com and on SEDAR at www.sedar.com.

PROFILE AND STRATEGY

AOC is a Canadian oil and gas company with producing and development assets in deep-water Nigeria, and development assets in Kenya. The Company also has a portfolio of exploration/ appraisal assets in Guyana, Kenya, Namibia, Nigeria, South Africa and in the AGC. The Company holds its interests through direct ownership interests in concessions and through its shareholdings in investee companies, including Prime, Africa Energy, Eco and Impact.

The Company have instituted a shareholder capital return program in 2022, in the form of a payment of semi-annual dividends following consistent positive results for the Company and a strong cash position. On February 28, 2022, the Board of Directors approved an initial aggregate annual dividend of \$0.05 per share (approximately \$25.0 million) to be declared and paid semi-annually commencing from the end of March 2022. During Q1 2022 the Company paid a dividend of \$0.025 per share (approximately \$11.9 million). The Board of Directors view the 2022 annual distribution to be prudent with due consideration for the acquisition-led business strategy and the priority of maintaining a strong balance sheet in a range of market scenarios. The Board of Directors, at their discretion and subject to the necessary approvals, may approve future increases to the dividend distributions and/or may approve the implementation of share buy-backs contingent on favorable business and commodity price outlooks, and the impact of possible acquisitions or divestments.

The Venus-1X exploration well, in which the Company has an indirect effective interest of 6.2% through its investee company Impact, made a significant light oil discovery on Block 2913B, offshore Namibia in February 2022. The Company expects the appraisal drilling program on the Venus discovery to commence later this year and it is the Company's intention to support Impact through the initial appraisal drilling. Venus, with the recently announced Graff discovery on a neighboring block (the Company has no interest in Graff), has opened a new petroleum province in the Orange Basin with significant upside potential. Venus and Graff discoveries support the exploration case for Block 3B/4B, which is operated by the Company with a 20% working interest and Impact's Orange Basin Deep Block, both located in Orange Basin and on trend with Venus and Graff discoveries.

The Company has made numerous oil discoveries in the South Lokichar Basin (Blocks 10BB and 13T) located in the Tertiary Rift trend in Kenya. The Company together with its JV partners are currently running a farm-out process to attract a strategic partner with the goal of sanctioning development of the oil fields in the South Lokichar Basin. Advanced discussions are on-going with interested parties.

HIGHLIGHTS AND OUTLOOK

Q1 2022 Highlights

- Net income of \$45.6 million in Q1 2022 (Q1 2021 - \$38.9 million), cash balance at March 31, 2022, of \$140.6 million (at December 31, 2021 - \$58.9 million).
- The Company received one dividend from its shareholding in Prime, totaling \$100.0 million in Q1 2022; since its acquisition of a 50% shareholding in Prime in 2020, the Company has received a total of 11 dividend payments from Prime for an aggregate amount of \$500.0 million, representing 96% of the purchase price.
- The Board of Directors established a new dividend policy, with an initial annual aggregate dividend of \$0.05 per share (approximately \$24.0 million), to be declared and paid semi-annually.
- The Company paid its maiden dividend of \$0.025 per share (approximately \$11.9 million) to its shareholders, at the end of March 2022.
- The Corporate Facility was amended in January 2022 and provides the Company with a stand-by line of liquidity of \$100.0 million available for general corporate purposes, including acquisitions, until end 2022.
- On February 24, 2022, Impact announced a major light oil discovery on Block 2913B, offshore Namibia. The Company has an indirect effective interest of approximately 6.2% in this block through its 30.9% shareholding in Impact. The Company expects the Venus appraisal program to commence in Q3-Q4 2022.

Prime Highlights

- Selected Prime results net to the Company's 50% shareholding:
 - » Cash position of \$265.7 million and debt balance of \$501.0 million at March 31, 2022; Robust Net Debt to EBITDAX for the twelve months ended March 31, 2022, of 0.4x (twelve months ended December 31, 2021 - 0.4x)⁽¹⁾;
 - » Average daily WI production of 25,400 boepd and economic entitlement production of 27,400 boepd (83% light and medium crude oil and 17% conventional natural gas) in Q1 2022 (Q1 2021 - 26,200 boepd and 30,100 boepd respectively);
 - » in Q1 2022, EBITDAX of \$122.2 million (Q1 2021 - \$143.4 million)⁽¹⁾;

HIGHLIGHTS AND OUTLOOK - CONTINUED

» in Q1 2022, cash generated from operating activities of \$116.6 million (Q1 2021 - \$78.8 million).

- Prime drew down a further \$150.0 million on its PXF Facility, increasing the outstanding balance to \$300.0 million. The PXF Facility is arranged by Shell Western Supply and Trading Limited and Africa Finance Corporation and has a 7-year tenor, extending the duration of Prime's debt profile on very competitive cost terms that are comparable to Prime's RBL facility.

(1) Definitions and reconciliations to the non-GAAP measures are provided on page 12.

Outlook

The Company's debt-free balance sheet, its share of Prime's cash flows and access to debt funding on competitive terms, supports a range of opportunities for the Company to achieve accretive growth and create shareholder value. The Company's valuation is underpinned by its 50% shareholding in Prime, which accounts for all of the Company's reserves and production interests.

The Company will work to maximize Prime's dividends by distributing its excess cash, whilst maintaining a prudent treasury management policy at Prime. The near-term priority is to extend Prime's debt tenor with the primary objective over the next year of refinancing Prime's RBL facility, possibly facilitated by the voluntary early conversion of Prime's licenses in Nigeria to the new PLA terms. The Company's management will also work with Prime to assess other financing options that could extend Prime's debt maturity profile on competitive costs, such as the PXF facility that was arranged by Prime in 2021.

Dividends received from Prime will support the Company's shareholder capital return programs and business development activities that are focused on the acquisition of producing assets.

The successful drilling and completion of Akpo-P4 infill well, that came onstream late last year and which was ramped up to 6,000 bopd, is very encouraging for the upcoming drilling program on OML 130. The operator is finalizing an extendable one-year rig contract with the plan to drill up to 9 development wells and up to 2 near field exploration/appraisal wells on the current rig schedule, with the drilling expected to commence at end of Q3 2022. Processing of the 2021 Egina 4D seismic survey is ongoing and is helping to confirm the final well locations. Up to 3 development wells are expected to be completed on the asset by the end of this year, with further infill drilling or near field exploration/appraisal expected after the completion of the first 3 infill wells on Egina. The rig will move to Akpo upon completion of the Egina drilling campaign.

The Company is committed to a sustainable dividend policy over the future years. The Company has paid a dividend of approximately \$11.9 million at the end of March 2022 and expects to distribute a further dividend later on in 2022 so that the minimum annual dividend of approximately \$25.0 million is distributed. As always, the declaration of dividends is at the discretion of the Board. The Board of Directors will regularly review the shareholder returns program and at their discretion and subject to the necessary approvals, may approve future increases to the dividend distributions and/or the implementation of share buy-backs. Such decision being contingent on favorable business and commodity price outlooks, and the impact of possible acquisitions or divestments.

The Company has been actively working on the acquisition of strategic producing assets that are accretive on per share valuation and cashflow metrics. The Company's focus remains on buying producing assets offshore West Africa and the management will consider both operated and non-operated opportunities as well as oil and natural gas assets. There is no guarantee that the Company can complete such transactions.

Environmental, social and governance considerations will be key in evaluating these and all other strategic options going forward. Emissions will be a particular focus, recognizing the increasing importance our shareholders and other stakeholders place on understanding and managing climate-related risks. Over the next year, the Company will develop a detailed energy transition strategy to achieve its stated objective of reaching net neutrality by 2025, including setting short, medium and long-term emissions targets. Any potential investment decision will be carefully evaluated for alignment with that strategy and objective.

In 2021, the Company and its partners initiated a farm-out process for Project Oil Kenya. Advanced discussions are on-going with the interested parties. A successful farm-out is viewed by the Company as a critical step towards the FID for Project Oil Kenya being achieved over the course of the next year. There is no guarantee that the Company can successfully conclude a farm-out to new strategic partner(s) on favorable terms.

In Q1 2022, the Company's investee company, Impact, announced that Venus 1-X exploration well resulted in a major light oil discovery on Block 2913B, offshore Namibia, that together with the nearby Graff-1 discovery on the adjacent Block 2913A (the Company has no interest in this block), herald the opening of a major petroleum province in the Orange Basin with significant upside potential for the Company. As well as the immediate significance of Venus for the Company, both Venus and Graff discoveries also bode well for the Company's exploration efforts on Block 3B/4B, which it operates with a 20% working interest and Impact's Orange Basin Deep Block, both located on trend in the Orange Basin, South Africa. The Company expects that the appraisal program for the Venus discovery to commence during third or fourth quarter of this year.

The Company has filed an application to extend Block 3B/4B license and to move into the first extension period. The Company is also continuing its technical studies on Block 3B/4B with the aim of maturing exploration prospects for possible future drilling.

The Company, through its shareholdings in Africa Energy and Eco, has indirect effective interest in the Gazania-1 exploration well on Block 2B, offshore South Africa, which is expected to spud this year. The block has significant contingent and prospective resources in relatively shallow water and contains the A-J1 discovery that flowed light sweet crude oil to surface. Gazania-1 will target two large prospects seven kilometers up-dip from A-J1. Africa Energy has a 27.5% participating interest in Block 2B offshore South Africa. The block is operated by a subsidiary of Eco Atlantic, which holds a 50% participating interest. Africa Oil has a 19.80% shareholding in Africa Energy and a 17.73% shareholding in Eco.

THE COMPANY'S SHAREHOLDING AND WORKING INTERESTS

The Company's material interests, and material exploration partnership interests are summarized in the following table:

Africa Oil's Shareholding in Prime Oil & Gas Coöperatief U.A. (50%)

Country	Concession	License renewal	Working Interests	
NIGERIA	OML 127	December 13, 2024 ⁽¹⁾	Prime	8%
			Chevron Corporation	32%
			Famfa Oil	60% (carried)
	OML 130 – PSA ⁽²⁾	February 28, 2025 ⁽¹⁾	Prime	16%
			TotalEnergies	24%
			SAPETRO	10% (carried)

Africa Oil's Direct Working Interests ⁽³⁾

Country	Concession	License renewal	Working Interests	
KENYA	Block 13T	December 31, 2021 ⁽⁴⁾	AOC	25%
			TotalEnergies	25%
			Tullow (Operator)	50%
	Block 10BB	December 31, 2021 ⁽⁴⁾	AOC	25%
			TotalEnergies	25%
			Tullow (Operator)	50%
	Block 10BA	April 22, 2022 ⁽⁵⁾	AOC	25%
			TotalEnergies	25%
			Tullow (Operator)	50%
SOUTH AFRICA	Block 3B/4B	March 26, 2022 ⁽⁶⁾	AOC (Operator)	20%
			Azinam	20%
			Ricocure (Pty) Ltd	60%

(1) In accordance with the Petroleum Act, renewal shall be granted for 20 years if the lessee has paid all rent and royalties due and has otherwise performed all their obligations under the lease. Management believes that this will be renewed, in common with other licenses. The PIA includes the provision for leases to be converted earlier than their license renewal date.

(2) 50% of the production from OML 130 is covered by a PSA, in which Prime owns a 32% WI Prime's net WI in OML 130 is therefore 16%.

(3) Net WI are subject to back-in rights or carried WI, if any, of the respective governments or national oil companies of the host governments.

(4) The licenses were extended to December 31, 2021, and required that the JV partners submit an FDP. The FDP was submitted in December 2021 and is now subject to governmental review, during which time the license is retained in good full force and effect. The JV partners expect the license to be renewed once the review is complete.

(5) 10BA was included in the E&A plan, submitted as part of the Block 10BB/13T FDP. The JV partners have submitted a request to extend the license.

(6) The Company has filed an application to extend the license and to move into the first extension period.

Information on the Company's equity interests in Africa Energy, Eco and Impact is included in 'Equity Investments in Associates' on page 13.

BUSINESS UPDATE

After stabilizing in the latter part of 2021, the economic environment for oil producers has become more volatile in Q1 2022 mainly due to the Russian invasion of Ukraine. The Brent oil price has increased significantly in 2022 with the closing Brent oil price being approximately \$107.1/bbl at March 31, 2022, rising from approximately \$80.0/bbl at the end of 2021. The invasion has led to a number of countries placing sanctions on Russian companies and individuals, including oil and gas producers. This has led to concerns about supply in the short term with the expectation that demand will continue to recover towards pre-pandemic levels in the remainder of 2022. However, recent lockdowns in China to manage the rise in number of COVID infections, cost inflationary and economic recession concerns continue to highlight demand side risks that have also contributed to oil volatility. Prime use fixed price forward sales contracts to hedge commodity price risk in order to ensure stability in cash flows and to manage volatility in oil prices.

EQUITY INVESTMENT IN PRIME - NIGERIA

The Company's 50% equity interest in Prime is accounted for as an investment in joint venture under the equity method on the Balance Sheet. The Company records a 50% share of Prime's net income or loss as well as a 50% share of its other comprehensive income or loss in the period in the Consolidated Statement of Net Income and Other Comprehensive Income. Dividends received are disclosed as a cash flow from investing activities in the Consolidated Statement of Cash Flows.

The main assets of Prime are an indirect 8% working interest in OML 127 and an indirect 16% working interest in OML 130. OML 127 is operated by affiliates of Chevron and covers part of the producing Agbami field. OML 130 is operated by affiliates of TotalEnergies and contains the producing Akpo and Egina fields. The three fields in these two OMLs are located over 100 km offshore Nigeria. All three fields have high quality reservoirs and produce light to medium sweet crude oil through FPSO facilities. Akpo and Egina also produce natural gas that is exported onshore for sale, whilst Agbami gas is reinjected.

All amounts included in the narrative discussions below are net to the Company's 50% shareholding in Prime, unless otherwise noted.

Production and Operations

Production Metrics - rounded

	Unit	Three months ended		Year ended
		March 31, 2022	March 31, 2021	December 31, 2021
Total gross field production	boepd	395,400	437,000	427,300
Net to AOC's 50% shareholding:				
Average daily WI production ⁽¹⁾	boepd	25,400	26,200	27,300
Average daily entitlement production ⁽¹⁾	boepd	27,400	30,100	29,700
Oil volumes sold	MMbbl	2.5	2.5	8.5
Gas volumes sold	bcf	2.4	2.6	10.3
Oil/gas percentage split	%	83%/17%	84%/16%	84%/16%

(1) The Q1 2021 comparative figures have been revised to ensure comparability and consistency of calculation as a result of a change in the conversion factor used in converting gas production in mmscfpd to boepd.

Q1 2022 gross field production was lower than Q1 2021, primarily as a result of expected natural reservoir decline. Planned maintenance activities, well testing and pigging were also completed during Q1 2022.

Processing of the data from the 4D seismic survey completed over Egina in Q4 2021 is ongoing. Infill drilling is expected to commence mid-year, with between 4 and 6 development wells expected to be drilled in OML 130 during 2022, which is expected to counter the natural production decline.

Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil. It differs from WI production that is calculated based on field volumes multiplied by Prime's effective WI in each license. The cargoes described below represent Prime's share of cost oil and profit oil and do not include tax oil and royalties, being Prime's share of entitlement production that is sold by the operators to settle its tax and royalty obligation to the Nigerian state. Aggregate oil equivalent production data comprises of light and medium crude oil and conventional natural gas production net to Prime's WI in Agbami, Akpo and Egina fields. These production rates only include sold gas volumes and not those volumes used for fuel, reinjected or flared.

In Q1 2022, Prime was allocated 5 oil liftings with total sales volume of approximately 5.0 million barrels or 2.5 million barrels net to the Company's 50% shareholding. In Q1 2021, Prime was allocated 5 oil liftings with total sales volume of approximately 4.9 million barrels or 2.5 million barrels net to the Company's 50% shareholding.

BUSINESS UPDATE - CONTINUED

FINANCIAL

Prime's financial information is presented in note 5 of the financial statements on a 100% basis, with a reconciliation to the Company's 50% share of Prime's net assets and net income. In Q1 2022, the share of profit from the 50% investment in Prime was \$51.0 million (Q1 2021 - \$48.8 million). As at March 31, 2022, the Company's investment in Prime was \$568.1 million (as at December 31, 2021 - \$617.1 million).

All amounts presented and discussed below are net to AOC's 50% shareholding in Prime (unless otherwise stated) to reflect AOC's 50% shareholding in Prime.

Financial Metrics

Net to AOC's 50% shareholding:	Unit	Three months ended		Year ended
		March 31, 2022	March 31, 2021	December 31, 2021
Total revenues	\$'m	204.4	162.2	610.2
Cost of Sales ⁽¹⁾	\$'m	140.5	87.1	271.0
Gross profit	\$'m	63.9	75.1	339.2
Opex/boe ^(2,3)	\$/boe	7.5	8.3	7.6
Cash generated from operating activities	\$'m	116.6	78.8	526.7
Free cash flow/boe ^(1,3)	\$/boe	23.7	35.8	33.9
Capex	\$'m	2.5	2.6	25.3
Dividends paid	\$'m	100.0	-	200.0
Cash and cash equivalents	\$'m	265.7	165.4	258.9
Loans and borrowings	\$'m	501.0	624.9	508.4

(1) Given the nature of Prime's operations in terms of oil cargo lifts and the variability in their frequency from one quarter to next, the non-cash accounting treatment of underlift/overlift and the timing between recording revenues and receipts of sales cash, leads to high variability in Prime's quarterly financial metrics. Please refer to the commentary in the rest of this section for the specific details of this period's changes relative to corresponding historical period.

(2) Opex represents production costs presented on Prime's Statement of Net Income and Other Comprehensive Income in note 5 to the financial statements

(3) BOE is calculated on an entitlement basis. Definitions and reconciliations to these non-GAAP measures are provided on pages 9 and 10.

Revenues

	Unit	Three months ended		Year ended
		March 31, 2022	March 31, 2021	December 31, 2021
Per Prime's financial statements				
Total revenue	\$'m	408.8	324.4	1,220.3
Net to AOC's 50% shareholding:				
Oil revenue	\$'m	171.4	143.2	503.5
Gas revenue	\$'m	3.9	-	49.4
PPT revenue	\$'m	23.6	10.1	41.9
Royalties	\$'m	5.5	8.9	15.4
Total revenue	\$'m	204.4	162.2	610.2
Realized oil prices	\$/bbl	68.8	58.1	59.3
Oil volumes sold	MMbbl	2.5	2.5	8.5

The increase in oil sales revenue in Q1 2022 was mainly due to a higher realized price of \$68.8/bbl, compared with \$58.1/bbl in Q1 2021.

BUSINESS UPDATE - CONTINUED

Gas sales revenue was recognized for the first time in Q3 2021, due to the signing of the OML 130 Gas Sales and Purchase Agreement in July 2021, which resolved historical gas sales from July 2018. As the terms for sale were only agreed in 2021, Prime did not have the right to recognize gas revenue until then. Revenue from gas sales in 2021 included an additional \$29.2 million recognized, relating to the period from July 2018 to December 2020. Revenue from gas sales in Q1 2022 totaled \$3.9 million (Q1 2021 – nil).

PPT revenue is revenue recognized for tax oil, being Prime's share of entitlement production that is sold by the operators to settle its tax obligation to the Nigerian state. As the tax oil lifted by the operator on behalf of Prime is sold to 3rd party customers and proceeds are used to settle Prime's tax liabilities, this share of PPT is considered to be within the scope of IFRS 15, 'Revenue from contracts with customers'. Consequently, this portion of income tax is presented gross in revenue and offset in current income tax expense.

Royalties were previously recognized net in Prime's income statement and are now presented gross in both revenue and cost of sales. Royalties of \$78.1 million relating to Akpo have not yet been paid and a payment plan is currently being negotiated with the DPR. This unpaid amount related to Q4 2021 and Q1 2022 have been included in working capital as current liabilities. The Akpo royalties were not previously accrued due to uncertainties over payment which were resolved when the PIA was enacted on August 16, 2021.

Cost of sales

\$'m	Three months ended		Year ended
	March 31, 2022	March 31, 2021	December 31, 2021
Per Prime's financial statements			
Total cost of sales	281.0	174.2	542.1
Net to AOC's 50% shareholding:			
DD&A	34.7	39.6	151.7
Production costs	18.7	22.3	82.5
Movements on overlift/underlift balances	77.3	16.3	(16.0)
Royalties - oil and gas	9.8	8.9	52.8
Total cost of sales	140.5	87.1	271.0

Cost of sales has increased in Q1 2022, compared to Q1 2021, due to a larger net overlift position at Q1 2022, representing Prime's excess of liftings over its entitlement share of production, valued at a higher price compared to Q1 2021. This was offset by a reduction in the DD&A charge, which was mainly due to a change in the estimates in 2P reserves and economic cut-off dates. Royalties were first recognized in 2021 on sales made from the Akpo field for the period between November 2019 and December 31, 2021, implemented under the Deepwater Production Act and reaffirmed in the PIA. There are no royalties on sales made from the Egina field as it has been granted a royalty holiday until January 2024, being 5 years after first oil.

Opex/boe

Opex/boe is a non-GAAP measure which represents production costs on a per barrel of oil equivalent basis (using entitlement production). This allows the Company to better analyze performance against prior periods on a comparable basis. The most direct financial statement measure is production costs, disclosed in note 5 to the financial statements. Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil, profit oil and royalties and is different from WI production that is calculated based on project volumes multiplied by Prime's effective WI in each license.

		Three months ended		Year ended
	Unit	March 31, 2022	March 31, 2021	December 31, 2021
Per Prime's financial statements				
Production costs	\$'m	37.4	44.6	165.1
Net to AOC's 50% shareholding:				
Production costs	\$'m	18.7	22.3	82.5
Entitlement production	MMboe	2.5	2.7	10.8
Opex/ boe ⁽¹⁾	\$/boe	7.5	8.3	7.6

(1) The Q1 2021 comparative figures have been revised to ensure comparability and consistency of calculation as a result of a change in the conversion factor used in converting gas production in mmscfd to boepd.

The decrease in Opex/boe in Q1 2022 compared to Q1 2021 is primarily due to lower production costs in Q1 2022 as a result of production decreasing in Q1 2022 compared to Q1 2021. The operators have also sought to reduce costs in Q1 2022. Due to the implementation of NI52-112 non-GAAP measures, the comparative figures have been revised to ensure comparability and consistency of calculation. Previously reported opex/boe for Q1 2021 was \$6.4/boe due to the former methodology using a weighted average cost per field and a broader definition of operation costs.

BUSINESS UPDATE - CONTINUED**Cash generated from operating activities**

\$'m	Three months ended		Year ended
	March 31, 2022	March 31, 2021	December 31, 2021
Per Prime's financial statements			
Cash generated from operating activities ⁽¹⁾	233.1	157.5	1,053.4
Net to AOC's 50% shareholding:			
Cash generated from operating activities	116.6	78.8	526.7
Working capital adjustments included in cash generated from operating activities			
Changes in trade receivables	(44.7)	(25.1)	(77.6)
Changes in over/underlift balances	77.3	16.3	(16.0)
Changes in other working capital balances	27.8	(5.4)	84.1
Total working capital adjustments	60.4	(14.2)	(9.5)
Cash generated from operating activities before working capital	56.2	93.0	536.2

(1) The Q1 2021 comparative figures have been revised to ensure comparability and consistency of calculation as a result of a change in the classification of items between of cash generated from operating activities, cash used in investing activities and cash used in financing activities.

Cash generated from operating activities has increased in Q1 2022 from Q1 2021, as the working capital adjustments have moved to a positive value from a negative value mainly as changes in the over/ underlift balances have increased to \$77.3 million in Q1 2022 from \$16.3 million in Q1 2021 (see cost of sales section for further analysis). This was netted off against an increase in taxes paid in kind in Q1 2022 from Q1 2021 of \$29.3 million as an income tax liability of \$27.6 million outstanding at the end of Q4 2021 was paid in Q1 2022 and there was no liability outstanding at the end of Q4 2020.

FCF and FCF/boe

FCF before working capital adjustments is a non-GAAP measure. This measure represents cash generated after costs, and is a measure commonly used to assess the Company's profitability. A reconciliation from total cash flow (a GAAP measure) to FCF (a non-GAAP measure) is shown below:

		Three months ended		Year ended
		March 31, 2022	March 31, 2021	December 31, 2021
Unit				
Per Prime's financial statements				
Total cash flow	\$'m	13.5	99.3	286.5
Add back changes in working capital	\$'m	(120.9)	28.5	19.2
Add back dividends	\$'m	200.0	-	400.0
Add back debt service costs ⁽¹⁾	\$'m	26.0	65.6	330.9
Less security deposit received ⁽²⁾	\$'m	-	-	(305.0)
FCF (excluding working capital adjustment)	\$'m	118.6	193.4	731.6
Net to AOC's 50% shareholding:				
FCF (excluding working capital adjustment)	\$'m	59.3	96.7	365.8
Entitlement production	MMboe	2.5	2.7	10.8
FCF/boe ⁽³⁾	\$/boe	23.7	35.8	33.9

(1) Debt service costs comprise interest payments and repayments and drawdowns of third-party borrowings

(2) The receipt of the deposit has been excluded from the calculation of free cash flow as any imbalance payments under the terms of any future agreement among the Agbami parties will be set-off against this security deposit. See Agbami Securitization Agreement on page 11 for further details of this security deposit.

(3) The Q1 2021 comparative figures have been revised to ensure comparability and consistency of calculation as a result of a change in the conversion factor used in converting gas production in mmscpd to boepd.

BUSINESS UPDATE - CONTINUED

FCF has decreased in Q1 2022 compared with Q1 2021 primarily as a result of cost of sales being approximately \$106.8 million higher, this is offset by an increase in revenues of \$84.4 million in Q1 2022 from Q1 2021. Other operating income has also decreased by \$10.5 million in Q1 2022 from Q1 2021.

FCF/boe is a non-GAAP ratio which represents FCF on a per barrel of oil equivalent basis using entitlement production which allows the Company to better analyze performance against prior periods on a comparable basis. Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil, tax oil and profit oil and is different from WI production that is calculated based on project volumes multiplied by Prime's effective WI in each license. The decrease in FCF in Q1 2022 from Q1 2021 has resulted in a reduction in FCF/boe.

Capital expenditure

Capital expenditures in Q1 2022 of \$2.5 million related to testing and pigging operations and expenditures in Q1 2021 of \$2.6 million related to drilling and additions to facilities.

Dividends paid

In Q1 2022, Prime distributed one dividend payment totaling \$200.0 million with a net payment to the Company of \$100.0 million (Q1 2021 - nil).

In 2021, Prime distributed four dividend payments totaling \$400.0 million with a net payment to the Company of \$200.0 million. In the period from completion of the Prime acquisition to the date of this MD&A, Prime has distributed eleven dividend payments totaling \$1,000.0 million gross with a net payment to the Company of \$500.0 million related to its 50% interest, covering 96% of the acquisition cost in two years.

Cash and Borrowing and Net Debt to EBITDAX

At March 31, 2022, Prime had a gross cash balance of \$531.4 million and debt of \$1,002.0 million. Net to AOC's 50% shareholding, Prime has \$265.7 million of cash and debt of \$501.0 million (as at December 31, 2021 - \$258.9 million of cash and debt of \$508.4 million).

The debt outstanding has decreased slightly following gross repayments on the RBL Facility of \$164.8 million which net off a drawdown on the PXF Facility of \$150.0 million. Net to AOC's 50% shareholding, the overall debt has reduced by \$7.4 million during Q1 2022. The next repayment under the RBL facility will not occur until September 2022. The PXF repayments will begin in September 2022.

At March 31, 2022, Prime has a Net Debt of \$470.6 million (as at December 31, 2021 - Net Debt of \$498.9 million) and a Net Debt/EBITDAX of 0.4x for the twelve months ended March 31, 2022, (0.4x for the twelve months ended December 31, 2021) as Net Debt and EBITDAX remained similar. The strength of this ratio demonstrates the low leverage within Prime compared with industry peers. This strong Net Debt/EBITDAX ratio, combined with the full repayment of the Company's Corporate Facility in 2021 means the Company and Prime are well placed to raise more debt in the future if required. Net Debt/EBITDAX is a non-GAAP measure and a reconciliation is performed on page 12.

Hedges

Prime use fixed price forward sales contracts to hedge commodity price risk in order to ensure stability in cash flows and to manage volatility in oil prices. Prime's hedging policy is to hedge between 50% and 70% of its forecast cargoes for a rolling 12 months. The average cargo lifted is for 1 million barrels of oil.

As at March 31, 2022, Prime has forward sold its next 5 cargoes, out of 6-8 cargoes that are expected to be lifted during 2022, at an average Dated Brent price of \$78.8/bbl. The actual price will include a quality adjustment which means the realized price will be different to the hedged prices.

To date in 2022, Prime has lifted 5 cargoes with an average realized price of \$68.8/bbl.

The cargoes that are allocated for lifting to Prime, account for Prime's cost oil and profit oil shares and exclude its tax oil and royalty barrels, which are sold by the operator on behalf of Prime in order to settle Prime's tax and royalty obligations. The timing and number of cargo liftings can vary based on a number of factors including reservoir performance, actual realized oil price, capex, opex, underlift/overlift positions and marine logistics. The revenue numbers reported for Prime include cost oil, profit oil, tax oil and royalty contributions.

Agbami Securitization Agreement

On June 25, 2021, Prime signed a Securitization Agreement with Equinor and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with the Securitization Agreement, on June 29, 2021, Prime received from Equinor its portion of the security deposit in the form of a cash payment of \$305.0 million. A provision for the full cash payment has been recorded within Prime's accounts to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime under the terms of any future agreement among the Agbami parties will be set off against this security deposit. The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

BUSINESS UPDATE - CONTINUED

Petroleum Industry Act

On August 16, 2021, the Nigerian President signed the Petroleum Industry Bill into law as the Petroleum Industry Act 2021 ("PIA"). The PIA will change the terms that are applied to Prime's licenses on renewal, or on voluntary conversion and renewal. A number of amendments to fiscal terms have been made and analysis is ongoing but are expected to be positive overall to Prime when the licenses are renewed.

Other non-GAAP measures related to Prime

This MD&A includes non-GAAP measures, non-GAAP ratios and supplementary financial measures as further described herein. These non-GAAP figures do not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable with the calculation of similar measures by other companies. The Company believes that the presentation of these non-GAAP figures provides useful information to investors and shareholders as the measures provide increased transparency and the ability to better analyze performance against prior periods on a comparable basis.

Reconciliation of Prime's EBITDAX and Net Debt/EBITDAX

EBITDAX (non-GAAP measure): This is used as a performance measure to understand the financial performance from Prime's business operations without including the effects of the capital structure, tax rates, DD&A, impairment and exploration expenses. A reconciliation from total profit (a GAAP measure) to EBITDAX (a non-GAAP measure) is shown below.

Net Debt (non-GAAP measure): Net Debt is calculated as loans and borrowings less cash and cash equivalents.

Net Debt/EBITDAX (non-GAAP ratio): Net Debt divided by EBITDAX and is a measure of the leverage.

\$'m	Three months ended		Twelve months ended	
	March 31, 2022	March 31, 2021	March 31, 2022	December 31, 2021
Per Prime's financial statements				
Total profit	102.0	97.6	446.0	441.6
<i>Add back:</i>				
Tax	85.2	91.5	453.7	460.0
Finance costs	(12.7)	18.0	69.7	100.4
Finance income	(0.1)	(0.1)	(0.4)	(0.4)
DD&A and Impairment	69.4	79.2	293.6	303.4
Exploration expenses	0.5	0.6	3.8	3.9
EBITDAX	244.3	286.8	1,266.4	1,308.9
Loans and borrowings			(1,002.0)	(1,016.8)
Cash and cash equivalents			531.4	517.9
Net Debt			(470.6)	(498.9)
Net Debt/ EBITDAX			0.4	0.4
Net to AOC's 50% shareholding:				
EBITDAX			633.2	654.5
Net Debt/ EBITDAX			0.4	0.4

THE SOUTH LOKICHAR DEVELOPMENT PROJECT (BLOCKS 10BB AND 13T)

The Company has a 25% WI in Blocks 10BB and 13T (before Government's back-in rights) with Tullow Oil plc (50% and Operator) and TotalEnergies (25%) holding the remaining interests.

In Q1 2022, the Company incurred \$0.5 million of capital expenditure directly associated with Blocks 10BB and 13T (Q1 2021 - \$1.2 million). In December 2021, as per the license extension obligations provided by the GoK in September 2020, the Project Oil Kenya JV Partners submitted a Field Development Plan for the 10BB and 13T licenses, including the additional E&A opportunities within the 10BB and 13T licenses. The revised development plan is a more economically beneficial and sustainable development plan. The submission of the Field Development Plan (FDP) is followed by a period of review by the Government of Kenya, during which time the licenses remain in good standing.

The Company and its JV Partners are actively seeking strategic partners for the project. It is intended that a strategic partner will be secured ahead of the FID.

BUSINESS UPDATE - CONTINUED**EXPLORATION BLOCK 10BA - KENYA**

The Company has a 25% WI in Block 10BA (subject to the Government's back-in rights) with Tullow Oil plc (50% and Operator) and TotalEnergies (25%) holding the remaining interests.

The license was extended to April 26, 2022, allowing time for the joint venture to include and align the Block 10BA work program with the proposed FDP for Blocks 10BB and 13T, which was submitted in December 2021. The license remains in good standing, despite the license expiring on April 26, 2022, until the work program has been reviewed by the GoK. The Company expects the license to be extended at the same time that the proposed FDP for Blocks 10BB and 13T is approved. The work commitments remain unchanged and include an exploratory well. No letters of credit or guarantees have been provided by the JV. The license has a carrying value of nil at March 31, 2022.

BLOCK 3B/4B - SOUTH AFRICA

The Company farmed in to Block 3B/4B, offshore South Africa, in July 2019. The Company holds a 20% participating interest and operatorship. The initial results from the Venus discovery, along with the Graff discovery, has opened a new petroleum province in the Orange Basin with significant upside potential. These discoveries support the exploration case for 3B/4B.

The 2D and 3D seismic data previously acquired in the Block is being evaluated by the JV partners and will form the basis for the initial period work program along with other regional and technical studies. The joint venture is reprocessing 3D seismic data in the areas of interest.

Block 3B/4B is currently in the initial period, having a term of three years which expired on March 26, 2022. The Company has filed an application to move into the first extension period. The licenses are in good standing while this occurs, and the Company consider the risk of non-renewal to be low. The Company has completed its work commitments.

EQUITY INVESTMENTS IN ASSOCIATES

The Company holds equity investments in three oil and gas companies, which provides exposure to several high-impact exploration drilling prospects in South Africa, Namibia, and Guyana.

The Company held the following equity investments in associates as of March 31, 2022:

	Africa Energy	Eco	Impact ⁽¹⁾
Issued and Outstanding	1,398,603,039	224,989,935	827,862,299
Shares held by AOC at January 1, 2022	276,982,414	39,898,763	255,629,487
Shares acquired in the period	-	-	-
Shares held by AOC at March 31, 2022	276,982,414	39,898,763	255,629,487
AOC's holding (%) - March 31, 2022	19.80%	17.73%	30.88%
AOC's holding (%) - December 31, 2021	19.80%	19.96%	30.88%
Share price on March 31, 2022	CAD \$0.26	CAD \$0.62	-
Exchange rate to USD on March 31, 2022	0.80	0.80	-

(1) Impact is a privately held UK company and no share price is available.

Africa Energy

Africa Energy is an international oil and gas exploration company that holds a 27.5% participating interest in the offshore Exploration Right for Block 2B in South Africa, an effective 10% participating interest in offshore PEL 37 in Namibia, and an effective 10% participating interest in the Exploration Right for Block 11B/12B offshore South Africa. The Company's ownership interest is approximately 19.8% at March 31, 2022.

The Block 11B/12B joint venture is proceeding with development studies and engaging with authorities on gas commercialization due to the success of the Brulpadda and Luiperd gas condensate discoveries. 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 away from coal with a domestic natural gas supply.

Africa Energy held a 90% participating interest in Block 2B. On April 20, 2021, Africa Energy closed a farmout transaction with Azinam to transfer operatorship and an aggregate 62.5% participating interest in the Exploration Right for Block 2B in consideration for a carry through the next exploration well, Gazania-1. On March 3, 2022, Africa Energy contracted the Island Innovator semi-submersible rig to drill the well by October 2022. Africa Energy retains a 27.5% participating interest in Block 2B.

BUSINESS UPDATE - CONTINUED

Eco

Eco holds WI in four exploration blocks offshore Namibia and one exploration block offshore Guyana. The Company's ownership interest is approximately 17.7% at March 31, 2022.

Eco and its partners are currently studying the feasibility of monetizing two heavy oil discoveries in the Orinduik block offshore Guyana and are reprocessing 3D seismic data to help high grade deeper prospects in the block that could have a higher chance of encountering lighter oil.

On January 19, 2022, Eco purchased an additional 800,000 shares in JHI in return for 1,200,000 new common shares in Eco, increasing its shareholding in JHI to 5,800,00 shares, representing approximately 7.35% of the issued common shares in JHI. Eco also retained a warrant to subscribe for a further 9,155,471 new common shares in JHI at an exercise price of \$2.0 per share for a period of eighteen months.

On February 8, 2022, Eco signed a Sales and Purchase Agreement to acquire 100% of AGL, in return for a 16.6% equity stake in Eco on completion of the acquisition. Eco will issue 40,170,474 shares to Azinam in total, reducing the Company's share in Eco from 19.7% to approximately 16.3%. Key assets acquired are a 50% WI and Operatorship in Block 2B, where Africa Energy and Panoro Energy ASA are partners, and a 20% WI in 3B/4B Block where the Company is the Operator and 20% WI partner. Eco and Azinam completed all conditions required for the acquisition on March 11, 2022. On March 28, 2022, Eco received final approval from the TSX Venture Exchange for the transaction and issued 22,296,300 shares to Azinam representing 9.9% of the enlarged share capital.

On March 14, 2022, Eco signed a commercially binding term sheet to acquire 100% of JHI including the 17.5% working interest in the Canje Block. The proposed cashless acquisition would have a value of approximately \$52.0 million at the share price on the date of signing of the term sheet. The consideration in the form of new common shares issued to JHI's shareholders would lead to them holding approximately 34% of Eco's share capital post acquisition.

On April 6, 2022, Eco completed an equity fundraise. A total of 64,885,496 new Common Shares were conditionally placed with, or subscribed for by, new and existing institutional investors at a price of £0.30 per Placing Share (CAD\$0.50). The equity fundraise raised gross proceeds of approximately \$25.5 million for Eco before expenses. The Company subscribed for 10,178,116 common shares for a consideration of \$4.0 million and following this the Company now holds 17.3% of the enlarged share capital in Eco.

On May 11, 2022, Eco received clearance from the TSX Venture Exchange for the second tranche of shares and issued 17,874,174 shares to Azinam following the acquisition of AGL. In addition, Azinam have been issued 40,000,000 warrants over common shares, exercisable only in the case of a producible commercial discovery on Block 2B or Block 3B/4B, as follows: 20,000,000 warrants exercisable at a price of CAD\$1.00 per Common Shares for a period of two years and 20,000,000 warrants exercisable at a price of CAD\$1.50 per Common Share for a period of three years. This has reduced the Company's share in Eco to 16.3% before the exercise of any warrants.

Impact

Impact is a private UK oil and gas exploration company with assets located offshore Namibia, South Africa and West Africa. The Company's ownership interest is approximately 30.9% at March 31, 2022.

On February 24, 2022, Impact announced that the Venus-1X exploration well in Block 2913B, offshore Namibia was drilled to a total depth of 6,296 meters by the operator TotalEnergies. It encountered a high-quality, light oil-bearing sandstone reservoir of Lower Cretaceous age, with an estimated 86 meters of net oil pay. The Company has an indirect effective interest of approximately 6.2% to this block through its shareholding in Impact. The Company expects the appraisal drilling program on the Venus discovery to commence later this year.

Impact has an indirect interest in Block 11B/12B, South Africa.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company is committed to being a full-cycle E&P company that integrates sustainability considerations throughout its decision making and operational management. As a non-operating investor in exploration and production assets, the Company is focused on the effective identification and management of risk. The Company selects its operating partners in part on their ability and commitment to manage ESG risks effectively. The Company monitors operator performance and works with operators where possible and necessary to improve performance. The Company's role as the custodians of its shareholders' capital is to ensure robust governance systems are in place to deliver our sustainability goals.

Towards those ends, the Company is working with its operating partners to define and agree appropriate ESG monitoring and reporting frameworks, with a view to increasing both the breadth and depth of reported metrics. In addition to enabling performance monitoring and improvement, these expansions support enhanced reporting, aligned with guidelines issued by the Sustainability Accounting Standards Board ("SASB"), Global Reporting Initiative and Taskforce for Climate-related Financial Disclosures ("TCFD"). The 2021 Sustainability Report, released February 28, 2022, builds upon the inaugural ESG Review released in March 2021 and reflects the early results of this work, including a more comprehensive set of ESG performance metrics and an expanded TCFD section. Notably, the TCFD section contains an assessment of the resilience of the Company's portfolio under two potential low-carbon scenarios. Under both these scenarios, decreasing commodity prices and the addition of carbon pricing would be expected to negatively affect NPV; however, the Company's assets would remain NPV positive, reflecting their low breakeven costs and lower than average emissions intensity. Though the Company is currently voluntarily disclosing according to TCFD guidelines, the Canadian Securities Administrators (CSA) have issued a proposed rule that would make TCFD aligned climate risk disclosures mandatory for Canadian listed companies as early as year-end 2022.

BUSINESS UPDATE - CONTINUED

The Company has enhanced its reporting of climate-related risks in response to and anticipation of shareholder and broader stakeholder focus on issues related to climate change risk and greenhouse gas emissions. In 2021, the Company set a target to achieve carbon neutrality by 2025. In 2022, the Company is working to develop a comprehensive Energy Transition Strategy to meet this goal. This strategy will set out the steps the Company will undertake over the short, medium and long-term to minimize Scope 1 and Scope 2 operational emissions. Any emissions that cannot otherwise be mitigated will then be offset. The Company has already started work to identify and progress high-quality emissions offset projects that also deliver social and environmental benefits within its areas of operation and influence. The preference is to invest directly in nature-based carbon removal projects to develop a dedicated source of emissions offsets, where the Company has full transparency into and control over the project quality. Since H2 2021, the Company has identified two potential offset project sites in Kenya, including one prospective for soil carbon sequestration using a proven methodology for rangeland management, and another that would reduce emissions from deforestation and forest degradation, and contribute to broader forest conservation, management and enhancement (REDD+). Feasibility and detailed technical studies are ongoing, and the Company intends to provide an update later in 2022. Depending on the scale and success of these projects, the Company may also choose to purchase offsets over the counter.

In Nigeria, the Company has continued to work with Prime to develop appropriate and timely ESG performance monitoring and reporting procedures, Standards of Operation and an ESG strategy aligned with the Company's ESG strategic goals. Prime is providing ESG performance data to the Company on a quarterly basis and full-year data is presented in the 2021 Sustainability Report, available on the Company's website. In addition to providing transparency to the Company's stakeholders, this data will enable better engagement with the operating partners around performance and opportunities for improvement.

In Kenya, the revised Field Development Plan for Block 10BB and Block 13T, which was submitted to the Government of Kenya in December 2021, minimizes production-related greenhouse gas emissions, a key focus and objective for the Company. The Company also worked with the project partners to revise the route for the pipeline intended to supply water for operations from the Turkwel Dam to further minimize ecosystem disturbance and cost. A revised ESIA for the pipeline was submitted to the Government in February 2022. The Company is currently awaiting approval of the FDP, along with the Upstream and water pipeline ESIAs. Approval of both the Upstream and water pipeline ESIAs are anticipated in Q2 2022, dependent on the outcome of the farm-out process. Ahead of these decisions, the Company has begun developing stakeholder engagement and community development plans and reviewing and updating relevant environmental, health and safety policies to ensure they are fit-for-purpose for the next stage of project development, should it proceed.

In order to comply with requirements imposed by IFC, one of the Company's major shareholders, independent monitoring reviews are conducted on a regular basis to assess compliance with IFC Performance Standards. The most recent review of Company performance, including a review of the ESIA for the Upstream project in Kenya, was undertaken in Q1 2022 with no material adverse findings reported. All Independent Monitoring Group reports can be found on Africa Oil's website.

SUMMARY OF QUARTERLY INFORMATION

Summarized quarterly results for the past eight quarters are as follows:

For the three months ended	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021	31-Mar 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020
Share of profit from equity investments in joint venture and associates (\$)	53,738	61,843	69,748	47,359	47,929	91,234 ⁽¹⁾	31,755	30,318
Net income/(loss) attributable to common shareholders (\$)	45,608	54,912	58,506	38,384	38,920	79,845	21,189	19,234
Weighted average shares - Basic	475,090	474,192	473,505	473,253	472,147	471,954	471,950	471,950
Weighted average shares - Diluted	485,113	479,611	477,799	476,398	475,011	475,144	475,150	475,150
Basic income/(loss) per share (\$)	0.10	0.12	0.12	0.08	0.08	0.17	0.04	0.04
Diluted income/(loss) per share (\$)	0.09	0.12	0.12	0.08	0.08	0.17	0.04	0.04

(1) The share of profit from equity investments in joint ventures and associates in Q4 2020 contains a gain on dilution of the equity investment in Africa Energy of \$19.9 million and a share of income from the investment in Impact of \$11.9 million.

SUMMARY OF KEY ITEMS OF FINANCIAL PERFORMANCE IN THE THREE MONTHS ENDED MARCH 31, 2022, AND MARCH 31, 2021

	Three months ended	
	March 31, 2022	March 31, 2021
Total operating income	53,738	47,929
Salaries and benefits	(1,910)	(1,299)
Share-based compensation	(3,694)	(1,106)
Office and general	(1,345)	(1,318)
Net operating income	46,789	44,206
Finance expense	(1,232)	(5,308)

Total and net operating income

In Q1 2022, the Company recognized net operating income amounting to \$46.8 million (Q1 2021 - \$44.2 million).

In Q1 2022, included in the Company's share of profit from equity investments is profit from its 50% investment in Prime of \$51.0 million (Q1 2021 - \$48.8 million). The share of profit from the Company's investment in Prime is higher in Q1 2022 primarily as the tax expense has decreased compared to Q1 2021 with the profit from continuing operations in both quarters being relatively consistent. Prime's gross profit in Q1 2022 was lower by \$22.5 million which is offset in positive movements in finance costs of \$30.7 million and a decrease in other operating income of \$10.5 million when comparing Q1 2022 to Q1 2021.

Salaries and benefits

In Q1 2022, salaries and benefits are higher compared to Q1 2021, due to new hires in the second half of 2021 and payments made relating to the settlement of tax on exercised share units in Q1 2022.

Share based compensation

The share-based compensation charge relates to the LTIP and Stock Option Plan. In Q1 2022, the higher charge compared with Q1 2021, is due to the relative share price movement in Q1 2022 compared with Q1 2021, which affects the PSU and RSU valuation.

Office and general

In Q1 2022, the operating costs relating to corporate overheads were in line with Q1 2021.

SUMMARY OF QUARTERLY INFORMATION - CONTINUED**Finance expense**

In Q1 2022, the Company recognized finance expenses of \$1.2 million (Q1 2021 - \$5.3 million).

In Q1 2022, the finance expense is primarily made up of commitment fees and amendment fees associated with the changes to the Corporate Facility and in Q1 2021 the expense was made up of interest payable on the Term Loan, which had an average balance of \$141.0 million in the period.

SUMMARY OF KEY ITEMS OF FINANCIAL POSITION AS AT MARCH 31, 2022, AND DECEMBER 31, 2021

As at	March 31, 2022	December 31, 2021
Assets		
Equity investment in joint venture	568,132	617,127
Equity investments in associates	123,421	120,688
Intangible exploration assets	194,966	194,051
Cash	140,607	58,885
Liabilities		
Long-term debt	-	-

Equity investment in joint venture

As at March 31, 2022, the Company's investment in Prime was \$568.1 million compared to \$617.1 million as at December 31, 2021. The carrying value of the investment increased from the share of Prime's profit of \$51.0 million in Q1 2022, offset by dividends received of \$100.0 million in March 2022.

Equity investments in associates

As at March 31, 2022, the Company's investment in associates was \$123.4 million compared to an investment value of \$120.7 million as at December 31, 2021. The increase in the investment is primarily because of the share of the income from investments in associates of \$2.4 million in Q1 2022.

Intangible exploration assets

The Company's intangible exploration assets relate to its interests in Block 10BB and 13T in Kenya, and Block 3B/4B in South Africa.

Kenya

In Q1 2022, the expenditure on projects in Kenya was \$0.5 million (Q1 2021 - \$1.2 million). In December 2021, the Company and its JV Partners submitted an FDP to the GoK in accordance with the terms of the license extension. The Partners are currently in discussions with the GoK to agree on the final terms of the FDP.

At March 31, 2022, there have been no indicators of impairment identified relating to the Company's intangible exploration assets. However, the Company determined that due to an increase in the oil price and a reduction of the impact from the global pandemic to the wider global market since 2020, that it was deemed appropriate to consider if there had been a reversal of previous impairments. An impairment reversal test was conducted. The key assumptions included in the test were the quantity of contingent resources, future commodity prices, production forecasts, operating expenses, development costs, the timing of FID and the discount rate. A market based oil price forecast was used which contained a forward curve plus a long-term real oil price of \$72.9/bbl and a discount rate of 18% was used in the test. No impairment reversal was identified.

South Africa

On February 7, 2020, a wholly owned subsidiary of the Company acquired a 20% participating interest in the Block 3B/4B Exploration Right from Azinam. In Q1 2022, the Company incurred \$0.2 million on Block 3B/4B reevaluating 2D and 3D seismic data previously acquired (Q1 2021 - \$0.1 million), and its expenditure to date is \$4.7 million.

Cash

As at March 31, 2022, the Company had cash of \$140.6 million compared to cash of \$58.9 million as at December 31, 2021. The increase to cash is due to a dividend received from Prime in Q1 totaling \$100.0 million offset by the dividend payment to shareholders in Q1 2022 totalling approximately \$11.9 million and other corporate costs.

Long-term debt

As at March 31, 2022, and December 31, 2021, the Company had no long-term debt following the full repayment of the Corporate Facility in November 2021.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2022, the Company had cash of \$140.6 million and working capital of \$124.9 million.

The Company's primary source of liquidity is dividends received from Prime. In Q1 2022, Prime distributed one dividend payment totaling \$200.0 million with a net dividend to the Company of \$100.0 million related to its 50% interest. In Q1 2021, Prime did not distribute any dividend payments.

Corporate Facility

On May 13, 2021, the Company agreed a new Corporate Facility for an amount up to \$150.0 million with a three-year term. Post signing, the facility amount and commitments increased to \$160.0 million. Completion occurred on July 16, 2021, and on July 30, 2021, \$98.0 million was drawn down under the Corporate Facility to repay the Term Loan in full. An additional \$62.0 million could be drawn until May 13, 2022, subject to the satisfaction of certain covenants. The Corporate Facility was used to repay the Term Loan and is also available for general corporate purposes. This facility carries interests of 1 month-Libor plus a margin of 6.5% in the first year, 7.0% in the second year and 7.5% in the third year.

In September and November 2021, two dividends were received totaling \$125.0 million from Prime and the Company applied the amounts received to repay the facility in full.

On January 28, 2022, the Company agreed a number of amendments to the Corporate Facility with the existing lenders. The available amount increased to \$100.0 million from \$62.0 million, and the availability period has been extended to December 31, 2022, from May 13, 2022. The principal amounts, if drawn, may not exceed \$80.0 million by June 30, 2023, and \$50.0 million by February 29, 2024. The maturity date, the loan purpose and interest margins are unchanged. The lenders also waived certain conditions in support of the Company's plans to implement a shareholder returns program, which was executed in Q1 2022.

Any loan repayments are calculated to be protective of the Company's liquidity position. Prior to maturity, repayments under the loan are made in the month a dividend is received from Prime. The Company's loan repayments reduce commensurately with any reduction in dividends from Prime. If drawn, the loan principal would be repaid by the lesser of 100% of the dividends received from Prime, and of an amount that ensures the Company hold a minimum projected consolidated cash balance in the six months following the repayment.

The Company provided security in respect of the Corporate Facility mainly in the form of share pledges, over the shares of Petrovida (which holds 50% of Prime), Africa Energy, Eco and Impact owned by the Company and a charge over the bank account into which the Prime dividends are paid. The security over the shares in Africa Energy, Eco and Impact were released in the amendment to the facility on January 28, 2022.

The Corporate Facility is subject to financial and liquidity covenants. The Company has been in compliance with the covenants in the three months ended March 31, 2022.

The Company has no off-balance sheet arrangements.

Future Funding Outlook

Regarding the South Lokichar Basin development, the Company will continue to minimize capital investment until a field development plan and strategic partner is approved. The Company's current working capital position may not provide it with sufficient capital resources to complete development activities being considered in the South Lokichar Basin (Kenya) or to settle its ongoing tax disputes with the KRA.

To finance its future acquisition, exploration, development and operating costs, the Company may require financing from external sources, including issuance of new shares, issuance of debt or executing farmout or disposition arrangements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to the Company.

The Company believes that its existing cash balances combined with anticipated funds flow from Prime dividends will provide sufficient liquidity for the Company to meet its financing, operating and capex commitments as they fall due.

OUTSTANDING SHARE DATA

The following table outlines the maximum potential impact of share dilution upon full execution of outstanding convertible instruments as at the effective date of the MD&A.

Common shares outstanding	477,140,631
Outstanding share purchase options	6,181,616
Outstanding performance share units	7,623,479
Outstanding restricted share units	2,001,978
Full dilution impact on common shares outstanding	492,947,704

RELATED PARTY TRANSACTIONS

Transactions with Africa Energy:

As at March 31, 2022, the Company's ownership interest in Africa Energy is approximately 19.8%.

Services Agreements:

	Service provider	Service provided	For the three months ended	
			March 31, 2022	March 31, 2021
General Management and Service Agreement	AOC to Africa Energy	Administrative services provided to Africa Energy.	11	21
General Technical and Administrative Service Agreement ⁽¹⁾	Africa Energy to AOSAC	Technical and administrative services relating to its operating interest in Block 3B/4B, South Africa.	96	96

(1) Contract date July 1, 2020

As at March 31, 2022, and December 31, 2021, Africa Energy owed the Company nil.

Transactions with Eco

As at March 31, 2022, the Company's ownership interest in Eco is approximately 17.7% which has reduced from 19.9% at December 31, 2021. See page 14 for further details.

Transactions with Impact

As at March 31, 2022, the Company's ownership interest in Impact is approximately 30.9%.

COMMITMENTS AND CONTINGENCIES

The following commitments and contingencies are representative of AOC's net obligations at the effective date of the MD&A.

KENYA REVENUE AUTHORITY

The Company's Kenyan Branch of its wholly owned subsidiary, Africa Oil Kenya B.V., has been assessed for CIT and VAT by the KRA relating to farmout transactions completed during the period 2012 to 2017.

The Kenyan TAT has ruled in favor of the Company with regards to the CIT assessments, which amounts to \$20.7 million, plus interest and penalties. However, the TAT ruled in favor of the KRA with regards to the VAT assessments which amounts to \$24.2 million plus interest. The Company maintains its position that the VAT assessment is without merit and has duly filed an appeal with Kenya's High Court to challenge the position. The KRA appealed the CIT assessment. The Judge has not communicated a date for the next hearing, at which they are expected to give their judgement. The Company expects it is more likely than not that it will be successful in upholding the CIT and defending the VAT assessments and therefore no liability has been recognized in the financial statements. If the High Court rules against the Company, the Company will consider the option to appeal, factoring in the amount of any financial security required as part of the appeals process. An unfavorable decision could have a material negative impact on the value of the Company's Kenyan Intangible Exploration Assets.

PRIME OIL AND GAS COÖPERATIEF U.A:

On June 25, 2021, Prime signed a Securitization Agreement with Equinor and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with the Securitization Agreement, on June 29, 2021, Prime received from Equinor its portion of the security deposit in the form of a cash payment of \$305.0 million. A provision has been recorded within Prime to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime under the terms of any future agreement among the Agbami parties will be set-off against this security deposit. The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

Under the Prime Sale and Purchase Agreement completed on January 14, 2020, a deferred payment of \$118.0 million, subject to adjustment, may be due to the seller contingent upon the timing and ultimate OML 127 tract participation in the Agbami field. The signing of the Securitization Agreement by Prime has led to the Company reassessing its view of the likelihood of making a contingent consideration payment to the seller. The signing of the Securitization Agreement by Prime does not constitute a redetermination of the tract participation, therefore does not trigger the payment of a contingent consideration under the Sale and Purchase Agreement but, at the Company's discretion, could trigger discussions with the seller. The outcome of this process is uncertain. The Company has therefore recorded \$32.0 million as contingent consideration as the best estimate of the most likely outcome and increases the Company's investment in Prime.

KENYA LICENSE COMMITMENTS:

Blocks 10BB and 13T are in the second additional exploration periods for both PSCs, which expired on December 31, 2021. In December 2021, as per the license extension obligations provided by the Government of Kenya in September 2020, the Project Oil Kenya JV Partners submitted a Field Development Plan for the 10BB and 13T licenses. This included the additional E&A opportunities within the 10BB and 13T licenses and holds the licenses in good standing while the Government of Kenya reviews the FDP submissions.

Block 10BA PSC is in the second additional exploration period which expires on April 26, 2022. During the second additional exploration period, the Company and its partners are obligated to complete geological and geophysical operations, including 500 kilometers of 2D. Additionally, the Company and its partners are obligated to drill one exploration well or to complete 45 square kilometers of 3D seismic. The total minimum gross expenditure obligation for the second additional exploration period is \$19.0 million. The JV partners have not provided any letters of credit or guarantees for this commitment. The Block 10BA E&A plan was included in the proposed FDP for Blocks 10BB and 13T. At March 31, 2022, the Company's WI in Block 10BA was 25%.

The Company expects the three licenses to be renewed once the GoK has completed its review of the FDP submission.

SOUTH AFRICA LICENSE COMMITMENTS:

Block 3B/4B is currently in the Initial Period, having a term of three years which expired in March 2022. The Company has filed an application to move into the first extension period. The licenses are in good standing while this occurs, and the Company consider the risk of non-renewal to be low. The work commitments during this Initial Period for Block 3B/4B consist of regional subsurface evaluation and mapping, petrophysical analysis of nearby wells, basin modelling, prospect maturation and prospect ranking, leading to recommendations on future investments. The total minimum gross expenditure obligation for the Initial Period was 11.4 million Rand (approximately \$0.7 million), which has been met. At March 31, 2022, the Company's WI in Block 3B/4B was 20%.

CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting estimates are defined as those estimates that have a significant impact on the portrayal of its financial position and operations and that require management to make judgements, assumptions and estimates in the application of IFRS. Judgements, assumptions and estimates are based on historical experience and other factors that management believes to be reasonable under current conditions. As events occur and additional information is obtained, these judgements, assumptions and estimates may be subject to change.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates include unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from these estimated amounts as future confirming events occur. Significant estimates used in the preparation of the consolidated financial statements include, but are not limited to, recovery of exploration costs capitalized in accordance with IFRS, equity method accounting, valuation and impairment of equity investments and contingent consideration arising from the acquisition of Prime.

The Company's significant accounting policies can be found in the Company's Financial Statements for the year ended December 31, 2021.

INTANGIBLE EXPLORATION ASSETS

The Company capitalizes costs related to the acquisition of a license interest, directly attributable general and administrative costs, expenditures incurred in the process of determining oil and gas exploration targets, and exploration drilling costs. All exploration expenditures that related to properties with common geological structures and with shared infrastructure are accumulated together within intangible exploration assets. Costs are held un-depleted until such time as the exploration phases on the license area are complete or commercially viable reserves have been discovered and extraction of those reserves is determined to be technically feasible. The determination that a discovery is commercially viable, and extraction is technically feasible requires judgement.

Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are recognized in the Consolidated Statement of Net Income and Comprehensive Income. If commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalized intangible exploration costs are transferred into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGU) within intangible exploration assets. The allocation of the Company's assets into CGUs requires judgement.

Intangible exploration assets are assessed for impairment when they are reclassified to property and equipment, and also if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proven and probable reserves. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. In the absence of such transactions, an appropriate valuation model is used.

The key assumptions the Company uses for estimating future cash flows are the quantity of contingent resources, future commodity prices, expected production volumes, future operating and development costs, timing of FID and discount rate. The estimated useful life of the CGU, the timing of future cash flows and discount rates are also important assumptions made by management.

The changing worldwide demand for energy and the global advancement of alternative sources of energy could result in a change in the assumptions used to determine the recoverable amount and could affect estimating the future cash flows which could impact carrying amount of the Company's intangible exploration assets. The timing of when global energy markets transition from carbon based sources to alternative energy sources is highly uncertain. Environmental considerations are built into our estimates through the use of key assumptions in estimating fair value including future commodity prices and discount rates. The energy transition could impact the future prices of commodities and discount rates used to appraise oil and gas projects. Pricing assumptions used in the determination of recoverable amounts incorporate markets expectations and the evolving worldwide demand for energy.

EQUITY METHOD

Investments in joint ventures and investments in associates are accounted for using the equity method. Investments of this nature are recorded at original cost. Investments in joint ventures or associates which arise from a loss in control of a subsidiary are recorded at fair value on the date of the loss of control. The investment is adjusted periodically for the Company's share of the profit or loss of the investment after the date of acquisition. The investor's share of the profit or loss of the investee is also recognized in the Company's Consolidated Statement of Net Income and Comprehensive Income. Distributions received reduce the carrying amount of the investment.

Additionally, estimates associated with investments in joint ventures include the determination of amounts allocated to non-current assets as well as any negative goodwill associated with the acquisition.

CRITICAL ACCOUNTING ESTIMATES - CONTINUED

IMPAIRMENT OF JOINT VENTURES AND ASSOCIATES

The amounts for investments in joint ventures and associates represent the Company's equity interest in other entities, where there is either joint control or significant influence. The Company assesses investments in joint ventures and associates for impairment whenever changes in circumstances or events indicate that the carrying value may not be recoverable. The process of determining whether there is an indicator for impairment or calculating the recoverable amount requires judgement.

The most material area in which the Company has applied judgement in the period is in relation to the investment in Prime. In assessing whether there are any indicators of impairment the Company has considered any effects of Prime's hedging arrangements, the loan facility, and any operational and contractual implications on the future dividend stream when assessing for impairment indicators. When any impairment indicators are identified, the entire carrying amount of the investment in the associate is compared to recoverable amount, which is the higher of value in use or fair value less costs of disposal. The Company has determined the recoverability of its investment will be in the form of dividends, and therefore has assessed the impact of current conditions on the recoverability of the dividends relative to the investment carrying value. The key assumptions the Company uses for estimating dividends include future commodity prices, operational scenarios provided by Prime, the timing of future cash flows and discount rates.

CONTINGENT CONSIDERATION

Contingent consideration formed part of the overall consideration for the acquisition of Prime. At the date of acquisition, an estimate of the contingent consideration is determined and included as part of the cost of the acquisition.

Subsequent to acquisition, contingent consideration can be treated using two acceptable methods, the cost-based approach and the fair value-based approach. The Company have determined the cost-based approach to give the best estimate of the value of the contingent consideration. Any revisions to the contingent consideration estimates, after the date of acquisition, are accounted for as changes in estimates in accordance with IAS 8, to be accounted for on a prospective basis. The change in the liability, as a result of the revised cash flows, would be adjusted to the cost of the investment and, in accordance with paragraph 37 of IAS 8, recognized as part of the investment's carrying amount rather than in profit or loss.

The estimates involved in assessing the value of the contingent consideration include the expected timing of payments, the expected settlement value, the likelihood of settlement and the probability of the assessed outcomes occurring. There is significant judgement used in the determination of these estimates.

INTERNAL FINANCIAL REPORTING AND DISCLOSURE CONTROLS

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. As of March 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's disclosure controls and procedures, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal controls over financial reporting include policies and procedures that: pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and disposition of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorization of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's internal controls over financial reporting. As at March 31, 2022, the Chief Executive Officer and Chief Financial Officer have each concluded that the Company's internal controls over financial reporting, as defined in NI 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings, are effective to achieve the purpose for which they have been designed. Because of their inherent limitations, internal controls over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ADVISORY REGARDING OIL AND GAS INFORMATION

The terms boe (barrel of oil equivalent) and MMboe (millions of barrels of oil equivalent) are used throughout this report. Such terms may be misleading, particularly if used in isolation. The conversion ratio of six thousand cubic feet per barrel (6 Mcf:1 Bbl) of conventional natural gas to barrels of oil equivalent and the conversion ratio of 1 barrel per six thousand cubic feet (1 Bbl:6 Mcf) of barrels of oil to conventional natural gas equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to conventional natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

In this report, references are made to historical and potential future oil production in Nigeria and Kenya. In all instances these references are to light and medium crude oil category in accordance with NI 51-101 and the COGE Handbook.

Reserves are estimated remaining quantities of petroleum anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be sub-classified based on development and production status. Proved Reserves are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs and under existing economic conditions, operating methods and government regulations. Probable Reserves are those additional quantities of petroleum that are less certain to be recovered than Proved Reserves, but which, together with Proved Reserves, are as likely as not to be recovered. Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

RISK FACTORS

With Board oversight, the Company proactively manages the identification, assessment and mitigation of risks, many of which are common to operations in the oil and gas industry as a whole, whilst others are unique to the Company. The realization of any of the risks listed below could have a material adverse effect on the Company's business, financial condition, reserves and results of operations, such list being non-exhaustive.

CONFLICT IN UKRAINE

The conflict in Ukraine has impacted global markets and may continue to result in increased volatility in financial markets and commodity prices and disruption in supply chains.

The Company does not have a direct exposure to operations in Ukraine or Russia and does not have any business relationships with any sanctioned entities or people. The Company will continue to review all its engagements with new stakeholders to ensure this remains the case.

GLOBAL HEALTH EMERGENCY

The on-going COVID-19 pandemic, and the actions that have been taken by governmental authorities in response to it have resulted, and may continue to result in, increased volatility in financial markets and commodity prices, disruption in supply chains, labour shortages, temporary operational restrictions and restrictions on gatherings and travel, as well as quarantine orders and business closures. In particular, the COVID-19 pandemic has resulted and may continue to result in volatility in demand for, and prices of, crude oil.

The Company's business, financial condition and results of operations could be materially and adversely affected by the COVID-19 pandemic, as well as any other epidemic, pandemic or other public health crisis. The degree to which the COVID-19 pandemic impacts our results will depend on future developments, which are uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus and its variants or treat their impact, the efficiency of vaccination campaigns against the virus and all its variants, and how quickly and to what extent the worldwide economic activity can recover to pre-crisis levels.

CLIMATE CHANGE AND ENVIRONMENTAL COMPLIANCE

Litigation Risks

Climate-related litigation is a rapidly evolving and increasingly important issue for our industry. The Company is monitoring developments closely, realizing that the possibility of legal challenges could rise as the costs of climate change mitigation and adaptation increase, and as more climate laws and agreements are put in place. While the majority of cases continue to be brought in developed economies, the number of climate litigation cases in developing countries is growing, with at least 58 cases recorded in developing country jurisdictions in the Southern Hemisphere. These include cases relevant to the oil and gas industry in Guyana and South Africa, as well as before the East African Court of Justice. While these cases do not directly concern the Company's assets and licenses, their outcomes could have indirect implications for the Company's exploration and development activities.

Regulatory Risks

Global commitment to addressing the causes and impacts of anthropogenic climate change have steadily increased since the Paris Agreement was signed in 2015. Efforts have focused on reducing emissions of greenhouse gases, particularly carbon dioxide and methane.

RISK FACTORS - CONTINUED

The upstream oil and natural gas industry is a significant producer of greenhouse gases due to the energy intensive nature of its operations; in addition, carbon dioxide and methane are released as a by-product of natural gas production and handling. The oil and gas produced then generates indirect emissions when converted into end-use products, such as gasoline and diesel, and ultimately burned as fuel in combustion engines, generators or turbines.

As a result, the industry is subject to increasingly stringent regulations regarding energy and emissions management. Climate change policy is quickly evolving at local, national, regional and international levels. In the run-up to the 26th Conference of the Parties (COP26) to the UN Convention on Climate Change, which took place in Glasgow in November 2021, 155 countries submitted updates to their Nationally Determined Contributions to the Paris Agreement. These included four out of the five countries in which the Company owns assets, either directly or indirectly through joint ventures or equity affiliates. COP26 also saw the announcement of a number of multilateral initiatives with implications for the oil and gas industry and the Company. Most notably, more than 100 countries—including Nigeria—committed to reduce global methane emissions by 20% by 2030. Additionally, 34 countries and five public finance institutions committed to end direct support for unabated fossil fuels by the end of 2022.

As countries implement laws to meet these commitments, the Company is likely to face new or increased regulations restricting oil and gas activities, limiting emissions from operations or imposing additional costs, including direct costs on emissions. The Company may also find access to select markets or financial capital restricted. These measures could have a material impact on the operations and financial condition of the Company. Political and economic events may significantly affect the scope and timing of the measures that are ultimately put in place. Costs of compliance with existing emissions regulations in the Company's countries of operation have been immaterial to date. Various climate change scenarios suggest these could increase significantly in the medium and long-term, particularly in scenarios consistent with the Paris Agreement objectives to limit global warming to "well below" 2 degrees Celsius this century. Scenario analysis conducted by the Company suggests our assets would remain economic even if carbon costs were to increase to the levels assumed under these scenarios.

Physical Risks

Climate change has already resulted in significant shifts in global weather patterns, including an increase in the number and severity of heat waves, cold spells, droughts and storms, including hurricanes and tropical cyclones. Longer term, climate change may also result in rising sea levels due to melting polar ice caps.

The physical effects of climate change have the potential to directly impact the Company's assets and operations. With the exception of Kenya, the Company's assets are located offshore, where they are subject to disruption and damage from more frequent and severe storms and sea level rises. In Kenya, increased temperatures and changes in precipitation levels could alternately lead to flooding and erosion impacting the future project site, facilities and infrastructure, or shortages of water for operations as a result of drought.

The exact nature, magnitude and timing of physical climate impacts is difficult to predict. The Company will continue to develop its understanding of long-term weather patterns in order to anticipate the need for additional adaptation measures to protect associated infrastructure.

Reputational Risk

Concerns about climate change have resulted in increasing environmental activism aimed at the oil and gas industry. The Company has not been directly targeted by environmental activists. However, the Company could be targeted in the future. Moreover, activism aimed at other companies or the industry more broadly could indirectly impact the Company's assets or license to operate.

In addition to environmental activists, numerous banks and large institutional investors have communicated an intention to divest from select fossil fuels, particularly coal and unconventional oil and gas activities, such as oil sands and shale oil and gas. Conventional oil and gas activities are increasingly coming under similar pressure, and the Company may find access to capital limited, more expensive or made contingent upon environmental performance standards.

Business Model Risks

Changing consumer preferences for low carbon sources of energy, transport and products and services may erode demand for oil and gas as clean alternatives come to market and gain scale. In addition to limiting the Company's ability to sell into the market, these trends could lead to lower commodity prices in the medium and long-term, putting further pressure on revenues. In the short-term, unbalanced investment in traditional vs. new energy technologies and sources, combined with uncertain demand dynamics, may lead to commodity price volatility, as we have witnessed already in late 2021 and early 2022. Supply chains may also become constrained, as suppliers adjust their strategies and product mix in response to the energy transition, resulting in increasing costs for some goods and services. The Company has conducted scenario analysis that suggests its assets are resilient to the types of changes in oil and gas price levels that might be expected under a low-carbon future.

At the same time, markets for new products and services may present new opportunities for the Company to expand or diversify the Company's lines of business. For instance, the Company is exploring development of two offset projects in Kenya of sufficient scale to help reduce both the Company's own emissions as well as potential third-party emissions. Likewise, clean energy technologies, such as renewables, hydrogen and carbon capture and storage (CCS), present opportunities for integration with the Company's operations to lower the Company's own emissions footprint. Specifically, the Field Development Plan for the Company's Kenyan assets includes use of solar power to support administrative loads related to the midstream component, and the Company has explored broader use of renewables to power operations at the facility. Though deemed uneconomic at this time, the Company will continue to consider ways to expand integration of renewable or low carbon technologies to reduce its operational footprint.

See the Company's 2021 Sustainability Report for a thorough discussion of climate-related risks and opportunities in accordance with guidelines issued by the Task Force on Climate-related Financial Disclosures. The Sustainability Report is available on the Company's website.

RISK FACTORS - CONTINUED

Other Environmental Risks

The regulatory frameworks in the Company's countries of operation extend beyond emissions to include broader areas of environmental concern, including water management, waste handling, soil pollution and biodiversity protection. These regulations typically include environmental licensing and permitting subject to the conduct of Environmental and Social Impact Assessments prior to any new development phase, as well as ongoing monitoring and reporting.

Non-compliance with these environmental regulations can result in fines or permits being revoked, both of which could materially impact the Company's financial position or license to operate. Breaches could also lead to civil or criminal litigation, particularly in cases resulting in significant environmental damage.

The Company is committed to minimizing the broader environmental impact of our oil and gas activities. The Company acts in compliance with the applicable environmental laws and regulations of its countries of operation and manages activities according to international industry best practice. This includes taking a rigorous approach to operational planning, including identifying potential environmental or ecological risks and impacts of operations, and obtaining and maintaining all necessary permits and licenses. The Company also consults with stakeholders on environmental issues that may affect them, investigates any environmental incidents, and maintains emergency response procedures for protection of the operating environment.

In particular, the Company strives to minimize water consumption, mitigate impact upon water sources and monitor and safely dispose of waste streams. The Company assesses and puts measures in place to minimize impact on biodiversity and ecosystems in line with the mitigation hierarchy and, where appropriate, undertakes offsetting measures to ensure that activities lead to no net loss of important biodiversity and habitats.

Where the Company does not operate, it monitors and manages environmental risks via regular reports from project partners and operators and participation in quarterly operating and technical committee meetings.

In some cases, damage cannot be avoided, and in those cases, the Company works quickly to contain and mitigate the risk and restore any affected areas.

Though the Company endeavors to engage all relevant stakeholders proactively and early in the planning process, environmental activism is increasing, and in some cases has resulted in delays or disruptions to activities, including delays to permitting where activists have challenged permits in courts. Africa Oil has not to date suffered impacts to operations due to environmental activism. However, such delays could affect project economics by incurring additional costs or delaying forecast production and revenues.

The Company does not currently face any environmental fines or charges and rates the risk of future fines or charges as low. However, accidents can occur; the unexpected nature of these events makes the timing and scope challenging to quantify with respect to financial impacts.

PRICES, MARKETS AND MARKETING OF CRUDE OIL AND NATURAL GAS

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and natural gas have fluctuated widely in recent years. Any material decline in prices could have an adverse effect on the Company's business and prospects. The Company may be required by Government authorities to limit production due to OPEC+ quotas from time to time.

The Company may undertake hedging activities when efficient to do so, however, they may not fully mitigate, in whole or in part, the risk and effect of lower oil prices.

The Company or its investee company's ability to market its oil and natural gas may depend upon its ability to acquire space on vessels or pipelines that deliver oil and natural gas to commercial markets. The Company could also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational issues affecting such pipelines and facilities as well as government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

PRIME DIVIDENDS

The Company periodically receives dividends from Prime related to the Company's 50% shareholding in Prime, the amount and timing of which the Company does not control. However, a significant reduction, infrequent distributions, or no payment of Prime's dividends to the Company could have a material adverse effect on the Company's business and financial condition. Such result could occur due to, among other things, the following:

- global health emergencies
- an inability of Prime to hedge the production of future assets
- Prime's off-takers defaulting on forward sale agreements or banks defaulting on hedging agreements
- significant or extended declines in oil and natural gas prices
- decline in the demand for oil and natural gas
- changes to the applicable tax and other laws and regulations in Nigeria and the Netherlands
- capital or liquidity constraints experienced by Prime, including restrictions imposed by lenders
- the license renewal not occurring
- accounting delays or adjustments for prior periods
- shortages of, or delays in obtaining skilled personnel or equipment, including drilling rigs
- delays in the sale or delivery of products
- title defects

A significant reduction or no payment of Prime's dividends to the Company could significantly reduce the amount of the Company's anticipated cash flow and could also expose the Company to financial risk.

RISK FACTORS - CONTINUED**LIQUIDITY**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations, and to be able to potentially acquire strategic oil and gas assets and face potentially unexpected liabilities.

The Company will potentially issue debt or equity, extend its debt maturities and enter into farmout agreements to ensure it has sufficient available funds to meet current and foreseeable financial requirements. Concerns around climate change have resulted in some lenders and investors moving away from financing oil and gas activities, and the Company may find access to capital limited, more expensive or made contingent upon environmental performance standards.

The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs. The Company will also adjust the pace of its activities to manage its liquidity position. Notwithstanding any mitigation efforts, the Company remains exposed to erosion of its balance sheet and revenues and may have difficulty in securing necessary funding, which may lead to insufficient liquidity.

GOVERNMENT, LOCAL REGULATIONS AND TAX

The Company is subject to Applicable Law. The Company may be adversely affected by changes to Applicable Laws to which it is subject and its host Governments may implement new Applicable Laws, modify existing ones, or interpret them in a manner that is detrimental to the Company. Such changes to the Applicable Law to which the Company is subject could, amongst other things, result in an increase in existing tax rates or the imposition of new ones or the Company may be subject to tax assessments, all of which on their own or taken together could have a material adverse effect on the Company's business, financial condition, results of operations and prospects of the Company's oil and gas assets. In Nigeria, the fiscal regime to which Prime is subject has recently been affected by the passing of the PIA, 2021. The impact on the Company is being assessed.

General elections are scheduled to be held in Kenya on August 9, 2022, and in Nigeria between February 25, 2023, and March 11, 2023. The Company is currently awaiting the approval of the FDP for Blocks 10BB and 13T, submitted in December 2021, and Prime are considering the voluntary early conversion of its licenses in Nigeria to the new PIA terms.

The election could delay the approval for the FDP due the formation of a new government. The application for the license renewal in Nigeria could be delayed if made near the time in which the election is being conducted.

INVESTMENTS IN ASSOCIATES AND INVESTMENTS IN JOINT VENTURES

The Company has invested in other frontier oil and gas exploration companies that are similar to it, and that face similar risks and uncertainties, which could have a material adverse effect on their businesses, prospects and results of operations. Such risks include, without limitation, equity risk, liquidity risk, commodity price risk, credit risk, currency risk, foreign investment risk, and changes in environmental regulations, economic, political or market conditions, or the regulatory environment in the countries in which they operate. The associates or joint ventures are entities in which the Company has influence but given its equal interest or minority interest, no or limited control over their decisions, including, without limitation, financial and operational policies, and has no or limited control over financial outcomes and performances. The Company's investments are not diversified over different types of investments and industries, rather, they are concentrated in one type of investment. If an associated company or jointly controlled entity in which the Company has invested fails, liquidates, or becomes bankrupt, it could face the potential risk of loss of some, or all, of its investments, and the Company may be unable to recover its initial investment amount, or any amount, from its various investments in other frontier oil and gas exploration companies.

RISKS INHERENT IN OIL AND GAS EXPLORATION, AND DEVELOPMENT, AND PRODUCTION

Oil and gas operations involve many risks, which even a combination of experience, knowledge, and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that expenditures made on future exploration by the Company will result in discoveries of oil or natural gas in commercial quantities or that commercial quantities of oil and natural gas will be discovered or acquired by the Company. It is difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. Without the continual addition of new reserves, any existing reserves associated with the Company's oil and gas assets at any particular time, and the production therefrom, could decline over time as such existing reserves are exploited. There is a risk that additional commercial quantities of oil and natural gas may not be discovered or acquired by the Company. Production delays and declines from normal field operating conditions cannot be eliminated and may adversely affect revenue and cash flow levels to varying degrees. There is no certainty that any discovered resources will be commercially viable to produce. There is no certainty that any portion of undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and

RISK FACTORS - CONTINUED

declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

The Company's business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas, many of which cannot be overcome even with a combination of experience and knowledge and careful evaluation. The risks and hazards typically associated with oil and gas operations include fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury, and such damages may not be fully insurable.

INTERNATIONAL OPERATIONS

The Company participates in oil and gas projects located in emerging markets, primarily in Africa. Oil and gas exploration, development and production activities in these emerging markets are subject to significant political, economic, and other uncertainties that may adversely affect the Company's operations. The Company could be adversely affected by changes in applicable laws and policies in the countries where the Company has interests. Additional uncertainties include, but are not limited to, the risk of war, terrorism, expropriation, civil unrest, nationalization, renegotiation or nullification of existing or future concessions and contracts, the imposition of international sanctions, a change in crude oil or natural gas pricing policies, changes to taxation laws and policies, assessments and audits (including income tax) against the Company by regulatory authorities, difficulty or delays in obtaining necessary regulatory approvals, risks associated with potential future legal proceedings, and the imposition of currency controls. These uncertainties, all of which are beyond the Company's control, could have a material adverse effect on the Company's business, prospects and results of operations. In addition, if legal disputes arise related to oil and gas concessions acquired by the Company, they could be subject to the jurisdiction of courts other than those of Canada. The Company's recourse may be very limited in the event of a breach by a government or government authority of an agreement governing a concession in which the Company acquires an interest. The Company may require licenses or permits from various governmental authorities to carry out future exploration, development and production activities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits when required.

DIFFERENT LEGAL SYSTEM AND LITIGATION

The Company's exploration, development and production activities are located in countries with legal systems that in various degrees differ from that of Canada. Rules, regulations and legal principles may differ in respect of matters of substantive law and of such matters as court procedure and enforcement. Almost all material exploration and production rights and related contracts of the Company are subject to the national or local laws and jurisdiction of the respective countries in which the operations are carried out. This means that the Company's ability to exercise or enforce its rights and obligations may differ between different countries and also from what would have been the case if such rights and obligations were subject to Canadian law and jurisdiction.

The Company's operations are, to a large extent, subject to various complex laws and regulations as well as detailed provisions in concessions, licenses and agreements that often involve several parties. If the Company was to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, and agreements or otherwise, such disputes or related litigation could be costly, time consuming and the outcome would be highly uncertain. Even if the Company ultimately prevailed, such disputes and litigation may still have a substantially negative effect on the Company's business, assets, financial conditions, and its operations.

ANTI-BRIBERY AND ANTI-CORRUPTION LAWS

The Company is subject to various anti-bribery and anti-corruption laws, including the Corruption of Foreign Public Officials Act (Canada) and the Bribery Act 2010 (United Kingdom). Failure to comply with such laws could subject the Company to, among other things, reputational damage, civil and criminal penalties, other remedial measures and legal expenses which could adversely affect the Company's business, results in operations, and financial condition. To mitigate this risk, the Company has implemented an anti-corruption compliance and onboarding program for anyone that does business with the Company, anti-corruption training initiatives for its personnel and consultants, and an anti-corruption policy for its personnel, and consultants. However, the Company cannot guarantee that its personnel, contractors, or business partners have not in the past or will not in the future engage in conduct undetected by the onboarding processes and procedures adopted by the Company, and it is possible that the Company, its personnel or contractors, could be subject to investigations or charges related to bribery or corruption as a result of actions of its personnel or contractors.

CREDIT FACILITIES

The Company is party to credit facilities. The terms of the facility contain covenants and restrictions on the ability of the Company to, among other things, incur or lend additional debt, pay dividends and make restricted payments, and encumber its assets. The failure of the Company to comply with the covenants contained in the facility or to repay or refinance the facility by its maturity date could result in an event of default, which could, through acceleration of debt, enforcement of security or otherwise, materially and adversely affect the operating results and financial condition of the Company.

FINANCIAL STATEMENTS PREPARED ON A GOING CONCERN BASIS

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's operations to date have been primarily financed by equity financing, dividends received from equity investments, debt financing and the completion of WI farmout agreements. The Company's future operations may be dependent upon the identification and successful completion of additional equity or debt financing, the achievement of profitable operations (and profitable operations within equity investments) or other transactions. There can be no assurances that the Company will be successful in completing additional financings, achieving profitability or completing future transactions. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

RISK FACTORS - CONTINUED**SHARED OWNERSHIP AND DEPENDENCY ON PARTNERS**

The Company's operations are primarily conducted together with one or more joint venture partners through contractual arrangements, including unincorporated associations. In such instances, the Company may be dependent on, or affected by, the due performance and financial strength of its partners. If a partner fails to perform or becomes insolvent, the Company may, among other things, risk losing rights or revenues or incur additional obligations or costs, experience delays, or be required to perform such obligations in place of its partners. The Company and its partners may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under a certain agreement. If a dispute were to arise with one or more partners relating to a project, such dispute may have material adverse effect on the Company's operations relating to such project.

UNCERTAINTY OF TITLE

Although the Company conducts title reviews prior to acquiring an interest in a concession, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise that may call into question the Company's interest in the concession. Any uncertainty with respect to one or more of the Company's concession interests could have a material adverse effect on the Company's business, prospects and results of operations.

RISKS RELATING TO CONCESSIONS, LICENSES AND CONTRACTS

The Company's operations are based on a relatively limited number of concession agreements, licenses and contracts. The rights and obligations under such concessions, licenses and contracts may be subject to interpretation and could also be affected by, among other things, matters outside the control of the Company. In case of a dispute, it cannot be certain that the view of the Company would prevail or that the Company otherwise could effectively enforce its rights which, in turn, could have significantly negative effects on it. Also, if the Company or any of its partners were found to have failed to comply with their obligations or liabilities under a concession, license or contract, including record-keeping, budgeting, and time scheduling requirements under production sharing contracts, the Company's or partner's rights under such concession, license or contract may be terminated or otherwise relinquished in whole or in part. The Company cannot guarantee that requirements are adequately met by its joint venture partners, which could bring an increased risk of impairment and reduced future cash flow.

RISKS RELATING TO AUDITS AND COST-RECOVERY OIL (KENYA)

Under the terms of the Company's Block 10BA, Block 10BB, and Block 13T production sharing contracts, up to a stated maximum percentage of net available oil is available for cost-recovery by the respective joint venture partners. Costs subject to cost recovery include all costs and expenditures incurred by the joint venture partners for exploration, development, production, and decommissioning operations, as well as any other applicable costs and expenditures incurred directly or indirectly with such activities. Such costs may be subject to audits which could identify amounts claimed by the joint venture partners as being disallowed expenditures, which could negatively impact the joint ventures' ability to recover and develop projects, as planned. Such costs may also form the basis of consideration in historical and future farm out agreements. The Company cannot guarantee that record-keeping, accounting, budgeting, and time scheduling requirements are adequately met by its joint venture partners, which could bring an increased risk of impairment, claims between joint venture partners, and reduced future cash flow.

RELiance ON THIRD-PARTY INFRASTRUCTURE

The amount of oil and natural gas that the Company and its joint venture partners are able to produce, and sell is subject to the accessibility, availability, proximity and capacity of gathering, processing and pipeline systems. The lack of availability of capacity in any of the gathering, processing and pipeline systems, and in particular the processing facilities could result in the Company's inability to realize the full economic potential of its production or in a reduction of the price offered for the Company's production. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Company's business financial condition, results of operations, cash flows and future prospects.

RISKS ASSOCIATED WITH DISCOVERING OIL

While the Company has made discoveries, there is no certainty that any additional resources will be discovered. Once discovered, there is no certainty that the discovery will be commercially viable to produce any portion of the resources. The portion of the Company's portfolio which include discoveries require additional data to fully define their potential and significant changes to the resource estimates will occur with the incorporation of additional data and information.

RISKS ASSOCIATED WITH ESTIMATES

In the event of a discovery, basic reservoir parameters, such as porosity, net hydrocarbon pay thickness, fluid composition and water saturation, may vary from those assumed by the Company's independent third-party resource evaluator affecting the volume of hydrocarbon estimated to be present. Other factors such as the reservoir pressure, density and viscosity of the oil and solution gas/oil ratio will affect the volume of oil that can be recovered. Additional reservoir parameters such as permeability, the presence or absence of water drive and the specific mineralogy of the reservoir rock may affect the efficiency of the recovery process. Recovery of the resources may also be affected by well performance, reliability of production and process facilities, the availability and quality of source water for enhanced recovery processes and availability of fuel gas. There is no certainty that certain interests are not affected by ownership considerations that have not yet come to light.

WELL-FLOW TEST RESULTS

Drill stem tests are commonly based on flow periods of 1 to 5 days and build up periods of 1 to 3 days. Pressure transient analysis has not been carried out on all well tests and the results should therefore be considered as preliminary. Well test results are not necessarily indicative of long-term performance or of ultimate recovery.

RISK FACTORS - CONTINUED**SUBSTANTIAL CAPITAL REQUIREMENTS**

The Company expects to make substantial capital expenditures for exploration, development and production of oil and gas reserves in the future. The Company's ability to access the equity or debt markets may be affected by any prolonged market instability and changing requirements relating to climate change. The inability to access the equity or debt markets for sufficient capital, at acceptable terms and within required time frames, could have a material adverse effect on the Company's financial condition, results of operations and prospects.

To finance its future acquisition, exploration, development and operating costs, the Company may require financing from external sources, including from the issuance of new shares, issuance of debt or execution of WI farm-out agreements. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to the Company. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of the Company may be diluted. If unable to secure financing on acceptable terms, the Company may have to cancel or postpone certain of its planned exploration and development activities which may ultimately lead to the Company's inability to fulfill the minimum work obligations under the terms of its various concessions. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

AVAILABILITY OF EQUIPMENT AND STAFF

The Company's oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment and qualified staff in the particular areas where such activities are or will be conducted. The Company currently leases all the drilling rigs used for its exploration and development activities. Shortages of such equipment or staff may affect the availability of such equipment to the Company and may delay the Company's exploration and development activities and result in lower production.

RELIANCE ON KEY PERSONNEL

The loss of the services of key personnel could have a material adverse effect on the Company's business, prospects and results of operations. The Company has not obtained key person insurance in respect of the lives of any key personnel. In addition, competition for qualified personnel in the oil and gas industry is considerable and there can be no assurance that the Company will be able to attract and retain the skilled personnel necessary for operation and development of its business. Success of the Company is largely dependent upon the performance of its management and key employees.

RESERVES AND RESOURCES VOLUMES

There are many uncertainties inherent in estimating quantities of oil and natural gas reserves and resources (contingent and prospective) and the future cash flows attributed to such reserves and resources. The actual production, revenues, taxes and development and operating expenditures with respect to the reserves and resources associated with the Company's assets will vary from estimates thereof and such variations could be material. Estimates of reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

RISKS RELATING TO INFRASTRUCTURE

The Company is dependent on available and functioning infrastructure relating to the properties on which it operates, such as roads, power and water supplies, pipelines and gathering systems. If any infrastructure or systems failures occur or do not meet the requirements of the Company, its operations may be significantly hampered. Currently there is limited local infrastructure for the production and distribution of oil and gas in the countries in which the Company operates. Export infrastructure to enable other markets to be accessed has not yet been developed and is contingent on numerous factors including, but not limited to, sufficient reserves being discovered to reach a commercial threshold to justify the construction of export pipelines and agreement amongst various government agencies regulating the transportation and sale of oil and gas. The Company is working with its joint venture partners and government authorities to evaluate the commercial potential and technical feasibility of discoveries made to date and potential future discoveries.

CURRENT GLOBAL FINANCIAL CONDITIONS

Global financial conditions have always been subject to volatility. These factors may impact the ability of the Company to obtain equity or debt financing in the future, and, if obtained, on terms favorable to the Company. Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value, and the price of the common shares could be adversely affected.

INFLATION RISK

A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows. The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows.

RISK FACTORS - CONTINUED**FOREIGN CURRENCY EXCHANGE RATE RISK**

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure is partially offset by sourcing capital projects and expenditures in US dollars. The Company had no forward exchange contracts in place as at March 31, 2022.

CREDIT RISK

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of the Company's credit exposure relates to amounts due from its joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners who are non-performing and reacquire any previous farmed out WI. The maximum exposure for the Company is equal to the sum of its cash, restricted cash, and accounts receivable. A portion of the Company's cash is held by banks in foreign jurisdictions where there could be increased exposure to credit risk.

CYBERSECURITY

The Company has become increasingly dependent upon the availability, capacity, reliability and security of its IT infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. It depends on various IT systems to estimate resources and reserve quantities, process and record financial and operating data, analyze seismic and drilling information, and communicate with employees and third-party partners. The Company's IT systems are increasingly integrated in terms of geography, number of systems, and key resources supporting the delivery of IT systems. The performance of key suppliers is critical to ensure appropriate delivery of key services. Any failure to manage, expand and update the IT infrastructure, any failure in the extension or operation of this infrastructure, or any failure by key resources or service providers in the performance of their services could materially and adversely affect the Company's business, financial condition and results of operations.

The ability of the IT function to support the Company's business in the event of a disaster such as fire, flood or loss of any of the office locations and the ability to recover key systems from unexpected interruptions cannot be fully tested. There is a risk that, if such an event actually occurs, the Company's continuity plan may not be adequate to immediately address all repercussions of the disaster. In the event of a disaster affecting a data centre or key office location, key systems may be unavailable for a number of days, leading to inability to perform some business processes in a timely manner.

The Company applies technical and process controls and security measures in line with industry-accepted standards to protect information, assets and systems. However, these controls and measures on which the Company relies may not be adequate due to the increasing volume, sophistication and rapidly evolving nature of cyber threats. The Company's information technology and infrastructure, including process control systems, may be vulnerable to attack by malicious persons or entities or breached due to employee error, malfeasance or other disruptions, including natural disasters and acts of war. There is no assurance that the Company will not suffer losses associated with cyber-security attacks, breaches, access, disclosure or loss of information in the future and may be required to expend significant additional resources to investigate, mitigate and remediate any potential vulnerabilities or could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruptions to the Company's operations, decreased performance and production, increased costs and damage to the Company's reputation or other negative consequences to the Company, which could have a material adverse effect on the Company's business, financial condition and results of operations.

CONFLICT OF INTERESTS

Certain directors of the Company are also directors or officers of other companies, including oil and gas companies, the interests of which may, in certain circumstances, come into conflict with those of the Company. If and when a conflict arises with respect to a particular transaction, the Company requires that its affected directors and officers must disclose the conflict, recuse themselves, and abstain from voting with respect to matters relating to the transaction. All conflicts of interest will be addressed in accordance with the provisions of the BC BCA and other applicable laws.

LIMITATION OF LEGAL REMEDIES

Securities legislation in certain of the provinces and territories of Canada provides purchasers with various rights and remedies when a reporting issuer's continuous disclosure contains a misrepresentation and ongoing rights to bring actions for civil liability for secondary market disclosure. Under the legislation, the directors would be liable for a misrepresentation. It may be difficult for investors to collect from the directors who are resident outside Canada on judgements obtained in courts in Canada predicated on the purchaser's statutory rights and on other civil liability provisions of Canadian securities legislation.

SELLING OFF OF SHARES

The market price for the Company's common shares may be volatile, and subject to some fluctuations. To the extent that any issued and outstanding common shares of the Company are sold into the market, there may be an oversupply of common shares and an undersupply of purchasers. If this occurs the market price for the common shares of the Company may decline significantly and investors may be unable to sell their common shares at a profit, or at all.

INDUSTRY REGULATORY RISK

Existing regulations in the oil industry, and changes to such regulations, may present regulatory and economic barriers to the purchase and use of certain products, which may significantly reduce the Company's revenues.

FORWARD-LOOKING STATEMENTS

Certain statements in this document may constitute forward-looking information or forward-looking statements under applicable Canadian securities law (collectively “forward-looking statements”). Forward-looking statements are statements that relate to future events, including the Company’s future performance, opportunities or business prospects. Any statements that express or involve discussions with respect to expectations, forecasts, assumptions, objectives, beliefs, projections, plans, guidance, predictions, future events or performance (often, but not always, identified by words such as “believes”, “seeks”, “anticipates”, “expects”, “continues”, “may”, “projects”, “estimates”, “forecasts”, “pending”, “intends”, “plans”, “could”, “might”, “should”, “will”, “would have” or similar words suggesting future outcomes) are not statements of historical fact and may be forward-looking statements.

By their nature, forward-looking statements involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements. Undue reliance should not be placed on these forward-looking statements because the Company cannot assure that the forward-looking statements will prove to be correct. As forward-looking information address future conditions and events, they could involve risks and uncertainties including, but are not limited to, risk with respect to general economic conditions, regulations and taxes, civil unrest, corporate restructuring and related costs, capital and operating expenses, pricing and availability of financing and currency exchange rate fluctuations. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

COVID-19 has had a significant impact on the oil and gas industry, including a substantial reduction in oil demand worldwide, market volatility and oil price weakness. There has been a robust response by international oil producers led by the group of OPEC+ countries to reduce supply and address the challenge of demand destruction. The group have started to relax the quotas they have imposed but the Company cannot assure that the oil producers’ response can remove significant supply to address the demand destruction, flatten the curve of inventory builds and set a course to rebalance markets, nor can the Company predict the time it will take for oil demand to recover to the pre-pandemic level. Such adverse effects may continue and could affect the Company and the Company’s share price.

Forward-looking statements include, but are not limited to, statements concerning:

- The Company plans to institute a shareholder capital return program or the implementation of share buy-backs
- The Company’s plans to prepare an Energy Transition Plan and the steps to be taken by the Company in relation to the Energy Transition Plan;
- Expected closing dates for the completion of proposed transactions;
- Planned exploration, appraisal and development activity including both expected drilling and target drilling dates, and geological and geophysical related activities;
- Potential for an improved economic environment;
- The Company’s anticipated timing for the receipt of dividends from Prime
- The Company’s plans to prioritize repayment of its long-term debt, utilizing dividends received from Prime
- Proposed development plans;
- Future development costs and the funding thereof;
- Expected finding and development costs;
- Anticipated future financing requirements;
- Future sources of funding for the Company’s capital program;
- Future capital expenditures and their allocation to exploration and development activities;
- Ability for the Company to remain within existing financial headroom
- Expected operating costs;
- Future sources of liquidity, ability to fully fund the Company’s expenditures from cash flows, and borrowing capacity;
- Availability of potential farmout partners;
- Government or other regulatory consent for exploration, development, farmout, or acquisition activities;
- Future production levels;
- Future crude oil, natural gas or chemical prices;
- Future earnings;
- Future asset acquisitions or dispositions;
- Future debt levels;
- Availability of committed credit facilities, including existing credit facilities, on terms and timing acceptable to the Company;
- Possible commerciality;

FORWARD-LOOKING STATEMENTS - CONTINUED

- Development plans or capacity expansions;
- Future ability to execute dispositions of assets or businesses;
- Future drilling of new wells;
- Ultimate recoverability of current and long-term assets;
- Ultimate recoverability of reserves or resources;
- Estimates on a per share basis;
- Future foreign currency exchange rates;
- Future market interest rates;
- Future expenditures and future allowances relating to environmental matters;
- Dates by which certain areas will be explored or developed or will come on stream or reach expected operating capacity;
- The Company's ability to comply with future legislation or regulations;
- Future staffing level requirements; and
- Changes in any of the foregoing.

Statements relating to "reserves" or "resources" are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and can be profitably produced in the future.

These forward-looking statements are subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, among others:

- Market prices for oil and gas and chemical products;
- Uncertainty of estimates and projections relating to reserves, resources, production , revenues, costs and expenses;
- Changes in exploration or development project plans or capital expenditures;
- The Company's ability to explore, develop, produce and transport crude oil and natural gas to markets;
- Production and development costs and capital expenditures;
- The imprecise nature of reserve estimates and estimates of recoverable quantities of oil, natural gas and liquids;
- Changes in oil prices;
- Availability of financing;
- Uninsured risks;
- Changes in interest rates and exchange rates
- Regulatory changes;
- Changes in the social climate in the regions in which the Company operates;
- Health, safety and environmental risks;
- Climate change legislation and regulation changes;
- Defects in title;
- Availability of materials and equipment;
- Timelines of government or other regulatory approvals;
- Ultimate effectiveness of design or design modification to facilities;
- The results of exploration, appraisal and development drilling and related activities;
- Short-term well test results on exploration and appraisal wells do not necessarily indicate the long-term performance or ultimate recovery that may be expected from a well;
- Pipeline or delivery constraints;
- Volatility in energy trading markets;
- Incorrect assessments of value when making acquisitions;
- Foreign-currency exchange rates;
- Economic conditions in the countries and regions in which the Company carries on business;
- Governmental actions including changes to taxes or royalties, and changes in environmental and other laws and regulations;

FORWARD-LOOKING STATEMENTS - CONTINUED

- The Company's treatment under governmental regulatory regimes and tax laws;
- Renegotiations of contracts;
- Results of litigation, arbitration or regulatory proceedings;
- Political uncertainty, including actions by terrorists, insurgent or other groups, or other armed conflict; and
- Internal conflicts within states or regions.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are interdependent, and management's future course of action would depend on its assessment of all available information at that time. Although management believes that the expectations conveyed by the forward-looking statements are reasonable based on the information available to it on the date such forward-looking statements were made, no assurances can be given that such expectations will prove to be correct, and such forward-looking statements included in this document should not be unduly relied upon.

The forward-looking statements are made as of the date hereof or as of the date specified in this document, as the case may be, and except as required by law, the Company undertakes no obligation to update publicly, re-issue, or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This cautionary statement expressly qualifies the forward-looking statements contained herein.

CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of United States dollars)

As at	Note	March 31, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	140,607	58,885
Accounts receivable and prepaid expenses		2,061	658
		142,668	59,543
Long-term assets			
Equity investment in joint venture	5	568,132	617,127
Equity investments in associates	6	123,421	120,688
Property and equipment		193	209
Intangible exploration assets	7	194,966	194,051
		886,712	932,075
Total assets		1,029,380	991,618
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	4,897	3,649
Share-based compensation liability		4,830	3,971
		9,727	7,620
Long-term liabilities			
Share-based compensation liability		2,105	3,940
Provision for contingent consideration	5	32,000	32,000
		34,105	35,940
Total liabilities		43,832	43,560
Equity attributable to common shareholders			
Share capital	10(B)	1,312,858	1,309,127
Contributed surplus		51,170	51,143
Deficit		(378,480)	(412,212)
Total equity attributable to common shareholders		985,548	948,058
Total liabilities and equity attributable to common shareholders		1,029,380	991,618
Commitments and contingencies	11	-	-

The notes are an integral part of the consolidated financial statements.

Approved on behalf of the Board

"ANDREW BARTLETT"

ANDREW BARTLETT, DIRECTOR

"KEITH HILL"

KEITH HILL, DIRECTOR

CONSOLIDATED STATEMENTS OF NET INCOME AND COMPREHENSIVE INCOME

(Expressed in thousands of United States dollars)

For the three months ended	Note	March 31, 2022	March 31, 2021
Operating income			
Share of profit from investment in joint venture	5	51,005	48,814
Share of income/ (loss) from investments in associates	6	2,733	(885)
Total operating income		53,738	47,929
Operating expenses			
Salaries and benefits		(1,910)	(1,299)
Share-based compensation		(3,694)	(1,106)
Office and general		(1,345)	(1,318)
Total operating expense		(6,949)	(3,723)
Net operating income		46,789	44,206
Finance income		51	22
Finance expense		(1,232)	(5,308)
Net income attributable to common shareholders		45,608	38,920
Other comprehensive loss			
Share of joint venture other comprehensive loss	5	-	(12,368)
Total comprehensive income		45,608	26,552
Net income attributable to common shareholders per share			
Basic	12	0.10	0.08
Diluted	12	0.09	0.08
Weighted average number of shares outstanding for the purpose of calculating earnings per share			
Basic	12	475,090,108	472,147,043
Diluted	12	485,112,592	475,010,525

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in thousands of United States dollars)

For the three months ended	Note	March 31, 2022	March 31, 2021
Share capital:	10(B)		
Balance, beginning of the period		1,309,127	1,306,476
Exercise of Share Options		633	508
Settlement of Restricted Share Units		1,165	765
Settlement of Performance Share Units		1,933	-
Balance, end of the period		1,312,858	1,307,749
Contributed surplus:			
Balance, beginning of the period		51,143	50,839
Share-based compensation		27	98
Balance, end of the period		51,170	50,937
Deficit:			
Balance, beginning of the period		(412,212)	(610,719)
Dividends paid		(11,876)	-
Net income attributable to common shareholders		45,608	38,920
Balance, end of the period		(378,480)	(571,799)
Accumulated other comprehensive income/ (loss):			
Balance, beginning of the period		-	7,691
Other comprehensive loss	5	-	(12,368)
Balance, end of the period		-	(4,677)
Total equity attributable to common shareholders			
Balance, end of the period		985,548	782,210

The notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of United States dollars)

For the three months ended	Note	March 31, 2022	March 31, 2021
Cash flows generated by/ (used in):			
Operations:			
Net income for the period		45,608	38,920
Adjustments for:			
Share-based compensation		3,694	1,106
Share of profit from investment in joint venture	5	(51,005)	(48,814)
Share of (income)/ loss from investments in associates	6	(2,733)	885
Finance expense		1,232	5,288
Other		(337)	255
Changes in non-cash operating working capital	15	(1,239)	(1,041)
Net cash used in operating activities		(4,780)	(3,401)
Investing:			
Property and equipment expenditures		-	(234)
Intangible exploration expenditures	7	(915)	400
Dividends received from joint venture	5	100,000	-
Changes in non-cash investing working capital	15	247	(2,504)
Net cash generated by/ (used in) investing activities		99,332	(2,338)
Financing:			
Payment of interest and arrangement fees		(1,232)	(5,288)
Settlement of Performance and Restricted Share Units		(337)	-
Dividends paid to shareholders		(11,876)	-
Exercise of Share Options		633	-
Net cash used in by financing activities		(12,812)	(5,288)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency		(18)	(12)
Increase/ (decrease) in cash and cash equivalents		81,722	(11,039)
Cash and cash equivalents, beginning of the period		58,885	40,474
Cash and cash equivalents, end of the period	4	140,607	29,435
Supplementary information:			
Income taxes paid		Nil	Nil

The notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2022, and March 31, 2021
(Expressed in thousands of United States dollars unless otherwise indicated)

1. Incorporation and nature of business:

Africa Oil Corp. (collectively with its subsidiaries, "AOC" or the "Company") was incorporated on March 29, 1993, under the laws of British Columbia and is an international oil and gas exploration and production company based in Canada with oil and gas interests in Africa. The Company's registered address is 2500 Park Place, 666 Burrard St. Vancouver, BC, Canada V6C 2X8.

2. Basis of preparation:

A. Statement of compliance:

The Company prepares its condensed consolidated interim financial statements in accordance with Canadian generally accepted accounting principles for interim periods, specifically International Accounting Standard 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). They are condensed as they do not include all the information required for full annual financial statements and they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

The policies applied in these condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as at May 12, 2022, the date the Board of Directors approved the statements.

B. Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

C. Functional and presentation currency:

These consolidated financial statements are presented in US dollars. The functional currencies of the Company's individual entities are US dollars which represents the currency of the primary economic environment in which the entities operate.

D. Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

i. Reversal of impairment of oil and gas production assets in Prime

Oil and gas production assets are assessed if facts and circumstances suggest that an impairment loss recognized in prior periods may no longer exist or may have decreased. An impairment reversal is recognized if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. There has been a significant increase in the oil price which is an indicator for a reversal of historic impairments to oil and gas production assets recognized in Prime.

Prime estimates its 2P reserves based on information provided by reputable independent petroleum engineers, either direct in case Prime acts as operator, or indirect, through the information provided by the respective operators. This information from reputable independent petroleum engineer's concerns, amongst others, the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates.

2P reserves are determined using estimates of oil and gas in place, recovery factors, operating expenses, future development costs and future commodity prices; the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements.

All significant estimates and judgement used in the preparation of these consolidated financial statements are described in the Company's audited consolidated financial statements for the year ended December 31, 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

3. Significant accounting policies:

The Company has adopted Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) which is effective for annual reporting periods beginning on or after 1 January 2022. The adoption of this amendment has not had an effect on the numbers presented or led to additional disclosure.

All other significant accounting policies used in the preparation of these consolidated financial statements are described in the Company's consolidated financial statements for the year ended December 31, 2021.

4. Cash and cash equivalents:

As at	March 31, 2022	December 31, 2021
Cash and cash equivalents	140,233	58,512
Restricted cash	374	373
	140,607	58,885

Restricted cash consists of the Company's cash balances that are held in joint venture bank accounts.

5. Equity investment in joint venture:

Prime Oil and Gas Coöperatief U.A. ("Prime"):

On January 14, 2020, the Company completed the acquisition of a 50% ownership interest in Prime. BTG Pactual Holding S.à.r.l., a private limited liability company governed and existing under the laws of the Grand Duchy of Luxembourg ("BTG") continues to own the remaining 50% of Prime. The Company has accounted for the acquisition as a joint venture as there is joint control.

Prime is incorporated in the Netherlands and its principal place of business is Nigeria. The primary assets of Prime are an indirect 8% interest in Oil Mining Lease ("OML") 127 and an indirect 16% interest in OML 130. OML 127 is operated by affiliates of Chevron and cover part of the producing Agbami field. OML 130 is operated by affiliates of TotalEnergies and contains the producing Akpo and Egina fields.

In the period ended March 31, 2022, one dividend payment was made totaling \$200.0 million gross, with a net payment to the Company of \$100.0 million related to its 50% interest. No dividends were paid in the three months to March 31, 2021. During the year ended December 31, 2021, Prime distributed four dividend payments totaling \$400.0 million gross, with a net payment to the Company of \$200.0 million related to its 50% interest. The timing and payment of the dividends is discretionary. There are no restrictions on the ability of Prime to pay dividends to its members to the extent that the amount of the net assets exceeds the statutory reserves.

The following table shows the Company's carrying value of the investment in Prime as at March 31, 2022, and December 31, 2021.

	March 31, 2022	December 31, 2021
Balance, beginning of the period	617,127	561,302
Revaluation of contingent consideration	-	32,000
Dividends received from Prime	(100,000)	(200,000)
Share of joint venture other comprehensive loss	-	(559)
Share of joint venture profit	51,005	224,384
Balance, end of the period	568,132	617,127

In the three months ended March 31, 2022, the Company recognized income of \$51.0 million relating to its investment in Prime (three months ended March 31, 2021 - \$48.8 million).

The Company recognized other comprehensive losses in 2021 relating to its share of movements of the fair value of hedge instruments recognized in Prime. These instruments have been settled in full as at December 31, 2021, and therefore no movements have been recognized in the three months to March 31, 2022.

On June 25, 2021, Prime signed a Securitization Agreement with Equinor ASA ("Equinor") and Chevron, whereby Equinor agreed to pay a security deposit to the two other partners to secure future payments due under that Securitization Agreement, pending a comprehensive resolution being reached among all unit parties in respect of the tract participation in the Agbami field. In accordance with the Securitization Agreement, on June 29, 2021, Prime received from Equinor its portion of the security deposit in the form of a cash payment of \$305.0 million. A provision for the full cash payment has been recorded within Prime to reflect the mechanism pursuant to which any such imbalance payments due from Equinor to Prime under the terms of any future agreement among the Agbami parties will be set-off against this security deposit. The parties will continue ongoing discussions in an attempt to seek final resolution of the formal redetermination of the Agbami tract participation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Under the Prime Sale and Purchase Agreement completed on January 14, 2020, a deferred payment of \$118.0 million, subject to adjustment, may be due to the seller contingent upon the timing and ultimate OML 127 tract participation in the Agbami field. The signing of the Securitization Agreement by Prime has led to the Company reassessing its view of the likelihood of making a contingent consideration payment to the seller. The signing of the Securitization Agreement by Prime does not constitute a redetermination of the tract participation and therefore does not trigger the payment of a contingent consideration under the Sale and Purchase Agreement but, at the Company's discretion, could trigger discussions with the seller. The outcome of this process is uncertain. In 2021, the Company recorded \$32.0 million as contingent consideration representing the best estimate of the most likely outcome and increased the Company's investment in Prime.

As at March 31, 2022, the Company has determined that there are no indicators of impairment.

The following tables summarize Prime's financial information as at March 31, 2022, and December 31, 2021, and for the three months ended March 31, 2022, and March 31, 2021.

Prime's Balance Sheet

As at	March 31, 2022	December 31, 2021
Cash and cash equivalents included in current assets ⁽¹⁾	531,352	517,878
Other current assets	373,929	369,722
Non-current assets ⁽²⁾	3,341,857	3,433,742
Other current liabilities	(418,182)	(291,429)
Loans and borrowings included in current liabilities ⁽³⁾	(427,768)	(523,771)
Other non-current liabilities	(487,498)	(540,150)
Loans and borrowings included in non-current liabilities ⁽³⁾	(574,263)	(493,018)
Deferred income tax liabilities included in non-current liabilities	(1,203,164)	(1,238,721)
Net assets of Prime	1,136,263	1,234,253
Percentage ownership	50%	50%
Proportionate share of Prime's net assets	568,132	617,127

1. See Prime's Statement of Cash Flows on page 42 for additional information on movements in cash and cash equivalents.
2. As at March 31, 2022, the carrying value of non-current assets included a fair value adjustment of \$623.3 million (as at December 31, 2021 - \$623.3 million). These amounts were allocated to goodwill as part of the notional purchase price allocation.
3. In the period ended March 31, 2022, Prime has repaid \$164.8 million of RBL debt and drawn \$150.0 million of the PXF Facility, reducing its gross debt to \$1,002.0 million (year ended December 31, 2021, Prime repaid \$436.0 million of debt and drawn \$150.0 of the PXF Facility, reducing its gross debt to \$1,016.8 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Prime's Statement of Net Income and Other Comprehensive Income

For the three months ended	March 31, 2022	March 31, 2021
Revenue ⁽¹⁾	408,793	324,371
Depreciation, depletion and amortization	(69,373)	(79,214)
Production costs	(37,435)	(44,573)
Movement in underlift/overlift ⁽²⁾	(154,651)	(32,624)
Royalties	(19,580)	(17,747)
Cost of sales	(281,039)	(174,158)
Gross profit	127,754	150,213
Other operating income ⁽³⁾	53,748	64,222
Exploration expenses	(452)	(627)
Other operating costs ⁽⁴⁾	(6,658)	(6,789)
Finance income	126	61
Finance costs ⁽⁵⁾	12,704	(17,978)
Profit before tax from continuing operations	187,222	189,102
Tax	(85,213)	(91,474)
Total profit for the period	102,009	97,628
Other comprehensive loss	-	(24,737)
Total comprehensive income	102,009	72,891
Proportionate share of Prime's profit for the period	51,005	48,814
Total share of Prime's profit for the period	51,005	48,814
Proportionate share of Prime's other comprehensive loss	-	(12,368)
Proportionate share of Prime's net income	51,005	36,446

1. Included in revenue are royalties paid in kind of \$11.0 million in the period ended March 31, 2022 (period ended March 31, 2021 - \$6.9 million).
2. In the three months ended March 31, 2022, movements in underlift/ overlift balances are \$154.7 million (three months ended March 31, 2021 - \$32.6 million). The increase is due to a larger net overlift position as at March 31, 2022, representing Prime's excess of liftings over its entitlement share of production, valued at a higher price compared to the position at March 31, 2021.
3. For some of its qualifying capital expenditure ("QCE"), Prime is entitled to claim an investment tax credit ("ITC") at the rate of 50% of the QCE incurred, either wholly or exclusively or necessarily for the purposes of its petroleum operations. This is a Nigerian government tax credit which can be offset with Petroleum Profit Tax ("PPT") and serves as an incentive for investments in the exploration of oil and gas in the deep offshore waters of Nigeria. Prime utilized investment tax credits of \$53.2 million in the three months ended March 31, 2022 (three months ended March 31, 2021 - \$64.2 million).
4. Other operating costs include Prime's administrative costs, sales costs and the NDDC Levy, which concerns the Niger Delta Development Commission imposed by a regulatory body in Nigeria to fund the sustainable development of the Niger Delta region.
5. In the three months ended March 31, 2022, finance costs of \$(12.7) million have been incurred (three months ended March 31, 2021 - \$18.0 million). Finance costs are positive in the three months ended March 31, 2022, primarily from an amount recognized within finance costs associated with changes in the estimates used in the calculation of the asset retirement obligation of \$26.1 million offset by interest expenses incurred on the RBL and PXF loans totaling \$10.1 million. The finance costs in the three months ended March 31, 2021, relate to interest expenses on the RBL Loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Supplementary information: Prime's Statement of Cash Flows

For the three months ended	March 31, 2022	March 31, 2021
Profit before tax	187,222	189,102
<i>Adjustments for:</i>		
Depreciation, depletion and amortization	69,403	79,244
Finance costs, net	(12,830)	17,917
Taxes paid	(120,770)	(88,109)
Change in provisions	427	504
Interest expense paid	(11,264)	(12,627)
Cash generated in operating activities before working capital		
<i>Changes in working capital</i>		
Changes in trade receivables	(85,534)	(50,248)
Changes in over/underlift balances	154,651	32,624
Changes in other working capital balances	51,776	(10,889)
Total changes in working capital	120,893	(28,513)
Net cash generated in operating activities	233,081	157,518
Expenditures on oil and gas properties	(4,976)	(5,283)
Interest income received	128	61
Net cash used in investing activities	(4,848)	(5,222)
Payment of dividends to shareholders	(200,000)	-
Repayment of third-party borrowings	(164,759)	(52,993)
Drawdown of PXF Facility	150,000	-
Proceeds from staff loans	-	45
Net cash used in financing activities	(214,759)	(52,948)
Total cash flow	13,474	99,348
Cash and cash equivalents, beginning of the period	517,878	231,354
Cash and cash equivalents, end of the period	531,352	330,702

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

6. Equity investments in associates:

The Company currently holds the following equity investments in associates:

	Africa Energy Corp.	Eco (Atlantic) Oil and Gas Ltd	Impact Oil and Gas Ltd	Total
Ownership at March 31, 2022	19.8%	17.7%	30.9%	
Shares held at March 31, 2022	276,982,414	39,898,763	255,629,487	
At January 1, 2021	45,801	12,922	57,489	116,212
Share of income/ (loss) from equity investments	4,389	(520)	(1,374)	2,495
Additional investment through private placement	-	1,981	-	1,981
At December 31, 2021	50,190	14,383	56,115	120,688
Share of income/ (loss) from equity investments	(394)	191	2,603	2,400
Gain on dilution of equity investment	-	333	-	333
At March 31, 2022	49,796	14,907	58,718	123,421

In the three months ended March 31, 2022, the Company recognized a total income of \$2.7 million (three months ended March 31, 2021 - losses of \$0.9 million).

As at March 31, 2022, the Company has determined that there are no indicators of impairment for any of its equity investments in associates.

A. Africa Energy Corp. ("Africa Energy"):

Africa Energy holds participating interests in exploration blocks located offshore South Africa and offshore Namibia.

In the three months ended March 31, 2022, the Company recognized a loss of \$0.4 million related to its investment in Africa Energy (three months ended March 31, 2021 - losses of \$0.5 million).

B. Eco (Atlantic) Oil and Gas Ltd. ("Eco"):

Eco is an oil and gas exploration company with interests in Guyana and Namibia.

In the three months ended March 31, 2022, the Company recognized an income of \$0.2 million relating to its investment in Eco (three months ended March 31, 2021 - losses of \$0.01 million) and there was a gain on dilution of \$0.3 million (three months ended March 31, 2020 - nil) where shares were issued by Eco and the Company did not participate.

In the three months ended March 31, 2022, the Company's ownership interest in Eco decreased from 19.9% to 17.7% due to the issue of shares in which the Company did not participate.

On April 6, 2022, Eco completed an equity fundraise. A total of 64,885,496 new Common Shares were placed with, or subscribed for by, new and existing institutional investors at a price of £0.30 per Placing Share (CAD\$0.50). The equity fundraise raised gross proceeds of approximately \$25.5 million for Eco before expenses. The Company subscribed for 10,178,116 common shares for a consideration of \$4.0 million and following this the Company now holds 17.3% of the enlarged share capital in Eco.

C. Impact Oil and Gas Ltd ("Impact"):

Impact is an oil and gas exploration company with interests in Namibia and South Africa.

In the three months ended March 31, 2022, the Company recognized an income of \$2.6 million related to its investment in Impact (three months ended March 31, 2021 - losses of \$0.4 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

7. Intangible exploration assets:

	Note	March 31, 2022	December 31, 2021
Net carrying amount, beginning of the period		194,051	190,396
Intangible exploration expenditures	A	915	3,655
Net carrying amount, end of the period		194,966	194,051

A. Intangible exploration expenditures:

As at March 31, 2022, \$195.0 million of expenditures have been capitalized as intangible exploration assets (as at December 31, 2021 - \$194.1 million). These expenditures relate to the Company's share of exploration and appraisal stage projects which are pending the determination of 2P petroleum reserves.

As at March 31, 2022, the carrying amount of the Company's intangible exploration assets for its 25% interest in the Project Oil Kenya CGU (Block 10BB and 13T) was \$190.3 million (as at December 31, 2021 - \$189.6 million). In the three months ended March 31, 2022, expenditures of \$0.5 million were incurred on the project (three months ended March 31, 2021 - \$1.2 million).

As at March 31, 2022, the carrying amount of Block 10BA in Kenya is nil (as at December 31, 2021 - nil).

As at March 31, 2022, the carrying amount of the Company's intangible exploration assets for its 20% participating interest in the Block 3B/4B Exploration Right, located in South Africa, was \$4.7 million (as at December 31, 2021 - \$4.5 million). In the three months ended March 31, 2022, expenditures of \$0.2 million were incurred reprocessing the 2D and 3D seismic (three months ended March 31, 2021 - \$0.1 million).

At March 31, 2022, no intangible exploration assets have been transferred to oil and gas interests as commercial reserves have not been established and technical feasibility for extraction has not been demonstrated.

In the three months ended March 31, 2022, the Company capitalized \$0.2 million of general and administrative expenses related to intangible exploration assets (three months ended March 31, 2021 - \$0.2 million).

B. Impairment of intangible exploration assets:

The recoverable amount of intangible exploration assets is determined as the fair value less costs of disposal using a discounted cash flow method and is assessed at the CGU level.

As at March 31, 2022, the Company's intangible exploration assets had no indicators of impairment.

C. Reversal of impairment of intangible exploration assets:

A reversal of impairment is considered when there is any indication that an impairment loss recognized in prior years for an asset may no longer exist or may have decreased.

At March 31, 2022, the Company determined that due to an increase in the oil price and a reduction of the impact from the global pandemic to the wider global market since 2020, that it was appropriate to consider if there had been a reversal of the impairment recognized in 2020.

The Company used fair value less costs of disposal using a discounted cash flow method to determine the recoverable amount of Block 10BB and 13T (CGU level). The discounted cash flow for the project was analyzed to determine if there was sufficient evidence that an impairment reversal was appropriate. The results of the impairment reversal test indicated that the recoverable amount was not in excess of the carrying value.

The key assumptions included in the test were the quantity of contingent resources, future commodity prices, production forecasts, operating expenses, development costs, the timing of FID and the discount rate.

A market-based oil price forecast was used which contained a forward curve plus a long-term oil price of \$72.9/bbl less a quality discount of \$3/bbl. The oil price is inherently uncertain as the price is often influenced by global events that are unlikely to be foreseen ahead of the event.

A discount rate of 18% was used in the test. The discount rate is uncertain as it contains judgements about the risk of investment decisions in Kenya in a global market still being affected by the pandemic and the changing landscape of the oil industry.

At March 31, 2022, a 1% decrease in the assumed discount rate would result in a potential reversal of impairment of \$5.0 million, whilst a 1% increase would result in potential additional impairment of \$28.0 million. A 10% decrease in the oil prices used would result in potential additional impairment of \$40.0 million, whilst a 10% increase would result in a potential reversal of impairment of \$13.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

8. Accounts payable and accrued liabilities:

As at	March 31, 2022	December 31, 2021
Joint venture payables and other provisions	3,512	2,865
Administrative accruals and other payables	1,385	784
	4,897	3,649

9. Debt:

As at	March 31, 2022	December 31, 2021
Balance, beginning of the period	-	141,000
Repayment of Term Loan	-	(141,000)
Drawdown of Corporate Facility	-	98,000
Repayment of Corporate Facility	-	(98,000)
Balance, end of the period	-	-

The \$250.0 million Term Loan was drawn on January 14, 2020, to part fund the acquisition of Prime and had a duration of two years. In September and November 2021, two dividends were received totaling \$125.0 million from Prime and the Company applied the amounts received to repay the facility in full.

On May 13, 2021, the Company agreed a new Corporate Facility for an amount up to \$150.0 million with a three-year term, with \$130.0 million committed at that time. Post signing, the facility amount and commitments increased to \$160.0 million ("Corporate Facility"). Completion occurred on July 16, 2021, and on July 30, 2021, \$98.0 million was drawn down under the Corporate Facility to repay the Term Loan in full. An additional \$62.0 million could be drawn until May 13, 2022, subject to the satisfaction of certain covenants. The Corporate Facility was used to repay the Term Loan and is also available for general corporate purposes. This facility carries interests of 1 month-Libor plus a margin of 6.5% in the first year, 7.0% in the second year and 7.5% in the third year.

On January 28, 2022, the Company agreed a number of amendments to the Corporate Facility with the existing lenders. The available amount increased to \$100.0 million from \$62.0 million, and the availability period has been extended to December 31, 2022, from May 13, 2022. The principal amounts, if drawn, may not exceed \$80.0 million by June 30, 2023, and \$50.0 million by February 29, 2024. The maturity date, the loan purpose and interest margins are unchanged. The lenders also waived certain conditions in support of the Company's plans to implement a shareholder returns program and released their security over the Company's shares in Africa Energy, Eco and Impact.

Any loan repayments are calculated to be protective of the Company's liquidity position. Prior to maturity, repayments under the loan are made in the month a dividend is received from Prime. The Company's loan repayments reduce commensurately with any reduction in dividends from Prime. If drawn, the loan principal would be repaid by the lesser of 100% of the dividends received from Prime, and of an amount that ensures the Company hold a minimum projected consolidated cash balance in the six months following the repayment.

The Company provided security in respect of the Corporate Facility mainly in the form of share pledges, over the shares of Petrovinda (which holds 50% of Prime), Africa Energy, Eco and Impact owned by the Company and a charge over the bank account into which the Prime dividends are paid. The security over the shares in Africa Energy, Eco and Impact were released in the amendment to the facility on January 28, 2022.

The Corporate Facility is subject to financial and liquidity covenants. The Company has been in compliance with the covenants in the three months ended March 31, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

10. Share capital:

A. The Company is authorized to issue an unlimited number of common shares with no par value.

B. Issued:

	March 31, 2022		December 31, 2021	
	Shares	Amount \$'000	Shares	Amount \$'000
Balance, beginning of the period	474,655,355	1,309,127	471,960,472	1,306,476
Exercise of Share Options	696,333	633	515,445	508
Settlement of Restricted Share Units	672,451	1,165	882,104	939
Settlement of Performance Share Units	1,116,492	1,933	1,297,334	1,204
Balance, end of the period	477,140,631	1,312,858	474,655,355	1,309,127

11. Commitments and contingencies:

A. Kenya Revenue Authority:

The Company's Kenyan Branch, of its wholly owned subsidiary, Africa Oil Kenya B.V., has been assessed for corporate income tax and value added tax by the Kenya Revenue Authority ("KRA") relating to farmout transactions completed during the period 2012 to 2017.

The Kenyan Tax Appeals Tribunal ("TAT") has ruled in favor of the Company with regards to the CIT assessments, which amounts to \$20.7 million, plus interest and penalties. However, the TAT ruled in favor of the KRA with regards to the VAT assessments which amounts to \$24.2 million plus interest. The Company maintains its position that the VAT assessment is without merit and has duly filed an appeal with Kenya's High Court to challenge the position. The KRA appealed the CIT assessment. The Judge has not communicated a date for the next hearing, at which they are expected to give their judgement. The Company expects it is more likely than not that it will be successful in upholding the CIT and defending the VAT assessments and therefore no liability has been recognized in the financial statements. If the High Court rules against the Company, the Company will consider the option to appeal, factoring in the amount of any financial security required as part of the appeals process. An unfavorable decision could have a negative impact on the plan for development of the Company's Kenyan Intangible Exploration Assets.

B. Investment in Prime:

Under the Prime Sale and Purchase Agreement completed on January 14, 2020, a deferred payment of \$118.0 million, subject to adjustment, may be due to the seller contingent upon the timing and ultimate OML 127 tract participation in the Agbami field. The signing of the Securitization Agreement by Prime has led to the Company reassessing its view of the likelihood of making a contingent consideration payment to the seller. The signing of the Securitization Agreement by Prime does not constitute a redetermination of the tract participation, therefore does not trigger the payment of a contingent consideration under the Sale and Purchase Agreement but, at the Company's discretion, could trigger discussions with the seller. The outcome of this process is uncertain. The Company has therefore recorded \$32.0 million as contingent consideration in 2021 as the best estimate of the most likely outcome and increased the Company's investment in Prime.

C. Kenya license commitments:

Under the terms of the Block 10BA PSC, the Company received approval from the Ministry of Energy and Petroleum for the Republic of Kenya for an extension to the second additional exploration period to April 26, 2022, allowing time for the joint venture to include and align the Block 10BA work program with the proposed FDP for Blocks 10BB and 13T. During the second additional exploration period, the Company and its partners are obligated to complete geological and geophysical operations, including either 500 km² of 2D or 45 km² of 3D seismic. Additionally, the Company and its partners are obligated to drill one exploration well. The total minimum gross expenditure obligation for the second additional exploration period is \$19.0 million. The JV partners have not provided any letters of credit or guarantees for this commitment. The Company has presented a plan for exploration and appraisal in Block 10BA in the FDP. This drilling plan was formally submitted in December 2021. At March 31, 2022, the Company's working interest in Block 10BA was 25%.

The Company expects the three licenses to be renewed once the GoK has completed its review of the FDP submission.

D. South Africa license commitments:

Block 3B/4B is currently in the Initial Period, having a term of three years which expired on March 26, 2022. The Company has filed an application to move into the first extension period. The licenses are in good standing while this occurs, and the Company consider the risk of non-renewal to be low. The work commitments during this Initial Period for Block 3B/4B consist of regional subsurface evaluation and mapping, petrophysical analysis of nearby wells, basin modelling, prospect maturation and prospect ranking, leading to recommendations on future investments. The total minimum gross expenditure obligation for the Initial Period was 11.4 million Rand (approximately \$0.7 million), which has been met. At March 31, 2022, the Company's WI in Block 3B/4B was 20%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

12. Net income per share:

For the three months ended	March 31, 2022			March 31, 2021		
	Net income	Weighted Average		Net income	Weighted Average	
		Number of shares	Per share amounts		Number of shares	Per share amounts
Basic earnings per share						
Net income attributable to common shareholders	45,608	475,090,108	0.10	38,920	472,147,043	0.08
Effect of dilutive securities	-	10,022,484	-	-	2,863,482	-
Dilutive income per share	45,608	485,112,592	0.09	38,920	475,010,525	0.08

In the three months ended March 31, 2022, the Company used an average market price of CAD \$2.17 per share to calculate the dilutive effect of share purchase options (three months ended March 31, 2021 - CAD \$1.22 per share). In the three months ended March 31, 2022, 3,374,161 options and 2,410,428 PSUs were anti-dilutive and were not included in the calculation of dilutive income per share (three months ended March 31, 2021 - 6,689,667 options, 2,431,272 RSUs and 2,872,000 PSUs were anti-dilutive).

13. Related party transactions:

A. Transactions with Africa Energy:

As at March 31, 2022, the Company's ownership interest in Africa Energy is approximately 19.8%.

			For the three months ended	
	Service provider	Service provided	March 31, 2022	March 31, 2021
General Management and Service Agreement	AOC to Africa Energy	Administrative services provided to Africa Energy.	11	21
General Technical and Administrative Service Agreement ⁽¹⁾	Africa Energy to AOSAC	Technical and administrative services relating to its operating interest in Block 3B/4B, South Africa.	96	96

1. Contract date July 1, 2020

As at March 31, 2022, Africa Energy owed the Company nil (as at December 31, 2021 - nil).

14. Financial risk management:

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, appraisal and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

A. Credit risk:

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations. The majority of the Company's credit exposure relates to amounts due from our joint venture partners. The risk of the Company's joint venture partners defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default joint venture partners who are non-performing and reacquire any previous farmed out working interests. The maximum exposure for the Company is equal to the sum of its cash and accounts receivable. As at March 31, 2022, the Company held \$1.0 million (as at December 31, 2021 - \$0.9 million) of cash in financial institutions outside of Canada and the UK where there could be increased exposure to credit risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**B. Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. Companies operating in the upstream oil and gas industry, during the exploration and development phase, require sufficient cash in order to fulfill their work commitments in accordance with contractual obligations, deliver stated shareholder returns, and to be able to potentially acquire strategic oil and gas assets.

The Company will potentially issue equity and debt and enter into farmout agreements with joint venture partners to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs.

The Company's primary source of cash flow relates to dividends received from Prime. A significant reduction in or infrequent distributions, could have an adverse effect on the Company's ability to meet its commitments. The Company has senior members sitting on Prime's Supervisory Board and Audit Committee, monitoring cash forecasts and setting financial and risk management policies to manage Prime's dividend forecasts.

On July 16, 2021, the Company completed a new Corporate Facility for \$160.0 million with a three-year term, of which \$98.0 million was drawn on July 30, 2021, to repay its Term Loan, as described in note 9. The loan was fully repaid by November 30, 2021, and in January 2022, the Company agreed a number of amendments to the Corporate Facility, including increasing the available amount to \$100.0 million. These amendments improve the Company's access to liquidity to fund operations and acquisitions as required. The loan repayments are calculated to be protective of the Company's liquidity position and if drawn, the Corporate Facility would be repaid from the proceeds of dividends received from Prime, while ensuring the Company preserves a sufficient minimum cash balance to conduct operations.

The Company will also adjust the pace of its exploration and appraisal activities to manage its liquidity position. The existing cash balance, the undrawn amount of the Corporate Facility and expected dividends from its Investment in Prime, are sufficient to fund the Company's obligations as they become due.

The following table outlines the Company's contractual maturities of financial liabilities:

Contractual maturities of financial liabilities	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 4 years	Total contractual cash flows	Carrying amount
At March 31, 2022						
Trade payables	4,733	-	-	-	4,733	4,733
Lease liabilities	25	26	56	57	164	164
	4,758	26	56	57	4,897	4,897
At December 31, 2021						
Trade payables	3,481	-	-	-	3,481	3,481
Lease liabilities	33	33	66	76	208	168
	3,514	33	66	76	3,689	3,649

C. Market risk:

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of the financial instruments.

i. Foreign currency exchange rate risk:

The Company is exposed to changes in foreign exchange rates as expenses in international subsidiaries, oil and gas expenditures, or financial instruments may fluctuate due to changes in rates. The Company's exposure to foreign currency exchange risk is mitigated by the fact that the Company sources the majority of its capital projects and expenditures in US dollars. The Company has not entered into any instruments to manage foreign exchange risk.

ii. Interest rate risk:

The Corporate Facility has a variable interest rate, that is referenced to LIBOR and will expose the Company to interest rate risk over the term of the loan. The Financial Conduct Authority of the United Kingdom has announced that one month USD LIBOR (which the Corporate Facility applies) will cease to be provided by any administrator or no longer be representative after 30 June 2023. The Corporate Facility includes a provision to, among other things, negotiate in good faith with a view to agreeing a replacement benchmark in place of USD LIBOR from and including a date no later than 1 November 2022.

iii. Commodity price risk:

The Company has an equity holding in Prime (see note 5), which has three producing fields OML127 and OML 130, both with significant levels of production. A change in commodity prices may affect the dividends received from this investment. Prime benefits from a robust oil price hedging program and the hedging policy requires hedging or forward selling between 50% and 70% of its forecast liftings on a rolling 12-month basis. These contracts are with counterparties including oil supermajors and commodity trading houses. The counterparties are part of groups with investment grade credit ratings.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**iv. Share price risk:**

The Company has shareholdings in Africa Energy and Eco, which are entities listed on Canadian and European Stock Exchanges. The share price of these investments can be volatile and a change in share price may affect the amount that the Company can realize for these investments.

15. Supplementary information:

The following table reconciles the changes in non-cash working capital as disclosed in the consolidated statement of cash flows:

For the three months ended	March 31, 2022	March 31, 2021
Changes in non-cash working capital		
Accounts receivable and prepaid expenses	(1,403)	(838)
Accounts payable and accrued liabilities	411	(2,707)
	(992)	(3,545)
Relating to:		
Operating activities	(1,239)	(1,041)
Investing activities	247	(2,504)
Changes in non-cash working capital	(992)	(3,545)

16. Subsequent events:

On April 6, 2022, Eco completed an equity fundraise. A total of 64,885,496 new Common Shares were placed with, or subscribed for by, new and existing institutional investors at a price of £0.30 per Placing Share (CAD\$0.50). The equity fundraise raised gross proceeds of approximately \$25.5 million for Eco before expenses. The Company subscribed for 10,178,116 common shares for a consideration of \$4.0 million and following this the Company now holds 17.3% of the enlarged share capital in Eco.

On May 11, 2022, Eco received clearance from the TSX Venture Exchange for the second tranche of shares and issued 17,874,174 shares to Azinam following the acquisition of AGL. In addition, Azinam have been issued 40,000,000 warrants over common shares, exercisable only in the case of a producible commercial discovery on Block 2B or Block 3B/4B, as follows: 20,000,000 warrants exercisable at a price of CAD\$1.00 per Common Shares for a period of two years and 20,000,000 warrants exercisable at a price of CAD\$1.50 per Common Share for a period of three years. This has reduced the Company's share in Eco to 16.3% before the exercise of any warrants.

