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NEWS RELEASE

AFRICA OIL ANNOUNCES FIRST QUARTER 2024 RESULTS

May 15, 2024 (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, 2024.

Highlights

- During Q1 2024, the Company’s disciplined capital allocation framework that prioritizes maintaining a strong balance sheet, consolidating its core assets, and shareholder capital returns was supported by two strategic farm down agreements for its assets in the prolific Orange Basin. On completion, these agreements will de-risk the Company’s balance sheet in relation to the Venus oil development project that is expected to underpin the Company’s long-term production outlook.
- These agreements allowed the Company to increase the pace of its shareholder capital returns with a total shareholder return of \$25.4 million during Q1 2024 and \$37.5 from start of the year to May 10, 2024.
- The Company ended Q1 2024 with a cash balance of \$195.5 million and no debt.
- In April 2024 the Company received a \$25.0 million dividend distribution from Prime, net to its 50% shareholding.
- TotalEnergies, the operator of Block 2913B, offshore Namibia, successfully completed the drilling and testing of Venus-1A and Mangetti-1X wells, acquiring important technical data to incorporate into the Venus reservoir model.
- Selected Prime’s highlights and results net to Africa Oil’s 50% shareholding*:
 - Recorded daily WI² production of approximately 17,100 barrels of oil equivalent per day (“boepd”) and average daily net entitlement³ production of approximately 20,100 boepd
 - The infill drilling program on Prime’s Nigerian assets continued during Q1 2024 with two Akpo wells completed, and the drilling rig contract for this campaign was extended to the end of October 2024.
 - Recorded cashflow from operations^{4,5} of \$77.1 million.
 - Prime’s cash position of \$134.3 million and debt balance of \$375.0 million resulting in a Prime net debt position of \$240.7 million at March 31, 2024.

Africa Oil President and CEO, Roger Tucker commented: “First quarter 2024 was a significant period for Africa Oil with two strategic farm down transactions in the highly sought-after Orange Basin. Through these transactions we will retain significant upside, including exposure to the world-class Venus development project, offshore Namibia, at no upfront cost. With the funding assured for our core Orange Basin assets, we were able to continue with our shareholder capital return program including the re-start of share repurchases, and distributing the first semi-annual dividend for 2024. Africa Oil is in a strong position to work its core asset opportunity set, and we can now look forward to progress on the Venus project, our first Orange Basin discovery, towards a final investment decision and first production. This asset is expected to add significant reserves and production to our portfolio from the late 2020s through the 2030s and beyond.”

* Important information: Africa Oil’s interest in Prime is accounted for as an investment in joint venture. Refer to Note 1 on page 4 for further details. Please also refer to other notes on page 5 for important information on the material presented.

2024 First Quarter Results Summary

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

	Unit	Three Months Ended		Year Ended
		March 31, 2024	March 31, 2023	December 31, 2023
AOC highlights				
Net income/ (loss)	\$'m	3.5	21.9	87.1
<i>Net income/ (loss) per share - basic</i>	<i>\$/ share</i>	<i>0.01</i>	<i>0.05</i>	<i>0.19</i>
Cash position	\$'m	195.5	158.2	232.0
Prime highlights, net to AOC's 50% shareholding^{1,2}				
WI production ³	boepd	17,100	20,900	19,800
Economic entitlement production ⁴	boepd	20,100	23,200	22,400
Cash flow from operations ⁵	\$'m	77.1	70.9	298.8
EBITDAX	\$'m	93.6	113.6	458.7
Free Cash Flow	\$'m	67.2	75.0	149.1
Net debt	\$'m	240.7	161.7	298.9

The financial information in this table was selected from the Company's unaudited consolidated financial statements for the three months ended March 31, 2024 and the Company's audited consolidated financial statements for the year ended December 31, 2023. The Company's consolidated financial statements, notes to the financial statements, management's discussion and analysis for the three months ended March 31, 2024 and 2023 and the 2023 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).

In Q1 2024, the Company recorded a net income attributable to common shareholders of \$3.5 million (Q1 2023 net income - \$21.9 million).

This is primarily made up of share of profit from the Company's investment in Prime of \$21.5 million (Q1 2023 share of profit - \$37.5 million) offset against losses from the Company's investment in associates of \$14.3 million (Q1 2023 share of loss - \$5.0 million) and Company's operating expenses of \$5.1 million (Q1 2023 expense – \$11.6 million).

The figures below explaining the movements in the result of Prime are based on Prime's gross balances as per the financial statements.

Prime revenues decreased by \$98.1 million in Q1 2024 compared to Q1 2023, mainly driven by lower liftings with two cargo liftings during Q1 2024 compared to three cargo liftings during Q1 2023. Lower revenues were partly offset by a decrease in costs of sales of \$58.0 million, primarily driven by an underlift movement during Q1 2024 of \$76.2 million compared to an underlift movement in Q1 2023 of \$7.6 million. This resulted in a decrease in gross profit to \$99.8 million in Q1 2024 from \$139.9 million in Q1 2023. There was a tax charge in Q1 2024 of \$18.8 million compared to \$40.0 million in Q1 2023, driven by a lower Corporate Income tax rate of 30% under the PIA compared to the previous 50% PPT regime. This has resulted in Prime's profit decreasing from \$75.1 million in Q1 2023 to \$43.0 million in Q1 2024, a decrease of \$32.1 million.

General and administrative expenses, including share-based compensation charges relating to the LTIP and Stock Option Plan, amounted to \$5.1 million in Q1 2024 (Q1 2023 - \$11.6 million). Share-based compensation charges amounting to \$0.5 million (Q1 2023 – \$5.9 million) are impacted by movements in the share price of the Company.

General and administrative expenses excluding share-based compensation charges amounted to \$4.6 million in Q1 2024 compared to \$5.7 million in Q1 2023, a decrease of 19%. The decrease of \$1.1 million is primarily driven by lower expenditure in relation to corporate development activities, lower travel costs and higher time writing recharges to intangible exploration assets.

Outlook

2024 Priorities and Business Plan

The Company's focus for 2024 is to advance its main opportunity set comprised of its core assets in deepwater Nigeria, Orange Basin offshore Namibia and South Africa, and Equatorial Guinea. Management will also evaluate the options for consolidating the ownership of its core assets and streamlining the Company's business structure.

Africa Oil has made a strong start in the delivery of its 2024 business plan with two strategic farm down agreements for its Orange Basin assets. These are:

- Farm down agreement between its investee company, Impact, and TotalEnergies for the interests in Blocks 2912 (PEL 91) and 2913B (PEL 56), offshore Namibia, which was announced on January 10, 2024. This transaction gives the Company the opportunity to continue its participation in the world-class Venus light oil development project, and the follow-on exploration and appraisal program on the Blocks at no upfront cost. This frees up the Company's balance sheet for the pursuit of other growth opportunities and shareholder capital returns.
- Farm down agreement for its Block 3B/4B, offshore South Africa, with TotalEnergies and QatarEnergy, which was announced on March 6, 2024. On completion of this transaction, Africa Oil will retain a 17.0% interest in the Block and will transfer the operatorship of the Block to TotalEnergies for a total consideration, including the carry, of up to \$46.8 million.

The Company, as part of its disciplined capital allocation focused on the organic growth opportunities in the existing portfolio, also announced on March 18, 2024, an offer to minority shareholders in Impact and expects to know the outcome of the offer in Q2 2024.

Namibia Orange Basin Appraisal and Exploration Campaign

The drilling and test results from Venus-1X, Venus-1A, Venus-2A and Mangetti-1X (Venus interval), completed in 2023 and April 2024, support the development of the Venus oilfield. The technical studies to be carried out during 2024 are expected to define the Venus development concept. Also, the Mangetti-1X exploration well, located approximately 35km to the Northwest of the Venus-1X well, intersected hydrocarbon bearing intervals in the Mangetti fan prospect, a separate fan system to the Venus oil discovery, which supports the case for appraisal of the Mangetti fan.

In addition to the Venus opportunity, the Company has retained upside exposure to the exploration opportunities that in case of success, could significantly increase the existing discovered resource base on Blocks 2912 and 2913B. Processing of data from the 3D seismic data survey that was completed during Q1 2024, could better define the prospectivity on Block 2193B to the south of the Venus discovery. It is possible that the JV could drill further high-impact exploration wells on separate fan structures on this Block in late 2024 or 2025 once the 3D seismic interpretation work is completed. Also, a 3D seismic survey was completed post period on the northern part of Block 2913B focused on the Mangetti complex to support the potential appraisal of the Mangetti discovery.

On January 10, 2024, the Company announced a strategic farmout agreement between its investee company Impact Oil and Gas Limited ("Impact"), and TotalEnergies, that allows the Company to continue its participation in the world class Venus oil development project, and the follow-on exploration and appraisal campaign on Blocks 2913B and 2912 with no upfront costs.

At the date of this report, AOC has an interest in this program through its 31.1% shareholding in Impact, which in turn has a 20.0% WI in Block 2913B (PEL 56) and 18.9% in Block 2912 (PEL 91). On closing of the farmout transaction with TotalEnergies, Impact will retain a carried 9.5% WI in each of the two Blocks.

Nigeria

The infill drilling campaign on PML 2 (Akpo field) and PML 3 (Egina field) that commenced on February 22, 2023, completed a total of 5 wells by the end of Q1 2024. The contract for the drilling rig used for this campaign has been extended to the end of October 2024 with the plan to drill a further 5 wells from February 2024 through to the end of October 2024. These wells will be primarily targeted at arresting production decline on Akpo and Egina oil fields.

Also, the acquisition of 4D monitor seismic survey on Akpo was completed during Q1 2024 and similar surveys are planned for Akpo, Egina and Agbami during 2024. The acquisition plan also includes a baseline 4D seismic survey of the Preowei field. The surveys will support future drilling decisions across both PML 2, 3 and 52.

Following the 20-year renewal of OML 130 (resulting in the issue of PMLs 2, 3, 4, and PPL 261) on May 28, 2023, the Preowei FEED study recommenced in 2023. This is expected to complete in Q3 2024 with the FID in Q4 2024, and first oil production expected in 2027.

South Africa Orange Basin, Block 3B/4B

On January 22, 2024, the Company announced completion of the transaction to acquire an additional 6.25% interest in Block 3B/4B. Also, the Company announced a farm down agreement for Block 3B/4B with TotalEnergies and QatarEnergy on March 6, 2024. On completion of this transaction, the Company will retain a 17.0% interest, and it will transfer the operatorship of the Block to TotalEnergies for a total consideration, including the carry, of up to \$46.8 million. The closing of this transaction is subject to government approval and is expected in 2024. The Company continues to progress its ESIA activities in South Africa ahead of the transfer of operatorship to TotalEnergies. It is expected that this exercise and the process to obtain a drilling permit will complete by the end of 2024. The Company expects that the first exploration well on Block 3B/4B could potentially be drilled during 2025.

Equatorial Guinea

The Company is continuing with the farm down process for Blocks EG-18 and EG-31 as well as continuing the subsurface studies to enhance the definition of multiple targets already identified.

The Company holds an operated WI of 80.0% in each of Blocks EG-18 and EG-31.

2024 Management Guidance

The 2024 Management Guidance is unchanged and a summary is presented below, including significant assumptions in the footnotes, for completeness:

Prime, net to AOC's 50% shareholding:	Full-Year 2024 Guidance	Q1 2024 Actuals
WI production (boepd) ^(6, 7)	16,500 – 19,500	17,100
Economic entitlement production (boepd) ^(6, 7, 8)	18,000 – 21,000	20,100
Cash flow from operations (million) ⁽⁵⁾	\$230.0 – \$320.0	\$77.1
Capital investment (million)	\$100.0 - \$130.0	\$15.6

Notes

1. The 50% shareholding in Prime is accounted for using the equity method and presented as an investment in joint venture in the Interim Condensed 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.

2. Aggregate oil equivalent production data comprised 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.
3. 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.
4. Includes non-GAAP measures. Definitions and reconciliations to these non-GAAP measures are provided in Fourth Quarter 2023 MD&A.
5. Cash flow from operations before working capital adjustments and interest payments.
6. The Company's 2024 production will be contributed solely by its 50% shareholding in Prime.
7. Approximately, 78% expected to be light and medium crude oil and 22% conventional natural gas.
8. Net entitlement production estimate is based on a 2024 average Brent price of \$82.0/bbl being the average of the Brent forward curves between September 27, 2023, and November 23, 2023. 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.

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 Thursday, May 16, 2024 at 09:00 (EDT) / 14:00 (BST) / 15:00 (CEST). The conference call may be accessed by dial in or via webcast.

Participants should use the following link to register for the live webcast:

<https://edge.media-server.com/mmc/p/2vjwubo5>

Participants can also join via telephone with the instructions available on the following link:

<https://register.vevent.com/register/B10fd530d12c0d4c4d8be2d49571b38dbf>

1. Click on the call link and complete the online registration form.
2. Upon registering you will receive the dial-in info and a unique PIN to join the call as well as an email confirmation with the details.
3. Select a method for joining the call;
 - i. Dial-In: A dial in number and unique PIN are displayed to connect directly from your phone.
 - ii. Call Me: Enter your phone number and click "Call Me" for an immediate callback from the system. The call will come from a US number.

About Africa Oil

Africa Oil Corp. is a Canadian oil and gas company with producing and development assets in deepwater Nigeria, an interest in the Venus light oil and associated gas discovery, offshore Namibia, and an exploration/appraisal portfolio in west and south of Africa, as well as Guyana. The Company is listed on the Toronto Stock Exchange and on Nasdaq Stockholm under the symbol "AOI".

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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 5:00 p.m. EDT on May 15, 2024.

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. Petroleum references in this press release are to light and medium gravity crude oil and conventional natural gas in accordance with NI 51-101 and the COGE Handbook.

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 2024 Management Guidance including production, cashflow from operation and capital investment estimates, performance of commodity hedges, the results, schedules and costs of drilling activity including those offshore Namibia and Nigeria, the outcome of exploration and appraisal activities including those offshore Namibia, the development of the Venus discovery, 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 including 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 ENDED MARCH 31, 2024

[AFRICA OIL CORP. COM](http://AFRICAOILCORP.COM)

GLOSSARY

A	"Africa Energy"	means Africa Energy Corp. an international oil and gas exploration company that holds an effective 4.9% participating interest in the Exploration Right for Block 11B/12B offshore South Africa.
	"Africa Oil", "AOC", or the "Company"	means Africa Oil Corp.
	"Applicable law"	means all laws and regulations issued by authorities that have appropriate jurisdiction over the Company.
	"Azinam"	means Azinam Ltd.
B	"Bcf"	means billion cubic feet.
	"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 \$200.0 million facility dated October 20, 2022, with a three-year term.
D	"DD&A"	means Depreciation, Depletion and Amortization.
	"DST"	means Drill Stem Testing.
E	"EPS"	means Early Production System.
	"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 operates one exploration Block offshore South Africa and is party with the Company in Block 3B/4B, offshore South Africa and holds working interest in two exploration Blocks 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.
	"FEED"	means Front End Engineering and Design.
	"FID"	means Final Investment Decision.
	"FPSO"	means Floating Production Storage and Offloading.
I	"IFRS"	means International Financial Reporting Standards as issued by the International Accounting Standards Board.
	"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	"JV"	means Joint Venture.
K	"Kenya entities"	means Centric Energy Kenya Limited, Africa Oil Kenya B.V Branch and Africa Oil Turkana Limited.
L	"LTIP"	means Long Term Incentive Plan.

M	"Mcf"	means million cubic feet.
	"MD&A"	means Management's Discussion and Analysis.
	"Mbbbl" and "MMbbbl"	means one thousand and one million barrels, respectively.
	"Mboe" and "MMBoe"	means thousands of barrels of oil equivalent and millions of barrels of oil equivalent, respectively.
N	"NCIB"	means Normal Course Issuer Bid.
	"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.
	"NUPRC"	means Nigerian Upstream Petroleum Regulatory Commission.
O	"OML"	means Oil Mining Lease.
	"OML 127"	means the oil mining lease on Block 127, offshore Nigeria which was converted to a petroleum mining lease under the new PIA regime in Q3 2023 with effective date 1 March 2023
	"OML 130"	means the oil mining lease on Block 130, offshore Nigeria which was converted to three new petroleum mining leases and one petroleum prospecting license under the new PIA regime in Q2 2023
P	"PIA"	means Petroleum Industry Act.
	"PML"	means Petroleum Mining License.
	"PML 2"	means the Petroleum Mining License containing the Akpo field.
	"PML 3"	means the Petroleum Mining License containing the Egina field.
	"PML 4"	means the Petroleum Mining License containing the Preowei field.
	"PML 52"	means the Petroleum Mining License containing the Agbami field.
	"PPL"	means Petroleum Prospecting License.
	"PPL 261"	means the Petroleum Prospecting License containing the South Egina prospect.
	"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.
	"PSA"	means Petroleum Sharing Agreement.
	"PSU"	means Performance Share Unit.
	"PXF Facility"	means Pre-Export Finance Facility.
	R	"RBL"
"RSU"		means Restricted Share Unit.
S	"spud" or "spudded"	means the initial drilling for an oil well.
T	"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, 2024, 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 interim condensed consolidated financial statements for the three months ended March 31, 2024, and 2023, and also should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023, and 2022, and related notes thereto.

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

This MD&A was reviewed and approved by the Board of Directors. The effective date of this MD&A is May 15, 2024.

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

Africa Oil is a Canadian oil and gas company with producing and development assets in deep-water offshore Nigeria. The Company also has a portfolio of exploration and appraisal assets in West and South of Africa, as well as Guyana. The Company holds its interests through direct ownership interests in concessions and through its shareholdings in investee companies, including: Prime; Impact; Africa Energy; and Eco.

The Company's Common Shares are listed on the Toronto Stock Exchange in Canada and the Nasdaq Stockholm Exchange in Sweden, under the symbol 'AOI'.

Africa Oil's long-term plan is to deliver sustainable shareholder value through the development and production associated with its existing asset portfolio, acquisition of producing assets, exploration, and monetizing value from its shareholdings in its investee companies. Africa Oil's focus is on its Nigerian assets, Namibian Orange Basin opportunity set (Blocks 2913B and 2912), Block 3B/4B in South Africa's Orange Basin, and Equatorial Guinean exploration Blocks (EG-18 and EG-31).

The Company is a unique investment opportunity for its exposure to the Venus light oil and associated gas discovery offshore Namibia, as it is the only publicly-listed independent oil and gas company with an effective economic interest in this field. The Venus discovery, understood to be the largest oil discovery globally in 2022, has partially de-risked a new petroleum province in the Orange Basin that has significant prospectivity.

Africa Oil's potentially high impact appraisal and exploration catalysts are complemented by its production and cash flowing assets in Nigeria, which it holds through its 50% shareholding in Prime. Prime is a Nigeria-focused company with interests in PMLs 2, 3, 4 (previously part of OML 130) and PML 52 (previously part of OML 127) that account for all of AOC's reserves and production, and PPL 261 (previously part of OML 130). The aforementioned PMLs provide the Company with a long-life cash flowing asset base, to support its business objectives over the long term, including shareholder capital returns.

HIGHLIGHTS AND OUTLOOK

Q1 2024 AND POST PERIOD HIGHLIGHTS

- During Q1 2024, the Company's disciplined capital allocation framework that prioritizes maintaining a strong balance sheet, consolidating its core assets, and shareholder capital returns was supported by two strategic farm down agreements for its assets in the prolific Orange Basin. On completion, these agreements will de-risk the Company's balance sheet in relation to the Venus oil development project that is expected to underpin the Company's long-term production outlook.
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 - » The infill drilling program on Prime's Nigerian assets continued during Q1 2024 with two Akpo wells completed, and the drilling rig contract for this campaign was extended to the end of October 2024.
 - » Recorded cashflow from operations of \$77.1 million.
 - » Prime's cash position of \$134.3 million and debt balance of \$375.0 million resulting in a Prime net debt position of \$240.7 million at March 31, 2024.

FINANCIAL SUMMARY⁽¹⁾

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Economic entitlement production	boepd	20,100	23,200	22,400
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EBITDAX	\$'m	93.6	113.6	458.7
Free Cash Flow	\$'m	67.2	75.0	149.1
Net debt	\$'m	240.7	161.7	298.9

(1) The table includes non-GAAP measures. Definitions and reconciliations to these non-GAAP measures are provided on pages 13-16.

(2) Cash flow from operations before working capital adjustments and interest payments.

HIGHLIGHTS AND OUTLOOK - CONTINUED

OUTLOOK

2024 Priorities and Business Plan

The Company's focus for 2024 is to advance its main opportunity set comprised of its core assets in deepwater Nigeria, Orange Basin offshore Namibia and South Africa, and Equatorial Guinea. Management will also evaluate the options for consolidating the ownership of its core assets and streamlining the Company's business structure.

Africa Oil has made a strong start in the delivery of its 2024 business plan with two strategic farm down agreements for its Orange Basin assets. These are:

- Farm down agreement between its investee company, Impact, and TotalEnergies for the interests in Blocks 2912 (PEL 91) and 2913B (PEL 56), offshore Namibia, which was announced on January 10, 2024. This transaction gives the Company the opportunity to continue its participation in the world-class Venus light oil development project, and the follow-on exploration and appraisal program on the Blocks at no upfront cost. This frees up the Company's balance sheet for the pursuit of other growth opportunities and shareholder capital returns.
- Farm down agreement for its Block 3B/4B, offshore South Africa, with TotalEnergies and QatarEnergy, which was announced on March 6, 2024. On completion of this transaction, Africa Oil will retain a 17.0% interest in the Block and will transfer the operatorship of the Block to TotalEnergies for a total consideration, including the carry, of up to \$46.8 million.

The Company, as part of its disciplined capital allocation focused on the organic growth opportunities in the existing portfolio, also announced on March 18, 2024, an offer to minority shareholders in Impact and expects to know the outcome of the offer in Q2 2024.

Namibia Orange Basin Appraisal and Exploration Campaign

The drilling and test results from Venus-1X, Venus-1A, Venus-2A and Mangetti-1X (Venus interval), completed in 2023 and April 2024, support the development of the Venus oilfield. The technical studies to be carried out during 2024 are expected to define the Venus development concept. Also, the Mangetti-1X exploration well, located approximately 35km to the Northwest of the Venus-1X well, intersected hydrocarbon bearing intervals in the Mangetti fan prospect, a separate fan system to the Venus oil discovery, which supports the case for appraisal of the Mangetti fan.

In addition to the Venus opportunity, the Company has retained upside exposure to the exploration opportunities that in case of success, could significantly increase the existing discovered resource base on Blocks 2912 and 2913B. Processing of data from the 3D seismic data survey that was completed during Q1 2024, could better define the prospectivity on Block 2913B to the south of the Venus discovery. It is possible that the JV could drill further high-impact exploration wells on separate fan structures on this Block in late 2024 or 2025 once the 3D seismic interpretation work is completed. Also, a 3D seismic survey was completed post period on the northern part of Block 2913B focused on the Mangetti complex to support the potential appraisal of the Mangetti discovery.

On January 10, 2024, the Company announced a strategic farmout agreement between its investee company Impact Oil and Gas Limited ("Impact"), and TotalEnergies, that allows the Company to continue its participation in the world class Venus oil development project, and the follow-on exploration and appraisal campaign on Blocks 2913B and 2912 with no upfront costs.

At the date of this report, AOC has an interest in this program through its 31.1% shareholding in Impact, which in turn has a 20.0% WI in Block 2913B (PEL 56) and 18.9% in Block 2912 (PEL 91). On closing of the farm-out transaction with TotalEnergies, Impact will retain a carried 9.5% WI in each of the two Blocks.

Nigeria

The infill drilling campaign on PML 2 (Akpo field) and PML 3 (Egina field) that commenced on February 22, 2023, completed a total of 5 wells by the end of Q1 2024. The contract for the drilling rig used for this campaign has been extended to the end of October 2024 with the plan to drill a further 5 wells from February 2024 through to the end of October 2024. These wells will be primarily targeted at arresting production decline on Akpo and Egina oil fields.

Also, the acquisition of 4D monitor seismic survey on Akpo was completed during Q1 2024 and similar surveys are planned for Akpo, Egina and Agbami during 2024. The acquisition plan also includes a baseline 4D seismic survey of the Preowei field. The surveys will support future drilling decisions across both PML 2, 3 and 52.

Following the 20-year renewal of OML 130 (resulting in the issue of PMLs 2, 3, 4, and PPL 261) on May 28, 2023, the Preowei FEED study recommenced in 2023. This is expected to complete in Q3 2024 with the FID in Q4 2024 and first oil production expected in 2027.

South Africa Orange Basin, Block 3B/4B

On January 22, 2024, the Company announced completion of the transaction to acquire an additional 6.25% interest in Block 3B/4B. Also, the Company announced a farm down agreement for Block 3B/4B with TotalEnergies and QatarEnergy on March 6, 2024. On completion of this transaction, the Company will retain a 17.0% interest, and it will transfer the operatorship of the Block to TotalEnergies for a total consideration, including the carry, of up to \$46.8 million. The closing of this transaction is subject to government approval and is expected in 2024.

The Company continues to progress its ESIA activities in South Africa ahead of the transfer of operatorship to TotalEnergies. It is expected that this exercise and the process to obtain a drilling permit will complete by the end of 2024. The Company expects that the first exploration well on Block 3B/4B could potentially be drilled during 2025.

HIGHLIGHTS AND OUTLOOK - CONTINUED**Equatorial Guinea**

The Company is continuing with the farm down process for Blocks EG-18 and EG-31 as well as continuing the subsurface studies to enhance the definition of multiple targets already identified.

The Company holds an operated WI of 80.0% in each of Blocks EG-18 and EG-31.

2024 MANAGEMENT GUIDANCE

The 2024 Management Guidance is unchanged and a summary is presented below for completeness:

	Full-Year 2024 Guidance	Q1 2024 Actuals
Prime, net to AOC's 50% shareholding:		
WI production (boepd) ^(1, 2)	16,500 - 19,500	17,100
Economic entitlement production (boepd) ^(1, 2, 3)	18,000 - 21,000	20,100
Cash flow from operations (million) ^(4, 5)	\$230.0 - \$320.0	\$77.1
Capital investment (million)	\$100.0 - \$130.0	\$15.6

(1) The Company's 2024 production will be contributed solely by its 50% shareholding in Prime.

(2) Approximately, 78% expected to be light and medium crude oil and 22% conventional natural gas.

(3) Net entitlement production estimate is based on a 2024 average Brent price of \$82.0/bbl being the average of the Brent forward curves between September 27, 2023, and November 23, 2023. 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.

(4) Cash flow from operations before working capital adjustments and interest payments.

(5) Prime does not pay dividends to its shareholders, including the Company, 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 the Company. Any dividends received by the Company 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, and Prime's minimum cash on hand requirements.

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	PML 52	December 13, 2024 ⁽¹⁾	Prime 8%
			Chevron Corporation 32%
			Famfa Oil 60% (carried)
	PML 2, 3, 4 and PPL 261 - PSA ⁽²⁾	May 24, 2043 ⁽¹⁾	Prime 32%
			TotalEnergies 48%
			SAPETRO 20% (carried)

Africa Oil's Shareholding in Impact Oil & Gas Limited (31.1%)

Country	Concession	License renewal	Working Interests
NAMIBIA	PEL 56 (Block 2913B)	April 1, 2025	Impact 20% ⁽³⁾
			TotalEnergies 40%
			QatarEnergy 30%
	PEL 91 (Block 2912)	October 1, 2027	NAMCOR 10% (carried)
			Impact 18.89% ⁽³⁾
			TotalEnergies 37.78%
		QatarEnergy 28.33%	
		NAMCOR 15.00% (carried)	

Africa Oil's Direct Working Interests^(4,5)

Country	Concession	License renewal	Working Interests
SOUTH AFRICA	Block 3B/4B	October 26, 2024	AOC (Operator) 26.25% ⁽⁶⁾
			Azinam 20%
			Ricocure (Pty) Ltd 53.75%
EQUATORIAL GUINEA	EG-18	March 1, 2025	AOC (Operator) 80%
	EG-31		GEPetrol 20%

(1) In accordance with the PIA, a renewal will be granted for 20 years if the lessee has paid all rent and royalties due and has otherwise performed all its obligations under the lease. A renewal of OML 130 was obtained on May 28, 2023, earlier than its original renewal deadline of February 28, 2025.

(2) Renewal of the rights under OML 130 resulted in the award of three new petroleum mining leases and one petroleum prospecting license. These cover some of the areas previously covered by OML 130, with some of the areas also relinquished. These are PML 2 (Akpo field), PML 3 (Egina), PML 4 (Preowei) and PPL 261 (South Egina). 50% of the production (currently from PMLs 2 and 3, future production from PML 4 and potential future production from PPL 261) is covered by a PSA framework, in which Prime owns a 32% WI. Prime's net WI in these assets is therefore 16%.

(3) On January 10, 2024, the Company announced a strategic farmout agreement between Impact and TotalEnergies. On closing of this deal, Impact will retain a fully-carried interest of 9.5% in each of the two licenses in Namibia. Closing of the transaction will be subject to customary third party approvals from the Namibian authorities and JV parties.

(4) 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.

(5) The Company has agreed with its JV parties its withdrawal from the entirety of the production sharing contracts and joint operating agreements for Blocks 10BB, 13T and 10BA in Kenya with effect on and from June 30, 2023. The Company is waiting for government consent to complete its withdrawal and the transfer of rights and future obligations.

(6) At the date of this MD&A the Company holds an operated WI of 26.25% and on completion of the farm down agreement announced on March 6, 2024, it will retain a 17.0% non-operated interest with the operatorship transferring to TotalEnergies.

Information on the Company's equity interests in Africa Energy, Eco and Impact is included in 'Equity Investments in Associates' on pages 18-19.

BUSINESS UPDATE

Macroeconomic conditions

During the first quarter of 2024, Bloomberg Dated Brent averaged \$83.1/bbl, which was slightly above the full-year 2023 Bloomberg Dated Brent average of \$82.6/bbl, and slightly below the fourth quarter of 2023 average price of \$84.3/bbl. During the first quarter of 2024, Bloomberg Dated Brent traded in a \$10.0/bbl price range between approximately \$76.0/bbl and \$86.0/bbl, with the lower bound realized during January, and the higher bound during the second half of February and March 2024. Prices strengthened post the first quarter of 2024 with escalation of geopolitical tension in the Middle East, offsetting market's concerns over a less supportive global demand-supply balance for oil prices. OPEC+ policy continuation to manage the group's exports in support of prices, and attacks on Russian energy infrastructure also contributed to the rally in oil prices during the second half of the first quarter of 2024, and post period. The prospect of armed conflict between Israel and Iran and spread of instability across the Middle East, supported Bloomberg Dated Brents towards the \$93.0/bbl mark during April 2024.

These developments, including attacks on shipping in the Middle Eastern region, represent higher security of supply risk from the Middle Eastern oil producing nations, and are supportive of West African assets that can supply the Atlantic basin and the wider European market, and are not impacted by the Middle Eastern tension.

Nigeria economic environment

2023 was a momentous year for Nigeria with the election of a new President, Mr. Bola Tinubu, who introduced radical economic policies with the stated objective of expanding the economy by at least 6% per annum. President Tinubu's early days in the office were notable for his swift financial overhauls by floating the Naira currency and scrapping a decades-old petrol subsidy. These received a positive reception from the investment and business communities domestically and internationally. However, the new government continues to face daunting challenges of record national debt, persistent inflationary pressures, high unemployment and power shortages that continue to hamper the country's economic activity and potential.

During the first quarter of 2024, Nigerian inflation continued to trend upwards with the annual inflation rate rising to its highest level in almost three decades, standing at 33.3% year-on-year in March 2024. This has been driven by a steep fall in Naira, the Nigerian currency, against the major currencies and the government's removal of fuel subsidies. The country's Central Bank twice raised the interest rates year-to-date to ease the inflationary pressures and there is optimism in the Central Bank that inflationary pressures can ease from May 2024 onwards.

However, Prime's business in Nigeria has very limited exposure to these local economic developments with its revenues denominated in US Dollars. Also, considering the location of the producing assets in deepwater, offshore Nigeria, Prime's operations are shielded from the security challenges faced onshore Nigeria.

SHAREHOLDER RETURNS

The Company distributed a semi-annual dividend of \$0.025 per share (approximately \$11.5 million) during Q1 2024. The Company views the distribution to be prudent with due consideration for its capital allocation options and the priority of maintaining a strong balance sheet in a range of market scenarios.

The Company launched a NCIB share buyback program on December 6, 2023. Pursuant to the NCIB, Africa Oil is authorized to repurchase through the facilities of the TSX, Nasdaq Stockholm and/or alternative Canadian trading systems, as and when considered advisable by Africa Oil, up to 38,654,702 Common Shares of the Company, which represented 10% of its "public float" of 386,547,028 Common Shares as at November 27, 2023.

Purchases of Common Shares may occur over a period of up to twelve months commencing December 6, 2023, and ending on the earlier of December 5, 2024, the date on which the Company has purchased the maximum number of Common Shares permitted under the NCIB, and the date on which the NCIB is terminated by Africa Oil. There cannot be any assurances as to the number of Common Shares that will ultimately be acquired by the Company. Any Common Shares purchased by Africa Oil under the NCIB will be cancelled.

During Q1 2024, the Company repurchased a total of 7,858,272 Common Shares of which 7,096,272 were cancelled during Q1 2024 with the remaining 762,000 shares cancelled in Q2 2024.

Subsequent to Q1 2024 and up until the end of trading on May 10, 2024, the Company has repurchased a further 6,688,560 Common Shares resulting in a total of 14,546,832 Common Shares repurchased under the NCIB since its launch on December 6, 2023.

BUSINESS UPDATE - CONTINUED**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% WI in PML 52 and an indirect 16% WI in PMLs 2, 3 and 4 as well as PPL 261. PML 52 is operated by affiliates of Chevron and covers part of the producing Agbami field. PMLs 2, 3 and 4 and PPL 261 are operated by affiliates of TotalEnergies and contain the producing Akpo and Egina fields. The three fields in these PMLs 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 export associated gas which feeds into the Nigerian liquified natural gas plant, whilst Agbami associated gas is mostly 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, 2024	March 31, 2023	December 31, 2023
Total gross field production	boepd	280,600	331,500	314,200
Net to AOC's 50% shareholding:				
Average daily WI production	boepd	17,100	20,900	19,800
Average daily entitlement production	boepd	20,100	23,200	22,400
Oil volumes sold	MMbbl	1.0	1.5	6.4
Gas volumes sold	bcf	2.0	2.3	9.5
Oil/gas percentage split	%	81%/19%	81%/19%	81%/19%

Q1 2024 production was impacted by a planned maintenance shutdown on the Akpo field that commenced on March 18, 2024, and compares with the 2024 Management Guidance WI production mid-point of 18,000 boepd. Q1 2024 economic entitlement production compares with the 2024 Management Guidance economic entitlement production mid-point of 19,500 boepd. Q1 2024 gross field production was lower than Q1 2023, primarily as a result of expected natural reservoir decline and maintenance outages at Akpo and Egina. The planned Akpo maintenance that commenced during Q1 2024 has been completed and the field is back in production.

The Egina and Akpo drilling program commenced on February 22, 2023. During Q1 2024, 2 wells were completed on Akpo.

Net entitlement production is calculated using the economic interest methodology and includes cost recovery oil and profit oil. It differs from WI production which is calculated based on field volumes multiplied by Prime's effective WI in each Block. The cargoes lifted by Prime and described below represent Prime's share of cost oil and profit oil and included in the comparative period part of income tax oil in relation to the period prior to conversion to the new PIA regime. The remaining part of income tax oil and royalties was either lifted and sold by the operator or paid in cash, to settle the tax and royalty obligations to the Nigerian state. From August 2023, Prime has been lifting its own entitlement production and paying its tax in cash. Aggregate oil equivalent production data comprises of light and medium crude oil and conventional natural gas production net to Prime's WI in the 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 2024, Prime was allocated 2 oil liftings with total sales volume of approximately 2.0 million barrels or 1.0 million barrels net to the Company's 50% shareholding at an average realized oil price of \$85.5/bbl. In Q1 2023, Prime was allocated 3 oil liftings with total sales volume of approximately 3.0 million barrels or 1.5 million barrels net to the Company's 50% shareholding at an average realized oil price of \$81.5/bbl.

In 2023, Prime was allocated 13 oil liftings with a total sales volume of approximately 12.9 million barrels or 6.4 million barrels net to the Company's 50% shareholding at an average realized oil price of \$84.6/bbl.

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 2024, the result from the 50% investment in Prime was a profit of \$21.5 million (Q1 2023 - \$37.5 million). As at March 31, 2024, the Company's investment in Prime was \$594.0 million (as at December 31, 2023 - \$572.5 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⁽¹⁾

Net to AOC's 50% shareholding:	Unit	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Total revenues	\$'m	88.3	137.4	581.1
Cost of Sales ⁽²⁾	\$'m	38.4	67.4	299.0
Gross profit	\$'m	49.9	70.0	282.1
Opex/boe ^(3,4)	\$/boe	10.3	8.3	9.2
Cash flow from operations before working capital	\$'m	77.1	70.9	298.8
Cash flow from operations	\$'m	82.7	85.2	237.9
Free cash flow	\$'m	67.2	75.0	149.1
Free cash flow/boe ⁽⁴⁾	\$/boe	37.3	35.7	18.2
Tax	\$'m	9.4	20.0	(124.3)
Capex ⁽⁵⁾	\$'m	15.6	10.2	88.8
Dividends paid	\$'m	-	-	175.0
Net Debt	\$'m	240.7	161.7	298.9
EBITDAX	\$'m	93.6	113.6	458.7
Net Debt/EBITDAX ⁽⁶⁾	ratio	0.5	0.3	0.7
AOC Net Cash/ (Debt) inclusive of 50% Prime Net Debt	\$'m	(45.2)	(3.5)	(66.9)

(1) The table includes non-GAAP measures. Definitions and reconciliations to these non-GAAP measures are provided on pages 13-16.

(2) Given the nature of Prime's operations in terms of oil cargo liftings 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 the corresponding historical period.

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

(4) Boe is calculated on an entitlement basis.

(5) Full year 2023 amount includes the OML 130 license renewal fee which has been capitalized to oil and gas interests.

(6) Calculated on a 12-month rolling basis until March 31, 2024, March 31, 2023, and December 31, 2023 respectively.

BUSINESS UPDATE - CONTINUED**Total revenues**

	Unit	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Per Prime's financial statements				
Total revenue	\$'m	176.6	274.7	1,162.2
Net to AOC's 50% shareholding:				
Oil revenue	\$'m	85.5	122.2	545.3
Gas revenue	\$'m	2.8	1.9	8.1
PPT revenue	\$'m	-	9.7	19.8
Royalty revenue	\$'m	-	3.6	7.9
Total revenue	\$'m	88.3	137.4	581.1
Realized oil prices ⁽¹⁾	\$/bbl	85.5	81.5	84.6
Oil volumes sold	MMbbl	1.0	1.5	6.4
Realized gas prices	\$/bcf	1.4	0.8	0.9
Gas volumes sold	Bcf	2.0	2.3	9.5

(1) Realized oil prices might be different to values calculated from the table above due to roundings.

The decrease in oil sales revenue in Q1 2024 was due to less liftings in Q1 2024 compared to Q1 2023 despite a higher realized price of \$85.5/bbl in Q1 2024 compared to \$81.5/bbl in Q1 2023.

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 obligations 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. No PPT revenue has been reported anymore since August 2023 with Prime lifting its own entitlement production and paying its tax in cash.

Up to the end of July 2023, PML 52 royalties were presented gross in both revenue and cost of sales. No royalty revenue has been reported anymore since August 2023 with PML 52 royalties being paid in cash and presented in cost of sales.

Cost of sales

	\$'m	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Per Prime's financial statements				
Total cost of sales		76.8	134.8	598.0
Net to AOC's 50% shareholding:				
DD&A		48.4	46.4	180.9
Production costs		18.6	17.5	75.5
Movements on overlift/underlift balances		(38.1)	(3.8)	11.8
Royalties - oil and gas		9.5	7.3	30.8
Total cost of sales		38.4	67.4	299.0

Cost of sales decreased in Q1 2024 compared to Q1 2023. The decrease in cost of sales is mainly due to a higher underlift movement in Q1 2024 compared to Q1 2023 with only two cargo liftings during Q1 2024. The overlift/underlift position represents Prime's excess of liftings over its entitlement share of production. Royalties increased in Q1 2024 compared to Q1 2023 as the 5-year royalty holiday for PML 3 ended in January 2024.

BUSINESS UPDATE - CONTINUED**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 Block.

	Unit	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Per Prime's financial statements				
Production costs	\$'m	37.3	34.9	151.0
Net to AOC's 50% shareholding:				
Production costs	\$'m	18.6	17.5	75.5
Entitlement production	MMboe	1.8	2.1	8.2
Opex/boe	\$/boe	10.3	8.3	9.2

Production costs have increased in Q1 2024 compared to Q1 2023. Opex/boe increased in Q1 2024 compared to Q1 2023 primarily from lower entitlement production.

Entitlement production is used as the denominator as production costs include carry of costs that are recovered through entitlement production.

Cash flow from operations

Cash flow from operations before working capital is a non-GAAP measure. This represents cash generated by removing the impact from working capital from cash generated by operating activities and is a measure commonly used to better understand cash flow from operations across periods on a consistent basis and when viewed in combination with the Company's results provides a more complete understanding of the factors and trends affecting the Company's performance. A reconciliation from cash flow from operations to cash flow from operations before working capital is shown below:

	\$'m	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Per Prime's financial statements				
Cash flow from operations ⁽¹⁾		165.4	170.4⁽¹⁾	475.8
Net to AOC's 50% shareholding:				
Cash flow from operations		82.7	85.2	237.9
Working capital adjustments included in cash flow from operations				
Changes in trade and other receivables		(39.5)	(37.8)	16.0
Changes in over/underlift balances		38.1	3.8	(11.8)
Changes in other working capital balances		(4.2)	19.7	56.7
Total working capital adjustments		(5.6)	(14.3)	60.9
Cash flow from operations before working capital		77.1	70.9	298.8

(1) Cash outflow from interest expenses paid has been reclassified from cash flow from operating activities to cash flow from financing activities to better align with industry practice.

Cash flow from operations before working capital increased in Q1 2024 compared to Q1 2023. This is primarily from lower tax payments following conversion to operate under the terms of the PIA during 2023. Under these terms, the 30% Corporate Income Tax regime applies compared to the previous 50% PPT regime.

Cash flow from operations decreased in Q1 2024 compared to Q1 2023 from a lower release of working capital in Q1 2024 compared to Q1 2023.

BUSINESS UPDATE - CONTINUED**FCF and FCF/boe**

FCF 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:

	Unit	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Per Prime's financial statements				
Total cash flow	\$'m	116.4	65.2	(179.5)
Add back dividends	\$'m	-	-	350.0
Add back debt service costs ⁽¹⁾	\$'m	17.9	84.8	122.3
Add back derivatives	\$'m	-	-	5.3
FCF	\$'m	134.3	150.0	298.1
Net to AOC's 50% shareholding:				
FCF	\$'m	67.2	75.0	149.1
Entitlement production	MMboe	1.8	2.1	8.2
FCF/boe	\$/boe	37.3	35.7	18.2

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

FCF in Q1 2024 has decreased compared to Q1 2023 mainly due to timing of receipts from cargo liftings and partly offset by lower tax payments. Two cargoes were lifted in December 2023 with cash receipt in Q1 2024 which, in combination with lower entitlement production in Q1 2024 compared to Q1 2023, has resulted in an increase in FCF/boe for Q1 2024 compared to Q1 2023.

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 Block.

Tax

The tax expense is made up of the following items:

	\$'m	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Per Prime's financial statements				
Petroleum Profit Tax		-	78.5	138.1
Deferred tax income		(16.0)	(47.0)	(570.9)
Education tax		3.5	7.1	21.9
Corporate income tax		31.3	1.4	134.3
Withholding tax on dividends		-	-	28.0
Total		18.8	40.0	(248.6)
Net to AOC's 50% shareholding:				
Total		9.4	20.0	(124.3)

BUSINESS UPDATE - CONTINUED

The tax charge is lower in Q1 2024 compared to Q1 2023 due to the lower Corporate tax rate of 30% under the PIA regime compared to the previous 50% under the PPT regime and in combination with the lower profit before tax.

Petroleum Profits Tax is a tax on the income of companies engaged in upstream petroleum operations in Nigeria. The PPT rate for petroleum operations under production sharing contracts with the Nigerian National Petroleum Corporation (NNPC) is 50%. Since operating under the new PSA terms following conversion during 2023, the licenses are no longer subject to PPT.

Education tax is imposed on every Nigerian company at a rate of 3.0% of the assessable profit in the period.

Capital expenditure

Capital expenditure in Q1 2024 amounted to \$15.6 million, net to the Company's 50% shareholding in Prime. Capital expenditure mainly related to the infill drilling campaign on PPL 2, with the drilling and completion of two Akpo wells, and the drilling of a third Akpo well that completed during April 2024. Expenditures in Q1 2023 of \$10.2 million mainly related to the drilling of the first infill development well of the PPL 3 drilling campaign, a water injector on the Egina field.

Dividends paid

Prime did not distribute any dividends in either Q1 2024 or Q1 2023.

Net Debt

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

As at/ \$'m	March 31, 2024	December 31, 2023
Per Prime's financial statements		
Loans and borrowings	750.0	750.0
Cash and cash equivalents	(268.6)	(152.2)
Net Debt	481.4	597.8
Net to AOC's 50% shareholding:		
Net Debt	240.7	298.9

Net to AOC's 50% shareholding, Prime has \$134.3 million of cash and \$375.0 million of debt (as at December 31, 2023 - \$76.1 million of cash and \$375.0 million of debt).

The gross debt outstanding has not changed during Q1 2024 under the \$1,050.0 million RBL facility with \$750.0 million outstanding at March 31, 2024.

BUSINESS UPDATE - CONTINUED**EBITDAX and Net Debt/EBITDAX**

EBITDAX is a 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/EBITDAX is a non-GAAP measure. Net Debt divided by EBITDAX is a measure of the leverage.

\$'m	Three months ended		Twelve months ended	
	March 31, 2024	March 31, 2023	March 31, 2024	December 31, 2023
Per Prime's financial statements				
Total profit	43.0	75.1	423.9	456.0
<i>Add back:</i>				
Tax	18.8	40.0	(269.8)	(248.6)
Finance costs	30.0	20.4	99.1	89.5
Finance income	(2.0)	(1.6)	(7.2)	(6.8)
DD&A and Impairment	96.7	92.7	629.0	625.0
Exploration expenses	0.7	0.5	2.5	2.3
EBITDAX	187.2	227.1	877.5	917.4
Net Debt			(481.4)	(597.8)
Net Debt/ EBITDAX			0.5	0.7
Net to AOC's 50% shareholding:				
Net Debt			(240.7)	(298.9)
EBITDAX			438.8	458.7
Net Debt/ EBITDAX			0.5	0.7
AOC Net Cash			195.5	232.0
AOC Net Cash/(Debt) inclusive of 50% Prime Net Debt			(45.2)	(66.9)

Crude Oil Marketing

In considering Prime's cargo liftings, the reader should note that the timing and the frequency of these can vary based on a number of factors such as: 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 where relevant for each field.

Prime uses contingent physical forward sales contracts for the marketing and sale of its lifted entitlement production, to manage commodity price risk and ensure stability in cash flows in line with the marketing strategy. Prime does not fix the Dated Brent component of the sales price at the time of entering the contract, instead using a trigger pricing mechanism, whereby Prime gives an irrevocable instruction to an off-taker to fix the Dated Brent component of a cargo, if the forward curve price goes below a certain trigger based on a percentage of the Brent forward curve (at the time the instruction was given) for the month of the expected lifting. If the forward curve price never goes below that threshold, the cargo is sold spot.

BUSINESS UPDATE - CONTINUED

The average cargo size lifted is one million barrels of oil.

Oil sales were comprised of the following:

Oil Sales	Unit	Three months ended		Year ended
		March 31, 2024	March 31, 2023	December 31, 2023
Number of cargo liftings		2	3	13
Of which:				
Sold forward with the trigger price mechanism activated		-	2	2
Sold at spot		2	1	11
		2	3	13
Gross crude oil sales				
Quantity in Mboe	Mboe	2,000.6	3,001.1	12,891.7
Average sales price	\$/bbl	85.5	81.5	84.6
Average Bloomberg Dated Brent for the period	\$/bbl	83.1	81.4	82.6

Subsequent to the period-end, Prime sold two cargoes at spot with an all-in sales price of \$93.5/bbl. One of these cargoes was hedged through an Asian put option contract with an exercise price of \$80.0/bbl that protected Prime against price movements below \$80.0/bbl in the period between March 1, 2024 and May 31, 2024. If the average spot price in the period between March 1, 2024 and May 31, 2024, falls below \$80.0/bbl then Prime is compensated in cash for the difference with the strike price of \$80.0/bbl. If the average spot price in the period is above the strike price the option would expire and Prime benefits from the higher price. Based on the average spot price for the period until May 15, 2024, it is expected that this contract will expire without any cash compensation. Prime is expected to lift one additional cargo before the end of Q2 2024 with a trigger price of \$67.0/bbl.

Of the 5-7 cargoes scheduled for the second half of the year, two cargoes that are expected to be sold during Q3 2024 have an average trigger price of \$67.5/bbl. As of the date of this report none of the trigger prices have been triggered. See page 16 for further details on the crude marketing strategy.

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.

BLOCK 3B/4B - SOUTH AFRICA

During Q1 2024, the Company and its JV parties continued working on the plans to conduct a drilling campaign on Block 3B/4B, and also progressed the ESIA process.

In 2023, Africa Oil SA Corp. signed a legally binding Assignment and Transfer agreement with Azinam Limited ("Azinam"), a wholly owned subsidiary of Eco, to acquire an additional 6.25% interest in Block 3B/4B for a total cash consideration of up to \$10.5 million, to be paid in tranches on the following milestones:

- \$2.5 million within 30 business days after July 10, 2023;
- \$2.5 million upon the SA government's approval for the transfer of the 6.25% interest to Africa Oil SA Corp.;
- \$4.0 million upon the completion of a farm-out deal to a third party; and
- \$1.5 million upon spudding of the first exploration well on the Block.

The transaction with Azinam completed on January 19, 2024. The Company at the date of this MD&A therefore holds an operated WI of 26.25%, with Azinam holding a 20% WI and Ricocure (Proprietary) Limited holding the remaining 53.75% interest.

On March 6, 2024, the Company announced a farm down agreement with TotalEnergies and QatarEnergy. On the completion of this transaction, which is subject to government approval, the Company will retain a 17.0% interest and the operatorship of the Block will transfer to TotalEnergies.

BUSINESS UPDATE - CONTINUED

Transaction highlights are:

- Maximum transaction value of up to \$46.8 million to the Company.
- The Company will receive, subject to achieving certain milestones defined in the farm down agreement, staged payments for a total cash amount of \$10.0 million, of which \$3.3 million is payable at Completion and the remaining balance in two successive payments conditional upon achievement of key operational and regulatory milestones.
- The Company will also receive a full carry of its 17.0% retained share of all JV costs, up to a cap, that is repayable to TotalEnergies and QatarEnergy from production, and which is expected to be adequate to fund the Company's share of drilling for up to two wells on the license.

The other interests in Block 3B/4B following completion of the transaction will be: 33.0% held by TotalEnergies; 24.0% held by QatarEnergy; 19.75% held by Ricocure; and 6.25% held by Eco. The Company expects that the first exploration well on Block 3B/4B can be drilled during 2025.

BLOCKS EG-18 AND EG-31 - EQUATORIAL GUINEA

The Company has two PSCs with the Republic of Equatorial Guinea for offshore Blocks EG-18 and EG-31. The Company holds an 80% operated interest, subject to back in rights by GEPetrol in both Blocks. Work programs on both Blocks include re-processing of existing 3D seismic surveys and identification of prospects within the first 2-year period, which has an optional 1-year extension if more time is required to complete the scope of work. At the completion of the first period, a second 2-year period with an optional 1-year extension is available at the election of the Company. The initial period provides a low-cost opportunity in two highly prospective Blocks.

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, 2024:

	Africa Energy	Eco	Impact ⁽¹⁾
Issued and Outstanding	1,407,812,249	370,173,680	1,104,880,424
Shares held by AOC at January 1, 2024	276,982,414	54,941,744	343,545,659
Shares acquired in the period	-	-	106,500
Shares held by AOC at March 31, 2024	276,982,414	54,941,744	343,652,159
AOC's holding (%) - March 31 2024	19.67%	14.84%	31.10%
AOC's holding (%) - December 31 2023	19.67%	14.84%	31.09%
Share price (CAD) on March 31, 2024	0.08	0.145	-
Exchange rate to USD on March 31, 2024	0.74	0.74	-

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

Impact

Impact is a private UK oil and gas exploration company with assets located offshore Namibia, South Africa and West Africa. On October 6, 2023, the Company subscribed for 16,524,058 shares in Impact for \$13.0 million and following the transaction the Company held 31.1% of the enlarged share capital in Impact.

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. The operator reported the discovery of a good quality, light oil-bearing sandstone reservoir of Lower Cretaceous age, with an estimated 84 meters of net pay. A flow test of this well was completed during Q3 2023 with positive results, which have been incorporated into the development studies.

On September 28, 2023, the Company announced that the Venus-1A appraisal well, located approximately 13km north of the Venus-1X discovery well, was successfully drilled to a total depth of 6,146m, cored and logged using the Tungsten Explorer drillship, with flow test results supporting the results from the Venus-1X well. On February 7, 2024, the operator announced that the Mangetti-1X well had intersected hydrocarbon bearing intervals in the Mangetti fan and also encountered hydrocarbon bearing sands in the northern extension of the Venus Fan, which was a secondary target for the well. Drilling and testing programs for Venus-2A and Mangetti-1X (tested in the Venus interval) wells were completed during April 2024. The results of these programs are being interpreted and incorporated in the development studies.

A new 3D seismic campaign on the southern and northern parts of Block 2913B is currently underway to identify additional exploration drilling targets and will cover leads identified on existing 2D seismic, and to support the appraisal of the Mangetti fan. If supported by the new 3D seismic data acquisition and interpretation in the southern part of the Block, these targets could potentially be drilled during 2024 or 2025.

The Company announced a strategic farm-out agreement between its investee company, Impact, and TotalEnergies on January 10, 2024. On the closing of this transaction Impact will have a 9.5% interest in Blocks 2912 and 2913B that is fully carried for all joint venture costs, with no cap, through to first commercial production. Impact will also be cash reimbursed on closing for its share of the past costs incurred on the Blocks net to the farmout interests, which is estimated to be approximately \$99.0 million.

BUSINESS UPDATE - CONTINUED

This agreement provides Impact with a full interest-free carry loan over all of Impact's remaining development, appraisal and exploration costs on the Blocks from January 1, 2024 ("Effective Date"), until the date on which Impact receives the first sales proceeds from oil production on the Blocks ("First Oil Date").

On and from the First Oil Date, the carry is repayable to TotalEnergies in kind from 60% of Impact's after-tax cash flow net of all joint venture costs, including capital expenditures. During the repayment of the carry, Impact will pool its entitlement barrels with those of TotalEnergies for more regular off-takes and a more stable cashflow profile and will also benefit from TotalEnergies' marketing and sales capabilities.

Completion of the transaction will be subject to customary government approval.

Africa Energy

Africa Energy is a TSX-Venture (Toronto) and Nasdaq First North Growth Market (Stockholm) listed international oil and gas exploration company that holds 49% of the Common Shares in Main Street 1549, which has a 10% participating interest in the Exploration Right for Block 11B/12B offshore South Africa. Arostyle Investments (RF) (Proprietary) Limited ("Arostyle") owns 51% of Main Street 1549. In addition, the Main Street 1549 shareholder agreement provides that either Africa Energy or Arostyle has the right to trigger the sale of the Block 11B/12B Participating Interest to a wholly-owned subsidiary of Africa Energy (the "Arostyle Option"). The Arostyle Option is exercisable by either party for an unlimited period of time. The Company's ownership interest was approximately 19.7% at March 31, 2024.

Eco

Eco is a TSX-V and AIM-listed oil and gas company that operates and holds WI in four exploration Blocks offshore Namibia and operates one exploration Block offshore South Africa and is a party with the Company in Block 3B/4B, offshore South Africa. Eco also has a direct WI and indirect interest in two exploration Blocks offshore Guyana, the Orinduik and Canje Blocks. The Company's ownership interest was approximately 14.8% at March 31, 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company is committed to being a responsible company that integrates sustainability considerations throughout its decision-making and operational management. The Company is focused on the effective identification and management of risk in its operational activities and, as far as it can influence them, those of its JV parties and investee companies. The Company selects its operating parties 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 custodian of its shareholders' capital is to ensure robust governance systems are in place to minimise risks and deliver our sustainability goals.

As part of those governance systems, the Company receives ESG performance data from Prime on a quarterly basis, which allows it to monitor alignment with agreed ESG targets and objectives. Significant improvements in operational performance relating to flare management were realized during 2023. Prime had set 2023 target of reducing flaring by at least 25% when compared to 2022 gross daily average rates. This target was achieved with a reduction in gross daily flared rates of nearly 48%.

Flaring reductions will support Prime's objectives to reduce working interest scope 1 greenhouse gas (GHG) emissions by 25% by 2025 and by 35% by 2030 compared to a 2020 baseline as part of Prime's Net Zero by 2050 for scope 1 and 2 emissions. Prime's ESG strategy and GHG Roadmap will support the Company's own emissions management plans and targets.

Additionally, Prime commissions independent Environmental, Social, Health and Safety monitoring reviews conducted annually to support its reserves-based lending facility. The 2023 Monitoring Review found that overall, Prime is managing the ESHS aspects of its business "exceptionally well," with no significant issues that would impact financing.

The Company has completed an environmental and social impact assessment to support permitting and licensing to support exploration drilling activities in Block 3B/4B in South Africa. This is undergoing public disclosure as part of the regulatory review and approval process.

The Company is preparing to undertake an environmental and social impact assessment to support permitting and licensing for exploration drilling activities in Block EG-31 in Equatorial Guinea.

The Company's environmental and social management system, which is overseen by the Board-level ESGHS Committee, aims to effectively and appropriately identify, monitor and address environmental, health & safety and social risks to our business and investments, in addition to identifying opportunities for performance improvement and risk reduction. The Company maintains a risk register by which it monitors financial, operational and ESG risks to the Company. Africa Oil regularly submits to ESG audits and ratings assessments in support of investor and broader stakeholder engagement, as well as to identify opportunities for performance improvement.

The Company was awarded a Gold rating by the ESG rating agency EcoVadis in February 2024. The independent evaluation undertaken concluded that the Company was within the top 3% of all companies evaluated for ESG performance.

The Company undertakes its activities in line with the International Finance Corporation's Performance Standards on Environmental and Social Sustainability and independent monitoring reviews are conducted on a regular basis to assess compliance with those standards. The most recent review was completed in December 2023. This found that Company management systems were fit for purpose to manage ESG risks. The report will be published, along with all other Independent Monitoring Group reports, on Africa Oil's website.

The Company's 2023 Sustainability Report is currently being prepared and will be disclosed in due course. In the meantime, please see the Company's 2022 Sustainability Report for more information on our performance and strategy.

SUMMARY OF QUARTERLY INFORMATION

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

For the three months ended	31-Mar 2024	31-Dec 2023	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Jun 2022
Share of profit/(loss) from equity investments in joint venture and associates (\$'m)	7.2	(80.8)	51.3	178.0	32.5	(5.1)	76.5	13.3
Net income/(loss) attributable to common shareholders (\$'m)	3.5	(88.8)	47.1	106.9	21.9	(182.2)	70.6	5.7
Weighted average shares - Basic '000	460,991	462,231	462,340	456,229	461,199	475,074	477,311	477,166
Weighted average shares - Diluted '000	474,746	472,942	473,959	467,839	473,846	475,074	491,131	490,562
Basic income/(loss) per share (\$)	0.01	(0.19)	0.10	0.23	0.05	(0.39)	0.15	0.01
Diluted income/(loss) per share (\$)	0.01	(0.19)	0.10	0.23	0.05	(0.39)	0.14	0.01

SUMMARY OF KEY ITEMS OF FINANCIAL PERFORMANCE IN THE THREE MONTHS ENDED MARCH 31, 2024, AND MARCH 31, 2023

	Three months ended	
	March 31, 2024	March 31, 2023
Total operating income	7.2	32.5
General and administrative expenses	(5.1)	(11.6)
Net operating income	2.1	20.9

Total and net operating income

In Q1 2024, the Company recognized net operating income amounting to \$2.1 million (Q1 2023 - \$20.9 million).

In Q1 2024, included in the Company's total operating income is its share in the result of its 50% equity investment in Prime of \$21.5 million (Q1 2023 - \$37.5 million). The figures below explaining the movements in the result of Prime are based on Prime's gross balances as per the financial statements.

Prime revenues decreased by \$98.1 million in Q1 2024 compared to Q1 2023, mainly driven by lower liftings with two cargo liftings during Q1 2024 compared to three cargo liftings during Q1 2023. Lower revenues were partly offset by a decrease in costs of sales of \$58.0 million, primarily driven by an underlift movement during Q1 2024 of \$76.2 million compared to an underlift movement in Q1 2023 of \$7.6 million. This resulted in a decrease in gross profit to \$99.8 million in Q1 2024 from \$139.9 million in Q1 2023. There was a tax charge in Q1 2024 of \$18.8 million compared to \$40.0 million in Q1 2023, driven by a lower Corporate Income tax rate of 30% under the PIA compared to the previous 50% PPT regime. This has resulted in Prime's profit decreasing from \$75.1 million in Q1 2023 to \$43.0 million in Q1 2024, a decrease of \$32.1 million.

General and administrative costs

General and administrative expenses, including share-based compensation charges relating to the LTIP and Stock Option Plan, amounted to \$5.1 million in Q1 2024 (Q1 2023 - \$11.6 million). Share-based compensation charges amounting to \$0.5 million (Q1 2023 - \$5.9 million) are impacted by movements in the share price of the Company.

General and administrative expenses excluding share-based compensation charges amounted to \$4.6 million in Q1 2024 compared to \$5.7 million in Q1 2023, a decrease of 19%. The decrease of \$1.1 million is primarily driven by lower expenditure in relation to corporate development activities, lower travel costs and higher timewriting recharges to intangible exploration assets.

SUMMARY OF QUARTERLY INFORMATION - CONTINUED**SUMMARY OF KEY ITEMS OF FINANCIAL POSITION AS AT MARCH 31, 2024, AND DECEMBER 31, 2023**

As at	March 31, 2024	December 31, 2023
Assets		
Equity investment in joint venture	594.0	572.5
Equity investments in associates	120.4	134.7
Intangible exploration assets	26.4	19.1
Cash and cash equivalents	195.5	232.0

Equity investment in joint venture

As at March 31, 2024, the Company's investment in Prime was \$594.0 million compared to \$572.5 million as at December 31, 2023. The carrying value of the investment increased by the Company's share of Prime's profit of \$21.5 million in Q1 2024.

Equity investments in associates

As at March 31, 2024, the Company's investment in associates was \$120.4 million compared to an investment value of \$134.7 million as at December 31, 2023. The carrying value of the investments decreased by \$14.3 million in Q1 2024 from the Company's share of the associate's losses and the partial reversal of an impairment in relation to the Company's investment in Africa Energy Corp.

Intangible exploration assets

The Company's intangible exploration assets relate to its interests in Blocks EG-18 and EG-31 in Equatorial Guinea and Block 3B/4B in South Africa.

Equatorial Guinea

The Company signed two Production Sharing Contracts with the Republic of Equatorial Guinea for offshore Blocks EG-18 and EG-31 in February 2023. The Company holds an 80% operating interest in these Blocks. In Q1 2024, expenditure of \$2.1 million was incurred (Q1 2023 - \$7.7 million).

South Africa

The Company holds a 26.25% participating interest in the Block 3B/4B Exploration Right. In Q1 2024, expenditure of \$5.2 million was incurred (Q1 2023 - \$0.1 million) which included \$5.0 million payments to Azinam Limited, a wholly owned subsidiary of Eco, for the increase of its operated working interest in Block 3B/4B by 6.25% to 26.25%. Government approval was obtained on January 19, 2024, resulting in payment of the second tranche of \$2.5 million to Azinam. The first tranche of \$2.5 million was paid during 2023 and was reclassified from prepayments to intangible exploration assets following government approval.

Kenya

On May 23, 2023, the Company announced that it has submitted withdrawal notices to its joint venture parties on Blocks 10BB, 13T and 10BA in Kenya, to unconditionally and irrevocably, withdraw from the entirety of the joint operating agreements and Production Sharing Contracts for these concessions. Following this decision, the Company has impaired the value of the carrying amount of the Company's intangible exploration assets in Kenya to nil. The Company is waiting for Government consent for the withdrawal and the transfer of rights.

Cash and cash equivalents

As at March 31, 2024, the Company had \$195.5 million cash on hand, compared with a cash balance of \$232.0 million as at December 31, 2023. The Company returned \$25.4 million to shareholders by way of share buybacks and dividends, paid the second tranche of \$2.5 million to Azinam in relation to the increased working interest in Block 3B/4B, incurred capital expenditure in respect of the licenses in Equatorial Guinea and South Africa of \$2.3 million, settled working capital balances and incurred general and administrative costs.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2024, the Company had cash of \$195.5 million and working capital of \$176.7 million. The Company's primary source of liquidity is dividends received from Prime. If Prime experiences operational delays, reduced performance or similar adverse conditions, or reinvest their free cash flow, the dividends received could be reduced in future periods.

Corporate Facility

The Company agreed an increase in its existing Corporate Facility up to \$200.0 million from \$100.0 million on October 20, 2022, which has been amended over time and is currently undrawn. During 2023, the Company satisfied the conditions precedent to the increase. \$200.0 million of the Corporate Facility was available until October 20, 2023, and was not drawn. \$175.0 million is available until May 20, 2024, and has a maturity of October 20, 2025. Commitment fees of 40% of the margin are payable on the undrawn portion of the Corporate Facility. The Corporate Facility carries interest of 1 month-SOFR plus a margin of 6.5% in the first year from signing, 7.0% in the second year and 7.5% in the third year.

The Corporate Facility is subject to financial and liquidity covenants. The Company shall ensure that total net debt to adjusted EBITDAX on June 30 and December 31 of each year is no greater than 3.0:1, the FLCR ratio on March 31 and September 30 of each year is not less than 1.1:1 and that from March 31 and September 30 of each year during each of the four successive quarters there are or will be sufficient funds available to the group to meet all relevant expenditure to be incurred in each of these four successive quarters as they fall due. The Company has been in compliance with the covenants in the three months ended March 31, 2024. The Company has no off-balance sheet arrangements.

Future Funding Outlook

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	451,622,022
Outstanding share purchase options	971,616
Outstanding performance share units	9,863,629
Outstanding restricted share units	1,761,257
Full dilution impact on Common Shares outstanding	464,218,524

The Company has repurchased 14,546,832 shares as of May 10, 2024, of which 12,342,849 shares have been cancelled as at the effective date of the MD&A. The remaining 2,203,983 shares are in the process of being cancelled, which will lower the number of common shares outstanding.

RELATED PARTY TRANSACTIONS

Transactions with Africa Energy:

On December 19, 2022, Africa Energy announced that it had secured a \$5.0 million promissory note of which \$2.0 million was provided by the Company and the remaining by other parties. On November 7, 2023, the promissory note provided by the Company and other parties to Africa Energy was increased by \$3.3 million with \$1.5 million of the increase to be provided by the Company of which \$0.3 million was provided in the three months ended March 31, 2024 and \$0.5 million was provided in the year ended December 31, 2023. The note is unsecured and matures on March 31, 2025, when the principal and accrued interest are due in full. The note carries an annual interest rate of 15%. The note is repayable pro rata any time before maturity without penalty. In the three months ended March 31, 2024, interest on the note amounted to \$0.1 million (three months ended March 31, 2023 - \$0.1 million).

The Company has technical and administrative cost sharing agreements with Africa Energy totaling \$0.1 million in the three months ended March 31, 2024 (three months ended March 31, 2023 - \$0.1 million).

Transactions with Eco:

During the year ended December 31, 2023, Africa Oil SA Corp. signed a legally binding Assignment and Transfer agreement with Azinam Limited ("Azinam"), a wholly owned subsidiary of Eco, to acquire an additional 6.25% interest in Block 3B/4B for a total cash consideration of up to \$10.5 million, to be paid in tranches on the following milestones:

- \$2.5 million within 30 business days after July 10, 2023;
- \$2.5 million upon the SA government's approval for the transfer of the 6.25% interest to Africa Oil SA Corp.;
- \$4.0 million upon the completion of a farm-out deal to a third party; and
- \$1.5 million upon spudding of the first exploration well on the Block.

The first tranche was paid during 2023 and the second tranche was paid during the three months ended March 31, 2024, following receipt of final approval from the Government of the Republic of South Africa for the transfer of the 6.25% interest in Block 3B/4B.

Transactions with Impact:

On March 24, 2023, the Company subscribed for 39,455,741 shares in Impact for \$31.4 million, payable in two tranches, and directly following the transaction the Company held 31.1% of the enlarged share capital in Impact. The first tranche of \$14.9 million was paid on April 21, 2023, and the final tranche of \$16.5 million was paid on July 21, 2023.

On October 6, 2023, the Company subscribed for 16,524,058 shares in Impact for \$13.0 million and directly following the transaction the Company continued to hold 31.1% of the enlarged share capital in Impact.

Transaction with Director:

On November 23, 2023, the Company entered into an arm's length agreement with Andrew Bartlett to acquire 106,500 shares in Impact at a price of £0.65 per share for a total amount of £69,225. This amount was paid during 2023 and the transaction completed on January 16, 2024.

COMMITMENTS AND CONTINGENCIES

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

PRIME OIL & GAS COÖPERATIEF U.A.:

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 of the final PML 52 tract participation in the Agbami field. The signing of the Securitization Agreement by Prime in 2021 led 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 and increased this to \$37.8 million in 2023, increasing the Company's investment in Prime.

EQUATORIAL GUINEA PSC COMMITMENTS:

The Company signed two PSC's with the Republic of Equatorial Guinea for offshore Blocks EG-18 and EG-31 in February 2023 which were subsequently ratified on March 1, 2023. The Company holds 80% operated interest in each Block with the balance to be held by GEPetrol, the national oil company of Equatorial Guinea. GEPetrol's 20% of joint venture costs are carried until approval of a development plan, at which time, GEPetrol has the option of acquiring an additional 15% participating interest in each Block. The Initial Exploration Period of these PSCs is for a period of two years, with the potential for a 1 year extension to complete ongoing work programs, from the date of ratification and includes a total minimum work commitment of \$7.0 million with no drilling commitment and a signing bonus of \$2.0 million. The remaining outstanding statutory license commitments as at the date of this MD&A are less than \$1.0 million per Block.

WITHDRAWAL FROM KENYA:

On May 23, 2023, the Kenya entities along with TotalEnergies submitted withdrawal notices to the remaining joint venture party on Blocks 10BB, 13T and 10BA in Kenya, to unconditionally and irrevocably, withdraw from the entirety of the JOAs and PSCs for these concessions. The Company concurrently submitted notices to Ministry of Energy and Petroleum, requesting the government's consent to transfer all of its rights and future obligations under the PSCs to its remaining joint venture party. In accordance with the JOA and PSC the Company retains economic participation for activities prior to June 30, 2023, which might result in additional costs for the Company. The Company has been notified by the operator of the project about a claim made against the operator by local communities in relation to past operations which may relate to the period prior to June 30, 2023. The Company is currently in discussion with the operator and TotalEnergies to better understand the application and merits of this claim. No provision has been recognised for this as at March 31, 2024.

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 interim condensed 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 interim condensed 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 interim condensed 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 interim condensed 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 material accounting policies can be found in the Company's Consolidated Financial Statements for the year ended December 31, 2023.

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 Interim Condensed Consolidated Statements of Net Income and Other 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 to dispose. 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 to dispose, 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, likelihood of a successful farm out process and subsequent 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.

CRITICAL ACCOUNTING ESTIMATES - CONTINUED

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 Interim Condensed Consolidated Statement of Net Income and Other 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.

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 forward sales 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 joint venture is compared to recoverable amount, which is the higher of value in use or fair value less costs to dispose. 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, 2024, 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, 2024, 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.

The risks noted in the risk factors section comprises those that can materially affect the figures presented and disclosures in the Financial Statements and MD&A. The Company's Annual Information Form contains a more comprehensive list of risks that can affect the Company.

INCREASED COSTS AND SUPPLY DISRUPTION

A failure to secure the services and equipment necessary for 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 and capital costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, 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. In addition, with rising inflation levels combined with global cost of living expenses, the Company may be faced with the challenge of how to attract and retain employees. Though Africa Oil does not directly control procurement decisions associated with all of our assets, the Company works with its JV parties to ensure adequate contingency for cost inflation is incorporated into capital and operating budgets and that costs are controlled within budget.

PRICES, MARKETS AND MARKETING OF CRUDE OIL AND NATURAL GAS

Crude 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 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 conflicts in Ukraine and the Middle East have impacted global markets and may continue to result in increased volatility in financial markets and commodity prices. The Company does not have a direct exposure to operations in Ukraine and the Middle East.

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

The Company or its investee company's ability to market its oil and gas may depend upon its ability to acquire space on vessels or in pipelines that deliver oil and 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 gas and many other aspects of the oil and gas business.

LIQUIDITY AND CASH FLOW

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 fulfil 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 could 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 a number of 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 periodically receives dividends from Prime related to the Company's 50% shareholding in Prime, its main source of income, 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 significantly reduce the amount of the Company's anticipated cash flow and could also expose the Company to financial risk.

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.

RISK FACTORS - CONTINUED

PRIME DIVIDENDS

The Company periodically receives dividends from Prime related to the Company's 50% shareholding in Prime, which is its main source of income. 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, liquidity and financial condition. Such results could occur due to, among other things, the following:

- decline in the demand for oil and gas;
- reduction of OPEC+ quotas;
- changes to the applicable tax and other laws and regulations in Nigeria;
- project joint venture party consensus;
- Prime's off-takers defaulting on forward sale agreements or banks defaulting on hedging agreements;
- significant or extended declines in oil and gas prices;
- Prime's inability to hedge the production of future assets;
- significant capital cost overruns adversely impacting Prime's cashflows;
- significant project delays adversely impacting Prime's future production and cashflows;
- capital or liquidity constraints experienced by Prime, including restrictions imposed by lenders;
- 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; and
- global health emergencies impacting operations and significantly reducing oil and gas demand.

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

Africa Oil'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. Africa Oil's operations to date have been financed by equity financing, dividends received from equity investments, debt financing and the completion of working interest farmout agreements. Africa Oil'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 with equity investments) or other transactions. There can be no assurance 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 Africa Oil be unable to continue as a going concern.

SUBSTANTIAL CAPITAL REQUIREMENTS

Africa Oil 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. 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 working interest farmout 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 fulfil 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.

RISK FACTORS - CONTINUED

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.

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, 2024.

INTEREST RATE RISK

The Company has borrowed in the past and has a utilized standby credit facility. Interest payments under potential future borrowings could be exposed to volatility in interest rates that could constrain the company's cashflows. The Company's main income is derived from its investment in Prime that has outstanding borrowings. Prime's cash flows can be impacted adversely by increases in interest rates that in turn could constrain dividend distributions to Africa Oil.

CREDIT RISK

Credit risk is the risk of loss if counterparties do not fulfil their contractual obligations. Most of the Company's credit exposure relates to amounts due from its JV parties. The risk of the Company's JV parties defaulting on their obligations per their respective joint operating and farmout agreements is mitigated as there are contractual provisions allowing the Company to default JV parties 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, 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.

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.

DECOMMISSIONING

The Company is responsible for compliance with all applicable laws, regulations and contractual requirements regarding the decommissioning, abandonment and reclamation of the Company's assets at the end of their economic life, the costs of which may be substantial. It is not possible to predict these costs with certainty since they will be a function of requirements at the time of decommissioning, abandonment and reclamation and the actual costs may exceed current estimates. Laws, regulations and contractual requirements about abandonment and decommissioning may be implemented or amended in the future.

SHAREHOLDER CAPITAL RETURNS

The Company has implemented a base dividend policy and has in the past engaged in share repurchases as part of its commitment to return capital to the shareholders. The amount and frequency of future returns cannot be guaranteed and the Company's performance in this regard is subject to its financial and operational performance that are subject to the risks already outlined. The declaration, timing, amount and payment of dividends remain at the discretion of the Company's Board. Also, the amount and the pace of share buybacks, if implemented, are at the discretion of the Board.

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

Oil and gas operations involve many risks, which, even with the combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Africa Oil depends on its ability to find, acquire, develop and commercially produce oil and 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. It is difficult to project the costs of implementing an exploratory, appraisal or development 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, tools lost in the hole, equipment failures or malfunctions 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 gas may not be discovered or acquired by the Company.

Africa Oil's business is subject to all the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and 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 gas wells, production facilities, other property, the environment or personal injury, and such damages may not be fully insurable.

RISK FACTORS - CONTINUED

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.

GOVERNMENT REGULATIONS AND TAX RISK

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 laws to which the Company is subject could, amongst other things, result in a windfall tax, 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.

As has become customary in Nigeria since 2019, the annual budget for Nigeria has been accompanied by a proposed finance bill that supports the revenue needs indicated in the annual budget. This bill could include changes to tax laws, including laws that can affect directly or indirectly the oil and gas industry.

INVESTMENTS IN ASSOCIATES AND INVESTMENTS IN JOINT VENTURES

The Company has invested in other frontier oil and gas exploration companies 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 some influence, including through its representation on their boards, but given its equal or minority interest, no or limited control over their decisions, including, without limitation, financial and operational policies, the Company has no or limited control over outcomes, performance and governance. The Company's access to information is subject to the contractual provisions of shareholder agreements. The Company is reliant on the information provided by investments and may not have the ability to independently verify such information. 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, the Company could face the potential risk of loss of some, or all, of its investments, and may be unable to recover any of its investments.

The Company's share price performance is subject to timely communication of financial and operational results. The Company is reliant on its associates and joint ventures for timely and accurate disclosures of material updates. Although the Company has procedures in place to maximise its oversight of such disclosures, including representation on the boards of its investee companies, failure to mitigate delays and/or inaccuracies in such disclosures could expose the Company to regulatory sanctions and shareholder legal action that could adversely impact the Company's finances and reputation.

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 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.

RISK FACTORS - CONTINUED

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, civil and criminal penalties, other remedial measures and legal expenses and reputational damage, each of which could adversely affect the Company's business, results in operations, and financial condition. Weaknesses in the anti-corruption legal and judicial system of certain countries may undermine the Company's or a host government's capacity to effectively detect, prevent and sanction corruption. 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.

SHARED OWNERSHIP AND DEPENDENCY ON JV PARTIES

The Company's operations are primarily conducted together with one or more JV parties 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 JV parties. If a JV party 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 JV party. The Company and its JV parties 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 JV parties relating to a project, such dispute may have material adverse effect on the Company's or investee company's operations relating to such project.

RISKS RELATING TO CONCESSIONS, LICENSES AND CONTRACTS

Africa Oil'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 Africa Oil. 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 Africa Oil. Also, if the Company or any of its JV parties 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, the Company's or JV parties 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 JV parties, which could bring an increased risk of impairment and reduced future cash flow.

In May 2023, the Company submitted notices to withdraw from its concessions on Blocks 10BB, 13T and 10BA in Kenya. The Company's withdrawal from the concessions is subject to approvals from the Kenyan authorities and, while the Company is working with its JV parties and the authorities to effect a smooth withdrawal process, there can be no certainty that such approvals will be forthcoming on terms acceptable to all parties.

RISK FACTORS - CONTINUED

RISKS RELATING TO INFRASTRUCTURE

Africa Oil is dependent on having available and functioning infrastructure relating to the properties and licenses on which it operates, such as roads, power and water supplies, pipelines and gathering systems, supply bases and associated services.

The amount of oil and gas that the Company can produce, and sell is subject to accessibility, availability, proximity and capacity of gathering, processing and pipeline systems. The lack of availability of capacity or a failure 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, terms of use 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.

In Nigeria, gas export relies on the continued safe operations at the Nigeria LNG facility. Gas export restrictions could have an adverse effect on oil production, due to reductions in overall facility production to minimise flaring of associated gas. The supply chain for offshore is dependent upon existing ports and onshore infrastructure. Several factors, including social unrest onshore, have the potential to disrupt both the gas processing facilities and the upstream supply chain which could have detrimental impacts on Prime's cashflow and subsequent dividend payments to Africa Oil.

In Equatorial Guinea, exploration efforts in Block EG-31 are targeting gas prospects located close to existing gas export and processing facilities. In the event of a discovery, the discovered fluids may not be compatible with the existing processing facilities resulting in additional cost which may result in the potential discovery being non-commercial. There may also be insufficient ullage in the facilities to accept additional capacity and without appropriate commercial arrangements it may not be possible to produce any potential discovery.

INSURANCE

The Company's involvement in oil and gas operations may result in the Company becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. While the Company obtains insurance in accordance with industry standards to address such risks, the nature of the risks facing the oil and gas industry is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of an insurer, could have a material adverse effect on the Company's business, financial condition and results of operations. There can be no assurance that insurance will be available in the future.

CLIMATE RISKS

MARKET RISKS

Changing consumer preferences for low carbon sources of energy, transport and products and services may erode demand for oil and gas as alternatives come to market and gain scale. Reduced demand for oil and gas may result in stranded reserves or resources and negatively impact the Company's valuation and share price. 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. 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, which suggests the current portfolio remains competitive in a low demand environment. We update our analysis on a regular basis and ahead of new project sanction to minimize the risk of stranded assets. In order to remain resilient in an uncertain and volatile future commodity environment, the Company works with and through its parties to reduce operational costs as much as possible without sacrificing health and safety or longer-term efficiency and environmental or strategic goals. Additionally, the Company will maintain a prudent budget and financial strategy, including hedging as appropriate, to manage medium term oil price volatility ensure the business remains resilient in a low oil price environment.

LITIGATION RISKS

Climate-related litigation is a rapidly evolving and increasingly important issue for our industry. The risk 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. Climate-related litigation could result in liabilities or loss of license related to current or historical activities' contribution to global emissions. We do not consider Africa Oil at immediate risk of climate litigation but are monitoring developments closely. Even if the Company is not directly targeted by litigation, operations may be indirectly impacted by outcomes in related cases involving other oil and gas companies in jurisdictions where we operate. The Company will seek legal counsel as required to remain abreast of potential legal action and its implications for our business.

CLIMATE RISKS - CONTINUED

REGULATORY RISKS

Since the Paris Agreement was signed in 2015, countries have steadily enacted policies to enable the transition to a low carbon future and meet their Nationally Determined Contributions (NDCs). This includes the governments of countries where Africa Oil conducts business. These policies may directly or indirectly increase the cost of doing business in these countries or potentially restrict the Company's ability to operate. Africa Oil regularly monitors the evolving regulatory landscape, both globally and in the Company's countries of operation, to anticipate the impact of new climate-related measures and ensure the Company remains compliant. Additionally, the Company is developing a comprehensive energy transition strategy, including measures to minimize operational emissions in line with Paris Agreement objectives, which should help the Company to remain aligned with evolving regulatory requirements and minimize negative impacts.

REPUTATIONAL RISK

Increased scrutiny, pressure and action by environmental activists, non-governmental organizations and other stakeholders may result in disruption to operations or loss of license to operate. Such disruption may negatively impact cash flows, returns or the value of our portfolio. Similarly, companies within the sector and our supply chain may make emissions performance and climate risk management explicit in partner or contract decisions. The Company has not been directly targeted by environmental activists but could be targeted in the future. To mitigate this risk, Africa Oil proactively engages with the communities and other stakeholders where the Company operates to keep them informed about the impact of our operations on the environment and their livelihoods. The Company also ensures proper security is in place to minimize the impact of any potential disruptions and prevent harm to staff, bystanders and assets.

In addition to environmental activists, numerous banks and large institutional investors have communicated an intention to divest from or limit future exposure to fossil fuels, including oil and gas. Increasing investor and lender concerns regarding climate resilience could limit access to capital, increase the cost of that capital via higher interest rates or result in direct costs associated with new measures to meet investor expectations. Since 2020, Africa Oil has published public climate disclosures aligned with the Taskforce for Climate-Related Financial Disclosures (TCFD) recommendations to proactively address investor and other stakeholder concerns regarding climate risk exposure. In addition, Africa Oil regularly engages with investors and lenders to understand their climate policies and requirements and to inform them about the steps the Company is taking to manage climate risks. This includes development of a strategy to minimize operational emissions.

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. In 2022, the Company contracted a global climate risk analytics company to perform a quantified assessment of the physical climate risks facing the Company's assets under three IPCC climate scenarios: SSP1-2.6 (consistent with 1.8°C warming), SSP2-4.5 (consistent with 2.7°C warming) and SSP5-8.5 (consistent with 4.4°C warming). That analysis suggests exposure to future changes in physical climate hazards is relatively minimal compared to the historical baseline across all three scenarios. We will continue to monitor our assets' exposure to physical climate risks as our portfolio and the global scientific community's understanding of changing climate patterns evolves.

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 exploration or development activity, as well as ongoing monitoring and reporting.

Non-compliance with 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 its activities. The Company acts in compliance with the applicable environmental laws and regulations of its countries of operation and manages activities according to good international practice. This includes taking a rigorous approach to operational planning, including identifying potential environmental or social 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 environment.

The Company assesses and puts measures in place to minimize impact on biodiversity and ecosystem services in line with the mitigation hierarchy to ensure that activities lead to no net loss of natural habitats. Where the Company is not the operator, it monitors environmental risk management via regular reports from JV parties and operators and participation in quarterly operating and technical committee meetings.

Though the Company endeavors to engage all relevant stakeholders proactively and early in the project 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. However, accidents can occur and the unexpected nature of these events makes the timing and scope challenging to quantify with respect to financial impacts.

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.

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

- A change to the shareholder capital return program including 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 geological and geophysical related activities;
- Potential for an improved economic environment;
- 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;
- 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/ parties;
- Government or other regulatory consent for exploration, development, farmout, or acquisition activities;
- Future production levels;
- Future crude oil or natural gas 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;
- 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;
- 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.

FORWARD-LOOKING STATEMENTS - CONTINUED

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;
- 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 foreign-currency 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;
- 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;
- 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, or incorporated by reference into, 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 the documents incorporated by reference into 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.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

(Expressed in millions of United States dollars)

As at	Note	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	4	195.5	232.0
Loan to associated company	16	3.2	-
Accounts receivable and prepaid expenses		3.0	5.1
		201.7	237.1
Long-term assets			
Equity investment in joint venture	5	594.0	572.5
Equity investments in associates	6	120.4	134.7
Intangible exploration assets	7	26.4	19.1
Other tangible fixed assets	8	3.7	-
Loan to associated company	16	-	2.8
		744.5	729.1
Total assets		946.2	966.2
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	8	0.6	-
Accounts payable and liabilities	9	11.8	14.2
Share-based compensation liability		12.6	8.2
		25.0	22.4
Long-term liabilities			
Financial liabilities	8	3.0	-
Share-based compensation liability		2.0	5.9
Provision for contingent consideration	13	37.8	37.8
Provision for site restoration	10	5.6	5.5
		48.4	49.2
Total liabilities		73.4	71.6
Equity attributable to common shareholders			
Share capital	12(B)	1,246.1	1,265.3
Contributed surplus		68.4	61.6
Treasury account		(1.4)	-
Deficit		(440.3)	(432.3)
Total equity attributable to common shareholders		872.8	894.6
Total liabilities and equity attributable to common shareholders		946.2	966.2

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

Approved on behalf of the Board:

"ANDREW BARTLETT"

ANDREW BARTLETT, DIRECTOR

"ROGER TUCKER"

ROGER TUCKER, DIRECTOR

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME AND OTHER COMPREHENSIVE INCOME

(Expressed in millions of United States dollars)

For the three months ended	Note	March 31, 2024	March 31, 2023
Operating income			
Share of profit from investment in joint venture	5	21.5	37.5
Share of loss from investments in associates	6	(14.3)	(5.0)
Total operating income		7.2	32.5
Operating expenses			
General and administrative expenses		(5.1)	(11.6)
Total operating expense		(5.1)	(11.6)
Net operating income		2.1	20.9
Finance income	14	2.7	1.6
Finance expense	14	(1.3)	(0.6)
Net income attributable to common shareholders		3.5	21.9
Total comprehensive income		3.5	21.9
Net income attributable to common shareholders per share			
Basic	15	0.01	0.05
Diluted	15	0.01	0.05
Weighted average number of shares outstanding for the purpose of calculating earnings per share			
Basic	15	460,990,598	461,199,023
Diluted	15	474,745,624	472,846,477

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in millions of United States dollars)

For the three months ended	Note	March 31, 2024	March 31, 2023
Share capital:			
Balance, beginning of the period	12(B)	1,265.3	1,267.7
Exercise of Share Options	12	0.1	0.2
Settlement of Restricted Share Units	12	-	1.1
Settlement of Performance Share Units	12	-	3.5
Weighted average value of shares cancelled	12	(19.3)	(8.4)
Balance, end of the period		1,246.1	1,264.1
Contributed surplus:			
Balance, beginning of the period		61.6	59.2
Excess of weighted value of shares cancelled	12	6.8	1.7
Balance, end of the period		68.4	60.9
Treasury account:			
Balance, beginning of the period		-	-
Shares purchased	12	(13.9)	(6.7)
Shares cancelled	12	12.5	6.7
Balance, end of the period		(1.4)	-
Deficit:			
Balance, beginning of the period		(432.3)	(496.3)
Dividends paid	12	(11.5)	(11.5)
Net income attributable to common shareholders		3.5	21.9
Balance, end of the period		(440.3)	(485.9)
Total equity attributable to common shareholders			
Balance, end of the period		872.8	839.1

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in millions of United States dollars)

For the three months ended	Note	March 31, 2024	March 31, 2023
Cash flows generated by/ (used in):			
Operations:			
Net income for the period		3.5	21.9
Adjustments for:			
Share of profit from investment in joint venture	5	(21.5)	(37.5)
Share of loss from investments in associates	6	14.3	5.0
Share-based compensation		0.5	5.9
Other		-	0.4
Net cash used in operating activities before working capital		(3.2)	(4.3)
Changes in working capital		(3.1)	(11.9)
Net cash used in operating activities		(6.3)	(16.2)
Investing:			
Intangible exploration expenditures	7	(4.8)	(7.0)
Loan provided to associated company	16	(0.3)	-
Net cash used in investing activities		(5.1)	(7.0)
Financing:			
Repayment of principal portion of lease commitments	8	(0.1)	-
Dividends paid to shareholders	12	(11.5)	(11.5)
Repurchase of share capital	12	(13.9)	(6.7)
Net cash used in financing activities		(25.5)	(18.2)
Effect of exchange rate changes on cash and cash equivalents denominated in foreign currency		0.4	(0.1)
Decrease in cash and cash equivalents		(36.5)	(41.5)
Cash and cash equivalents, beginning of the period	4	232.0	199.7
Cash and cash equivalents, end of the period	4	195.5	158.2

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2024, and March 31, 2023
(Expressed in millions 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 25th Floor, 666 Burrard Street, Vancouver, B.C., Canada V6C 2X8.

2. Basis of preparation:

A. Statement of compliance:

The Company prepares its interim condensed consolidated 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. 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, 2023.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") issued and outstanding as at May 15, 2024, the date the Board of Directors approved the statements.

B. Basis of measurement:

The interim condensed 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 material accounting policy.

C. Functional and presentation currency:

These interim condensed consolidated financial statements are presented in United States (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.

The interim condensed consolidated financial statements are expressed in millions of US dollars unless otherwise indicated.

D. Use of estimates and judgements:

The preparation of financial statements in conformity with IFRS requires management to make judgements, 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. Items subject to estimates and judgement have been described in the Company's audited consolidated financial statements for the year ended December 31, 2023.

3. Material accounting policies:

All material accounting policies used in the preparation of these interim condensed consolidated financial statements are described in the Company's consolidated financial statements for the year ended December 31, 2023.

On January 1, 2024, the Company adopted the amendment to IAS 1 Presentation of Financial Statements. The amendment clarifies the requirements for the presentation of liabilities as current or non-current in the statements of financial position which specify the classification and disclosure of a liability with covenants. There was no material impact to the Company's financial statements.

4. Cash and cash equivalents:

Cash equivalents include short-term deposits made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at varying rates.

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

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 Petroleum Mining License ("PML") 52 and an indirect 16% interest in PMLs 2, 3 and 4 as well as Petroleum Prospecting License ("PPL") 261. PML 52 is operated by affiliates of Chevron and covers part of the producing Agbami field. PMLs 2, 3 and 4 and PPL 261 are operated by affiliates of TotalEnergies and contain the producing Akpo and Egina fields.

In the three months ended March 31, 2024 and three months ended March 31, 2023, Prime made no dividend payments to the Company. The timing and payment of the dividends is discretionary. There are no restrictions on the ability of Prime to pay dividends to its members, subject to distributable reserves being positive and working capital or business requirements.

The following table shows the Company's carrying value of the investment in Prime as at March 31, 2024, and December 31, 2023.

	March 31, 2024	December 31, 2023
Balance, beginning of the period	572.5	513.7
Share of joint venture profit	21.5	228.0
Dividends received from Prime	-	(175.0)
Revaluation of contingent consideration	-	5.8
Balance, end of the period	594.0	572.5

In the three months ended March 31, 2024, the Company recognized income of \$21.5 million relating to its investment in Prime (three months ended March 31, 2023 - \$37.5 million).

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.

At March 31, 2024, the Company has determined that there are no indicators of impairment.

The following tables summarizes Prime's financial information as at March 31, 2024, and December 31, 2023, and for the three months ended March 31, 2024, and March 31, 2023.

Prime's Balance Sheet

As at	March 31, 2024	December 31, 2023
Cash and cash equivalents included in current assets ⁽¹⁾	268.6	152.2
Other current assets	294.2	351.5
Non-current assets ⁽²⁾	2,663.8	2,752.3
Loans and borrowings included in current liabilities ⁽³⁾	(147.8)	(91.5)
Other current liabilities	(197.0)	(234.4)
Loans and borrowings included in non-current liabilities ⁽³⁾	(602.2)	(658.5)
Deferred income tax liabilities included in non-current liabilities	(468.4)	(484.4)
Other non-current liabilities	(623.2)	(642.2)
Net assets of Prime	1,188.0	1,145.0
Percentage ownership	50%	50%
Proportionate share of Prime's net assets	594.0	572.5

(1) See Prime's Statement of Cash Flows for additional information on movements in cash and cash equivalents.

(2) As at March 31, 2024, the carrying value of non-current assets included a fair value adjustment of \$654.7 million (at December 31, 2023 - \$654.7 million). These amounts were allocated to goodwill as part of the notional purchase price allocation.

(3) Prime's RBL facility was amended during 2023 for a principal amount of \$1,050.0 million and has a 6-year tenor of which \$750.0 million has been drawn as at March 31, 2024 (at December 31, 2023 - \$750.0 million).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**Prime's Statement of Net Income and Other Comprehensive Income**

For the three months ended	March 31, 2024	March 31, 2023
Revenue	176.6	274.7
<i>Depreciation, depletion and amortization</i>	(96.7)	(92.7)
<i>Production costs</i>	(37.3)	(34.9)
<i>Movement in underlift/overlift ⁽¹⁾</i>	76.2	7.6
<i>Royalties</i>	(19.0)	(14.8)
Cost of sales	(76.8)	(134.8)
Gross profit	99.8	139.9
Other operating income	-	2.2
Exploration expenses	(0.7)	(0.5)
Other operating costs ⁽²⁾	(9.3)	(7.7)
Finance income	2.0	1.6
Finance costs ⁽³⁾	(30.0)	(20.4)
Profit before tax	61.8	115.1
Tax	(18.8)	(40.0)
Total profit and comprehensive income for the period	43.0	75.1
Proportionate share of Prime's profit and comprehensive income for the period	43.0	75.1
Proportionate share of Prime's net income	21.5	37.5

(1) As at March 31, 2024, Prime was in a net underlift position, from a net overlift position at December 31, 2023. This resulted in an income of \$76.2 million in the Statement of Net Income and Other Comprehensive Income for the three months ended March 31, 2024 (three months ended March 31, 2023 - \$7.6 million income)

(2) Other operating costs mainly includes Prime's administrative costs, sales costs, 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, and the National Agency for Science and Engineering Infrastructure (NASENI) Levy.

(3) Finance costs are primarily made up of interest expenses incurred on external facilities and accretion expenses incurred on the decommissioning liability. Finance costs for the three months period ended March 31, 2024 also included a \$6.3 million accounting loss on a purchased Asian put option (three months ended March 31, 2023 - nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**Supplementary information: Prime's Statement of Cash Flows**

For the three months ended	March 31, 2024	March 31, 2023
Profit before tax	61.8	115.1
<i>Adjustments for:</i>		
Depreciation, depletion and amortization	96.7	92.7
Finance costs, net	28.0	18.8
Change in provisions	0.5	0.5
Interest income received	2.0	1.6
Taxes	(34.8)	(87.0)
Cash generated from operating activities before working capital	154.2	141.7
<i>Changes in working capital</i>		
Changes in trade and other receivables	78.9	75.6
Changes in over/underlift balances	(76.2)	(7.6)
Changes in other working capital balances	8.5	(39.3)
Total changes in working capital	11.2	28.7
Net cash generated from operating activities	165.4	170.4
Expenditures on oil and gas properties	(31.1)	(20.4)
Net cash used in investing activities	(31.1)	(20.4)
Interest expense paid ⁽¹⁾	(17.9)	(22.8)
Repayment of loans and borrowings	-	(62.0)
Net cash used in financing activities	(17.9)	(84.8)
Foreign exchange variation on cash and cash equivalents	-	-
Total cash flow	116.4	65.2
Cash and cash equivalents, beginning of the period	152.2	331.7
Cash and cash equivalents, end of the period	268.6	396.9

(1) Cash outflow from interest expenses paid has been reclassified from operating activities to financing activities to better align with industry practice.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**6. Equity investments in associates:**

The Company holds the following equity investments in associates:

	Africa Energy Corp.	Eco (Atlantic) Oil and Gas Ltd	Impact Oil and Gas Ltd	Total
Shares held at March 31, 2024	276,982,414	54,941,744	343,652,159	
Ownership at March 31, 2024	19.67%	14.84%	31.10%	
At January 1, 2023	46.6	14.7	76.0	137.3
Share of loss from equity investments	(1.7)	(0.6)	(19.1)	(21.4)
Gain on dilution of equity investment	-	-	1.0	1.0
Impairment of equity investments	(20.1)	(6.5)	-	(26.6)
Additional investment through private placement	-	-	44.4	44.4
At December 31, 2023	24.8	7.6	102.3	134.7
Share of loss from equity investments	(22.6)	(0.2)	(5.7)	(28.5)
Reversal of impairment of equity investments	14.2	-	-	14.2
At March 31, 2024	16.4	7.4	96.6	120.4

In the three months ended March 31, 2024, the Company recognized a total loss of \$14.3 million (three months ended March 31, 2023 - \$5.0 million).

During the three months ended March 31, 2024, the Company determined that there was an indicator for reversal of impairment in respect of its investment in Africa Energy following the recognition of a significant share in the loss of Africa Energy during the three months ended March 31, 2024. The Company recognized an impairment in respect of its investment in Africa Energy during 2023 as a result of the significant decline in market value compared to its carrying value. As a result of the recognized loss during the three months ended March 31, 2024, part of the impairment recognized during 2023 has been reversed resulting in the carrying value at March 31, 2024, to be equal to the Company's share of the market capitalization of Africa Energy at March 31, 2024.

The Company has determined that there are no indicators for impairment for its other equity investments in associates.

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

Africa Energy is an oil and gas exploration company with an interest in South Africa.

As at March 31, 2024, the market value of the Company's investment in Africa Energy was \$16.4 million based on the share price of CAD 0.08 (as at December 31, 2023 - \$19.8 million).

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

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

As at March 31, 2024, the market value of the Company's investment in Eco is \$5.9 million based on a share price of CAD 0.145 (as at December 31, 2023 - \$7.0 million).

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

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

On January 10, 2024, the Company announced a strategic farmout agreement between its investee company Impact, and TotalEnergies, that allows the Company to continue its participation in the Venus oil development project and the follow-on exploration and appraisal campaign on Blocks 2913B and 2912 with no upfront costs. On closing of this transaction Impact will have a 9.5% interest in Blocks 2912 and 2913B that is fully carried for all joint venture costs, with no cap, through to first commercial production. Impact will also be cash reimbursed on closing for its share of the net past costs incurred on the Blocks relating to the farmed out interests, which is estimated to be approximately \$99.0 million. This agreement provides Impact with a full interest-free carry loan over all of Impact's remaining development, appraisal and exploration costs on the Blocks from January 1, 2024 ("Effective Date"), until the date on which Impact receives the first sales proceeds from oil production on the Blocks ("First Oil Date"). On and from the First Oil Date, the carry is repayable to TotalEnergies in kind from 60% of Impact's after-tax cash flow, net of all joint venture costs, including capital expenditures. During the repayment of the carry, Impact will pool its entitlement barrels with those of TotalEnergies for more regular off-takes and a more stable cashflow profile and will also benefit from TotalEnergies' marketing and sales capabilities. Closing of the transaction is subject to customary third-party approvals from the Namibian authorities and JV Parties.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**7. Intangible exploration assets:**

	March 31, 2024	December 31, 2023
Net carrying amount, beginning of the period	19.1	63.6
Intangible exploration expenditures	7.3	17.7
Impairment of intangible exploration assets	-	(62.2)
Net carrying amount, end of the period	26.4	19.1

Intangible exploration expenditures and impairments:

As at March 31, 2024, \$26.4 million of expenditures have been capitalized as intangible exploration assets (as at December 31, 2023 - \$19.1 million). These expenditures relate to the Company's share of exploration and appraisal stage projects which are pending the determination of proved and probable petroleum reserves.

As at March 31, 2024, 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. Capitalized intangible exploration assets relate to various countries as summarized in the following table:

	March 31, 2024	December 31, 2023
Equatorial Guinea	15.5	13.4
South Africa	10.9	5.7
Net carrying amount, end of the period	26.4	19.1

Equatorial Guinea:

As at March 31, 2024, the carrying amount of the Company's intangible exploration assets for its 80% interest in Blocks EG-18 and EG-31, located offshore Equatorial Guinea, was \$15.5 million (as at December 31, 2023 - \$13.4 million). In the three months ended March 31, 2024, expenditure of \$2.1 million was incurred (three months ended March 31, 2023 - \$7.7 million).

South Africa:

As at March 31, 2024, the carrying amount of the Company's intangible exploration assets for its 26.25% (as at December 31, 2023 - 20%) participating interest in the Block 3B/4B Exploration Right, located in South Africa, was \$10.9 million (as at December 31, 2023 - \$5.7 million). In the three months ended March 31, 2024, expenditure of \$5.2 million was incurred (three months ended March 31, 2023 - \$0.1 million) which included \$5.0 million payments to Azinam Limited, a wholly owned subsidiary of Eco, for the increase of its operated working interest in Block 3B/4B by 6.25% to 26.25% (see also note 16B). Government approval was obtained on January 19, 2024, resulting in payment of the second tranche of \$2.5 million to Azinam. The first tranche of \$2.5 million was paid during 2023 and was reclassified from prepayments to intangible exploration assets following government approval.

On March 6, 2024, the Company announced a strategic farm down agreement with TotalEnergies and QatarEnergy for the Block 3B/4B Exploration Right, located in South Africa. On the closing of this transaction, the Company will retain a 17.0% interest in Block 3B/4B and operatorship will transfer to TotalEnergies. The Company will receive, subject to achieving certain milestones as defined in the agreement, staged cash payments for a total amount of \$10.0 million of which \$3.3 million is payable at closing of the transaction with the remaining balance payable in two successive payments conditional upon achieving key operational and regulatory milestones. The Company will also be fully carried for all joint venture costs, up to a cap, that is repayable to TotalEnergies and QatarEnergy from future production, and which is expected to be adequate to fund the Company's share of drilling for up to two wells on the licence. Closing of the transaction is subject to customary conditions precedent, including approvals from the government of South Africa.

8. Other tangible fixed assets:

Other tangible fixed assets relate to the lease of an office building for a period of 5 years that meets the criteria for recognition as right-of-use asset as per IFRS16 and the Company recognized a corresponding financial liability. The long term portion of the liability as at March 31, 2024 amounted to \$3.0 million and the short term portion of the liability as at March 31, 2024 amounted to \$0.6 million.

During Q1 2024, the Company recognized depreciation charges for the right-of-use asset of \$0.1 million and recognized interest expenses on the lease liability of \$0.1 million.

9. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities mainly relates to liabilities, exit and office close down costs associated with the withdrawal from Kenya. In accordance with the JOA and PSC, the Company retains economic participation for activities prior to June 30, 2023, which might result in additional costs for the Company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**10. Provision for site restoration:**

	March 31, 2024	December 31, 2023
Balance, beginning of the period	5.5	5.3
Unwinding of discount	0.1	0.2
Balance, end of the period	5.6	5.5

The fair value of the provision for site restoration was based on the estimated future cash flows to decommission the exploration and development properties at the end of their useful life. The discount rate used to determine the net present value of the decommissioning obligation was 3.5% (as at December 31, 2023 - 3.5%) based on a risk-free rate with a similar maturity to that of the timing of the expected cash flows and a long-term inflation rate of 2% (as at December 31, 2023 - 2%).

The undiscounted costs at March 31, 2024, are estimated to be \$7.9 million, net to the Company, and include the costs of physical well abandonment and site remediation. The costs are estimated to be incurred in approximately 25 years. At March 31, 2024, the total provision is \$5.6 million (as at December 31, 2023 - \$5.5 million).

11. Debt:

The Company agreed an increase in its existing Corporate Facility up to \$200.0 million from \$100.0 million on October 20, 2022, which has been amended over time and is currently undrawn. During the year ended December 31, 2023, the Company satisfied the conditions precedent to the increase. \$200.0 million of the Corporate Facility was available until October 20, 2023, and was not drawn. \$175.0 million is available until May 20, 2024, and has a maturity of October 20, 2025. Commitment fees of 40% of the margin are payable on the undrawn portion of the Corporate Facility. The Corporate Facility carries interest of 1 month-SOFR plus a margin of 6.5% in the first year from signing, 7.0% in the second year and 7.5% in the third year.

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 holds 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 a share pledge over the shares of PetroVida (which holds 50% of Prime), and a charge over the bank account into which the Prime dividends are paid.

The Corporate Facility is subject to financial and liquidity covenants. The Company shall ensure that total net debt to adjusted EBITDAX on June 30 and December 31 of each year is no greater than 3.0:1, the FLCR ratio on March 31 and September 30 of each year is not less than 1.1:1 and that from March 31 and September 30 of each year during each of the four successive quarters there are or will be sufficient funds available to the group to meet all relevant expenditure to be incurred in each of these four successive quarters as they fall due. The Company has been in compliance with the covenants in the three months ended March 31, 2024.

12. Share capital:

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

B. Issued:

	March 31, 2024		December 31, 2023	
	Shares	Amount	Shares	Amount
Balance, beginning of the period	463,831,871	1,265.3	462,790,680	1,267.7
Settlement of Performance Share Units	-	-	1,700,042	3.5
Settlement of Restricted Share Units	-	-	546,332	1.1
Exercise of Share Options	133,000	0.1	1,882,000	1.4
Cancellation of shares repurchased	(7,096,272)	(19.3)	(3,087,183)	(8.4)
Balance, end of the period	456,868,599	1,246.1	463,831,871	1,265.3

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED

The Company launched a Normal Course Issuer Bid (share buyback) program on September 27, 2022, that ended on September 26, 2023. During the year ended December 31, 2023, a total of 3.1 million Africa Oil common shares have been repurchased and cancelled and across the entire share buyback program, a total of 20.5 million Africa Oil common shares were repurchased and cancelled. The Company launched a new share buyback program on December 6, 2023, with no shares purchased under this program during 2023. In the three months ended March 31, 2024, a total of 7.9 million Africa Oil Common Shares have been repurchased of which 7.1 million Africa Oil Common Shares have been cancelled. The remaining 0.8 million Africa Oil Common Shares were cancelled in April.

The balance of share capital has been reduced by determining the average per-share amounts in the share capital account, before cancellation of shares repurchased, and applying this to the numbers of shares cancelled. The difference between the reduction in share capital and the amount paid for shares repurchased has been added to the balance of contributed surplus.

In the three months ended March 31, 2024, the Board of Directors approved a dividend of \$0.025 per share which was declared and paid in March 2024 for a total amount of \$11.5 million.

13. Commitments and contingencies:

A. 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 of the final PML 52 tract participation in the Agbami field. The signing of the Securitization Agreement by Prime in 2021 led 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 and increased this to \$37.8 million in the year ended December 31, 2023, increasing the Company's investment in Prime.

B. Equatorial Guinea commitments:

The Company signed two PSC's with the Republic of Equatorial Guinea for offshore Blocks EG-18 and EG-31 in February 2023 which were subsequently ratified on March 1, 2023. The Company holds 80% operated interest in each Block with the balance to be held by GEPetrol, the national oil company of Equatorial Guinea. GEPetrol's 20% of joint venture costs are carried until approval of a development plan, at which time, GEPetrol has the option of acquiring an additional 15% participating interest in each Block. The Initial Exploration Period of these PSCs is for a period of two years, with the potential for a 1 year extension to complete ongoing work programs, from the date of ratification and includes a total minimum work commitment of \$7.0 million with no drilling commitment and a signing bonus of \$2.0 million. At March 31, 2024, the remaining outstanding statutory license commitments are less than \$1.0 million per Block.

C. Withdrawal from Kenya:

On May 23, 2023, the Kenya entities along with TotalEnergies submitted withdrawal notices to the remaining joint venture party on Blocks 10BB, 13T and 10BA in Kenya, to unconditionally and irrevocably, withdraw from the entirety of the JOAs and PSCs for these concessions. The Company concurrently submitted notices to Ministry of Energy and Petroleum, requesting the government's consent to transfer all of its rights and future obligations under the PSCs to its remaining joint venture party. In accordance with the JOA and PSC the Company retains economic participation for activities prior to June 30, 2023, which might result in additional costs for the Company. The Company has been notified by the operator of the project about a claim made against the operator by local communities in relation to past operations which may relate to the period prior to June 30, 2023. The Company is currently in discussion with the operator and TotalEnergies to better understand the application and merits of this claim. No provision has been recognized for this as at March 31, 2024.

14. Finance income and expense:

Finance income and expense for the three months ended March 31, 2024, and March 31, 2023, is comprised of the following:

For the three months ended	March 31, 2024	March 31, 2023
Finance income	2.7	1.6
Finance expense	(1.3)	(0.6)

Finance income includes interest earned on both cash in bank accounts and short-term deposits.

Finance expense includes interest and fees incurred on the Corporate Facility (see note 11).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**15. Net income per share:**

For the three months ended	March 31, 2024			March 31, 2023		
	Net income	Weighted Average		Net income	Weighted Average	
		Number of shares	Per share amounts		Number of shares	Per share amounts
Basic income per share						
Net income attributable to common shareholders	3.5	460,990,598	0.01	21.9	461,199,023	0.05
Effect of dilutive securities	-	13,755,026	-	-	11,647,454	-
Dilutive income per share	3.5	474,745,624	0.01	21.9	472,846,477	0.05

In the three months ended March 31, 2024, the Company used an average market price of CAD \$2.32 per share to calculate the dilutive effect of share purchase options (three months ended March 31, 2023 - CAD \$2.74 per share). Dilutive securities include share purchase options, RSUs and PSUs as the inclusion of these reduces the net income per share. In the three months ended March 31, 2024, 500,225 options were anti-dilutive and were not included in the calculation of dilutive income per share (three months ended March 31, 2023 - 1,167,239 options were anti-dilutive). PSU's are awarded a performance multiple ranging from nil to 200% which leads to an increase in the anti-dilutive potential of these instruments.

16. Related party transactions:**A. Transactions with Africa Energy:**

On December 19, 2022, Africa Energy announced that it had secured a \$5.0 million promissory note of which \$2.0 million was provided by the Company and the remaining by other parties. On November 7, 2023, the promissory note provided by the Company and other parties to Africa Energy was increased by \$3.3 million with \$1.5 million of the increase to be provided by the Company of which \$0.3 million was provided in the three months ended March 31, 2024 and \$0.5 million was provided in the year ended December 31, 2023. The note is unsecured and matures on March 31, 2025, when the principal and accrued interest are due in full. The note carries an annual interest rate of 15%. The note is repayable pro rata any time before maturity without penalty. In the three months ended March 31, 2024, interest on the note amounted to \$0.1 million (three months ended March 31, 2023 - \$0.1 million).

The Company has technical and administrative cost sharing agreements with Africa Energy totaling \$0.1 million in the three months ended March 31, 2024 (three months ended March 31, 2023 - \$0.1 million).

B. Transactions with Eco:

During the year ended December 31, 2023, Africa Oil SA Corp. signed a legally binding Assignment and Transfer agreement with Azinam Limited ("Azinam"), a wholly owned subsidiary of Eco, to acquire an additional 6.25% interest in Block 3B/4B for a total cash consideration of up to \$10.5 million, to be paid in tranches on the following milestones:

- \$2.5 million within 30 business days after July 10, 2023;
- \$2.5 million upon the SA government's approval for the transfer of the 6.25% interest to Africa Oil SA Corp.;
- \$4.0 million upon the completion of a farm-out deal to a third party; and
- \$1.5 million upon spudding of the first exploration well on the Block.

The first tranche was paid during 2023 and the second tranche was paid during the three months ended March 31, 2024, following receipt of final approval from the Government of the Republic of South Africa for the transfer of the 6.25% interest in Block 3B/4B.

C. Transactions with Impact:

On March 24, 2023, the Company subscribed for 39,455,741 shares in Impact for \$31.4 million, payable in two tranches, and directly following the transaction the Company held 31.1% of the enlarged share capital in Impact. The first tranche of \$14.9 million was paid on April 21, 2023, and the final tranche of \$16.5 million was paid on July 21, 2023.

On October 6, 2023, the Company subscribed for 16,524,058 shares in Impact for \$13.0 million and directly following the transaction the Company continued to hold 31.1% of the enlarged share capital in Impact.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**D. Transaction with Director:**

On November 23, 2023, the Company entered into an arm's length agreement with Andrew Bartlett to acquire 106,500 shares in Impact at a price of £0.65 per share for a total amount of £69,225. This amount was paid during 2023 and the transaction completed on January 16, 2024.

17. 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 interim condensed 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 the Company's joint venture parties and a credit facility with Africa Energy. The risk of the Company's joint venture parties 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 parties 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, 2024, the Company held \$4.0 million (as at December 31, 2023 - \$2.6 million) of cash in financial institutions outside of Canada, the Netherlands and the UK. The Company also held \$35.2 million (as at December 31, 2023 - \$30.2 million) in short-term deposits in countries outside of Canada, the Netherlands and the UK with lending banks in the Corporate Facility with stable credit ratings.

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 parties 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.

At the date of this report, the Company has \$175.0 million of the Corporate Facility available which improves the Company's access to liquidity to fund operations and acquisitions as required. Any 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 Corporate Facility is available up to May 20, 2024, and has a maturity of October 20, 2025.

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 Company has no maturities of its material contractual financial liabilities in excess of six months as at March 31, 2024 apart from the lease liability as mentioned in note 8 (as at December 31, 2023 - no maturities of its material contractual liabilities in excess of six months).

C. Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and share prices, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS- CONTINUED**ii. Interest rate risk:**

The Corporate Facility has a variable interest rate, that is referenced to SOFR and will expose the Company to interest rate risk over the term of the loan if drawn.

iii. Commodity price risk:

The Company has an equity holding in Prime (see note 5), which has three producing fields within PMLs 2, 3 and 52, all with significant levels of production. A change in commodity prices may affect the dividends received from this investment. Prime employs a crude marketing strategy that maintains the 50% - 70% coverage target for the next 12-months' scheduled cargoes. These contracts are with counterparties including oil supermajors. The counterparties are part of groups with investment grade credit ratings.

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.

18. Subsequent events:

In April 2024, the Company received a dividend payment from Prime amounting to \$25.0 million.

From April 1, 2024, to May 10, 2024, a total of 6,688,560 Africa Oil Common Shares have been repurchased under the Normal Course Issuer Bid, for an amount of approximately \$12.1 million and 5,246,577 shares have been cancelled.

